Court File No. CV-20-00641220-00CL

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

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

(each an "Applicant" and collectively, the "Applicants")

SECOND REPORT OF THE MONITOR

MAY 31, 2020

INTRODUCTION

1. On May 20, 2020, the Applicants brought an application (the "**CCAA Application**") before this Court returnable on May 20, 2020, seeking an initial order pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended ("**CCAA**") to, among other things, obtain a stay of proceedings to allow them an opportunity to market their business for sale.

2. On May 20, 2020, the Court granted an initial order in these proceedings (the "**Initial Order**") that, among other things, appointed Ernst & Young Inc. as monitor of the Applicants in these CCAA proceedings (in such capacity, the "**Monitor**"), approved a stay of proceedings for the initial 10-day period (the "**Stay Period**"), granted certain Court ordered charges, and approved the interim financing facilities (the "**DIP Agreement**") to be provided by All Js Greenspace LLC ("**All Js**" or the "**DIP Lender**").

3. The Court scheduled a comeback motion to be heard on May 29, 2020 (the "**Comeback Hearing**"). In the materials filed in respect of the Comeback Hearing (the "**Comeback Motion**"), the Applicants sought, *inter alia*, an Order (the "**SISP Order**") that:

a. approved the Applicants' proposed Sale and Investment Solicitation Process (the "**SISP**"); and

b. approved a fully binding and conditional acquisition agreement dated May 19, 2020 (the "**Stalking Horse Agreement**") entered into between Green Growth Brands Inc. ("**GGB**"), Capital Transfer Agency ULC in its capacity as Debenture Trustee under certain debentures issued by GGB (in such capacity, the "**Debenture Trustee**") and All Js (collectively with the Debenture Trustee, the "**Stalking Horse Bidder**"), subject to completion of the SISP to seek more favourable offers, if any, and provided that nothing in the SISP Order approves the sale and vesting of the Purchased Assets to the Stalking Horse Bidder pursuant to the Stalking Horse Agreement and that the approval of the sale and vesting of such assets shall be considered by this Court on a subsequent motion made to this Court.

4. On May 28, 2020, Michael D. Horvitz as Grantor and Trustee for and on behalf of the Michael D. Horvitz Revocable Trust (the "**MDH Trust**") filed the Responding and Cross-Motion Record of Michael D. Horvitz (the "**Horvitz Motion**"). The Horvitz Motion includes an affidavit of Michael D. Horvitz sworn May 28, 2020 (the "**Horvitz Affidavit**"). The Horvitz Motion raised concerns with respect to the disclosure made to the Court on the CCAA Application as well as concerns about the proposed SISP and Stalking Horse Agreement.

5. On May 29, 2020, after hearing submissions in respect of the disputed issues, the Court adjourned the Comeback Hearing to June 1, 2020.

PURPOSE

6. The purpose of this second report of the Monitor (the "**Second Report**") is to:

a. provide information to the Court on the Applicants' operations since the first report of the Monitor dated May 26, 2020 (the "**First Report**"); and

b. in light of the volume of materials filed, to provide additional information to assist the Court during the continuation of the Comeback Hearing scheduled for 10 a.m. on Monday, June 1, 2020.

7. This Second Report should be read in conjunction with the First Report, in which the Monitor recommended that the Court grant the SISP Order and the Proposed Amended and Restated Initial Order.

8. Terms not defined herein are as defined in the First Report or the SISP.

TERMS OF REFERENCE

9. In preparing this Second Report and making the comments herein, the Monitor has been provided with, and has relied upon, unaudited financial information, books and records prepared by the Applicants, discussions with management of the Applicants ("**Management**"), and information from other third-party sources (collectively, the "**Information**"). Except as described in this Report in respect of the Applicants' cash flow forecast:

   a. the Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of such information in a manner that would wholly or partially comply with Generally Accepted Auditing Standards ("**GAAS**") pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information; and

   b. some of the information referred to in this Second Report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in the Chartered Professional Accountants Canada Handbook, has not been performed.

10. Future oriented financial information referred to in this Second Report was prepared based on Management's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.

11. Unless otherwise indicated, the Monitor's understanding of factual matters expressed in this Report concerning the Applicants and their business is based on the Information, and not independent factual determinations made by the Monitor.

12. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

BACKGROUND

13. GGB, one of the Applicants, is the parent corporation of a cannabis enterprise that is licensed to cultivate, process and sell cannabis in various jurisdictions within the United States (the "**GGB Group**"). A copy of the Applicants' corporate organization chart is attached as Exhibit B to the Whitaker Comeback Affidavit dated May 26, 2020. GGB is continued under the *Business Corporations Act* (Ontario) and is a public company whose common shares are listed for trading on the Canadian Securities Exchange ("**CSE**") and on the OTCQB venture market and maintains a registered head office address of 199 Bay Street, Suite 5300 Toronto, Ontario M5L 1B9.

14. GGB Canada Inc. ("**GGB Canada**") is a direct, wholly-owned subsidiary of GGB and is incorporated under the *Business Corporations Act* (Ontario). GGB Canada has no assets other than its ownership interest in GGB's U.S. subsidiaries and its four employees are paid by its U.S. subsidiaries.

15. Green Growth Brands Realty Ltd. ("**GGB Realty**") is a direct, wholly-owned subsidiary of GGB and is incorporated under the *Business Corporations Act* (Ontario). GGB Realty was previously incorporated when the GGB Group intended to expand its cannabis operations into Canada. This was ultimately not pursued. GGB Realty has no assets or employees.

16. Xanthic Biopharma Limited ("**Xanthic**") is a direct, wholly-owned subsidiary of GGB and is incorporated under the *Business Corporations Act* (Ontario). Xanthic previously held certain cannabis related patents which have since lapsed. Xanthic has no assets or employees.

17. The GGB Group was created through a series of strategic partnerships and transactions between subsidiaries of GGB and various U.S. companies which held licenses for the production, cultivation, processing and retail of cannabis products through dispensaries in the states of Nevada, Massachusetts and Florida.

18. Until 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**") (collectively, the "**Licensed Activities**"). None of the Applicants directly conduct any Licensed Activities.

19. The MSO Business continues to operate through five indirect, wholly-owned subsidiaries of GGB (the "**MSO Subsidiaries**"). The CBD Business was operated through six indirect, wholly-owned subsidiaries of GGB (the "**CBD Subsidiaries**") until March 19, 2020, when the CBD Business was indefinitely suspended due to, among other things, the onset of the COVID-19 pandemic. On April 3, 2020, the Ohio Court appointed a receiver over Green Growth Brands LLC and the other CBD Subsidiaries to distribute the assets of the CBD Subsidiaries and wind down their operations.

UPDATE ON THE APPLICANTS' OPERATIONS

20. Since the date of the First Report, the Applicants made and received funding pursuant to a second draw request pursuant to the DIP Agreement entered into between GGB and the DIP Lender and approved by the Court in the Initial Order. This brings the aggregate borrowings to date pursuant to the DIP Agreement to US$865,000.

21. In addition, on Thursday, May 28, 2020, the Applicants made a third draw request pursuant to the DIP Agreement in the amount of US$460,000, anticipating that funding

would be required in the week ending June 6, 2020, as set out in the Cash Flow Forecast attached to the First Report. Receipt of this funding under the third draw request is conditional on the Court granting the SISP Order.

THE HORVITZ MOTION

22. The Monitor understands that the MDH Trust holds $5 million of the May Debentures, as disclosed in Exhibit "E" to the affidavit of Raymond C. Whitaker III sworn on May 19, 2020 (the "**First Whitaker Affidavit**") in the CCAA Application.

23. The Horvitz Motion (i) raised concerns about the SISP and the Stalking Horse Agreement; (ii) alleged that the Initial Order should be set aside due to a failure to make full disclosure and bad faith; and (iii) requested a variety of orders seeking production of documents and testimonial evidence. Below, the Monitor provides information to assist the Court in understanding and evaluating the orders requested in the Horvitz Motion.

HORVITZ MOTION REGARDING THE PROPOSED SISP

24. The Comeback Motion sought approval of the SISP, amongst other things. As is described in more detail in the First Report, the SISP is intended to find the highest and/or best offer for a restructuring and/or refinancing of the Applicants, a sale of the Applicants' present and future assets, property and undertakings of every nature and kind whatsoever, and wherever situate including all proceeds thereof (other than the Excluded Subsidiaries) (the "**Property**") on a going concern basis, or a combination thereof, which may include a merger, reorganization, recapitalization, primary equity issuance or other similar transaction.

25. Reference should be made to the complete text of the revised proposed SISP at Tab 2 of the Applicants' Supplementary Motion Record re Comeback Motion served on May 31, 2020 (the "**Supplement to the Comeback Motion**").

26. The Horvitz Motion raises three concerns with respect to the SISP:

    a. The Monitor is running the SISP rather than a separate investment banker and, as such, the DIP budget does not contemplate the payment of a "traditional investment banker 'success fee'" (paragraph 93, Horvitz Affidavit);

    b. The SISP does not involve the preparation of a teaser (paragraph 93, Horvitz Affidavit); and

    c. The SISP does not involve the preparation of a list of likely potential financial/ strategic buyers (paragraph 93, Horvitz Affidavit).

    The Horvitz Motion concludes, based on these three concerns, that "the SISP process is not designed to attract Superior Offers" (paragraph 93, Horvitz Affidavit).

27. With respect to the concern that a separate investment banker has not been retained, it is not unusual for a Court-appointed Monitor to run the SISP. For example, on January 3, 2020, this Court authorized Ernst & Young Inc. in its capacity as Monitor of AgMedica Bioscience Inc. et al. and the applicants in that CCAA proceeding to conduct the SISP in that case. AgMedica Bioscience Inc. and its affiliates are in the cannabis industry.

28. With respect to the SISP Order sought in the context of this CCAA proceeding, the Monitor has the qualifications to run the SISP. The Monitor is a member of the global network of Ernst & Young firms ("**EY**"), a large professional services firm with multi-disciplinary capability in Canada and globally. The Monitor routinely runs sale processes in the context of insolvency proceedings and has extensive experience doing so. In addition, EY has a significant Mergers & Acquisition Advisory team with dedicated expertise in conducting sale processes. In Canada, EY has a large investment banking team with over 60 dedicated M&A professionals in 15 offices across the country. This team closes on dozens of transactions annually through EY's affiliates Ernst & Young Orenda Corporate Finance Inc., a registered exempt market dealer in Canada, and Ernst & Young Corporate Finance (Canada) Inc., a US registered broker dealer pursuant to the requirements of the U.S. Securities and Exchange Commission. As Mr. Horvitz's counsel was advised by the Applicants' counsel on May 27, 2020, the Monitor has engaged this team (the "**Monitor M&A Team**") to assist with the GGB SISP. Attached as Appendix "**A**" is a deck that was also provided to Mr. Horvitz's counsel, a copy of which deck can also be found at Exhibit 20, page 176 of the Horvitz Affidavit (or page 203/419 of the Horvitz Motion). The DIP Budget reflects the costs associated with using the Monitor M&A Team to conduct the SISP as part of the overall Monitor fees. No "success fee" is contemplated.

29. With respect to the concern that the SISP does not involve the preparation of a teaser, the Monitor M&A Team has spent considerable time since the date of the Initial Order working with the Applicants to prepare: i) a form of teaser (the "**Teaser**"); ii) a Confidential Information Memorandum as provided for in the SISP and to be made available to interested parties that execute a non-disclosure agreement; and iii) a data room populated with detailed information to be provided to potential buyers in Phase II of the SISP. The Teaser prepared by the Monitor M&A Team and the Applicants is in substantially complete form. A draft of the Teaser is attached at Appendix "**B**".

30. With respect to the concern that the SISP does not involve the preparation of a list of likely potential interested parties to contact, the Monitor M&A Team has compiled a list of approximately 243 potential parties to contact. This list includes publicly traded cannabis companies, US licensed retailers and potential financial sponsors (i.e. cannabis focused investors and special situation funds). This list was compiled by leveraging the Monitor M&A Team's experience from other transactions it has been involved with and its knowledge of the market.

31. In addition, the Monitor M&A Team has developed a plan to contact all of these parties upon the approval of the SISP. This includes emailing the Teaser to these parties as well as leveraging EY's vast network of professionals that may have contacts at some of the entities on the list to further reach out to these parties upon the approval of the SISP. In

addition, the Monitor has already received unsolicited interest from parties that have learned of the opportunity through GGB's press releases, the Monitor's website in connection with the CCAA proceedings, and other news sources.

32. The Monitor notes that the fact that the Monitor would identify prospective strategic or financial parties to participate in the SISP was described in the First Report, where the Monitor said: "During Phase I, the Monitor will solicit non-binding letters of interest from prospective strategic or financial parties to acquire the Property or to invest in the Applicants".

33. The Monitor also notes that in the First Report, it described its involvement in the Proposed SISP, including explaining that the Monitor will have significant involvement in assisting the Applicants with the development of materials for the SISP, and consultation and oversight throughout the SISP to monitor the effectiveness and fairness of the process. Lastly, as the Monitor described in the First Report, the Applicants and the Monitor shall have the right to modify the SISP if, in their reasonable business judgement, such modification will enhance the process or better achieve the objectives of the SISP, provided that the CCAA service list will be advised of any substantive modification. The Monitor is of the view that this flexibility is appropriate to ensure the best possible outcome from the SISP.

34. In the Monitor's view, the SISP is fair and appropriately balanced to seek Superior Offers. The Monitor is available to provide further information, as appropriate, to stakeholders interested in the SISP and will carefully consider any suggestions to improve the effectiveness and fairness of the SISP.

HORVITZ MOTION REGARDING THE STALKING HORSE AGREEMENT

35. As is described in the First Report, the Comeback Motion sought approval of the Stalking Horse Agreement. Nothing in the SISP Order seeks approval of the sale and vesting of the Property to the Stalking Horse Bidder pursuant to the Stalking Horse Agreement and any such approval is subject to further order of the Court on a subsequent motion.

36. The Horvitz Motion raises four concerns with respect to the Stalking Horse Agreement and its potential impact on the effectiveness of the SISP:

   a. Qualified Bidders are required to provide a 10% deposit whereas the Stalking Horse Bidder is not required to provide a deposit (paragraph 94, Horvitz Affidavit);

   b. A Superior Offer can impose no conditions which were not in the Stalking Horse Agreement (paragraph 94, Horvitz Affidavit);

   c. The DIP and the Stalking Horse Agreement are alleged to "make it impractical, if not impossible, for any arms' length party to make a bid that would properly reflect the market value of the valuable cannabis licenses that GGB holds through its subsidiaries (in particular, the Nevada state licenses)" (paragraph 94, Horvitz Affidavit); and

d. A Superior Offer must pay the GAOC Note in full and at once, whereas the Stalking Horse Bidder can assume this obligation for later payment (paragraph 94, Horvitz Affidavit).

37. With respect to the concern related to the deposit, the Monitor notes that the SISP filed for information purposes in the CCAA Application and in the Comeback Motion contemplates a deposit of 5%, not 10%.

38. In addition, the Stalking Horse Agreement is a credit bid. It contemplates a purchase price comprised of a credit bid of the secured debt held by All Js and the holders of the May Debentures and the Backstop Debentures as well as certain assumed liabilities; it does not involve cash consideration. A Superior Offer will require cash consideration to satisfy the secured debt. It is the Monitor's experience that it is customary in transactions proposing a cash purchase price, and particularly in respect of cash transactions occurring in the context of an insolvency proceeding, to request a deposit to ensure that the potential buyer has some financial risk in not closing the transaction. It is also the Monitor's experience that credit bids made through an executed and binding stalking horse agreement are not customarily subject to deposit requirements. The secured lender has financial risk inherent in its position as a creditor and, accordingly, it is not necessary to seek a deposit from them.

39. With respect to the concern about restrictions on the conditions in alternate transactions, contrary to the description in the Horvitz Motion, it is not the Monitor's understanding that an alternate transaction cannot contain conditions not in the Stalking Horse Agreement. Rather, the SISP provides for a range of potential transaction structures. The SISP provides that: "*The SISP is intended to find the highest and/or best offer for a restructuring and/or refinancing of the Applicants, a sale of the Property on a going concern basis, or a combination thereof, which may include a merger, reorganization, recapitalization, primary equity issuance or other similar transaction*."

40. In addition, the definition of a "Superior Offer" under the SISP includes the requirement that the offer be "*credible, reasonably certain, and financially viable and on terms which are more favourable and no more burdensome or conditional than the terms contained in the Stalking Horse Agreement*". In the Monitor's view, this does not mean that an alternative transaction cannot impose different terms or conditions than in the Stalking Horse Agreement. It simply means that an alternative transaction must have terms, on an overall basis, that are no more conditional from the Applicants' perspective, including terms that indicate that the transaction is reasonably certain to close. In the Monitor's experience, this is a standard provision in SISPs to protect the debtor's estate and ensure that the buyer has limited walk rights from the deal.

41. Finally, the SISP requires Qualified Purchase Bids and Qualified Investment Bids to describe the "conditions and approvals required for a final and binding offer" and states that the only conditions that are not permitted are conditions based on "(i) the outcome of unperformed due diligence by the Qualified Bidder and/or (ii) obtaining financing".

42. *Third*, the concern that the DIP Agreement and Stalking Horse Agreement make it impossible for another party to make a bid that reflects the value of the cannabis licenses has not been articulated sufficiently to understand what changes to the process are being suggested. In any event, the Stalking Horse Agreement is structured such that the Stalking Horse Bidder would purchase the shares of GGB Canada Inc. and Xanthic Biopharma Limited. GGB Canada Inc. is the indirect parent of the US subsidiaries that hold the licenses, including the Nevada licenses. Given the difficulty inherent in assigning licenses in the cannabis industry, the transaction is structured as a share sale specifically to facilitate potential purchasers obtaining the benefit of the licenses on an ongoing basis, thereby increasing the probability of successfully soliciting the highest and best offer for the Property.

43. In addition, to facilitate the SISP, the Monitor included in its First Report a table entitled "Illustrative Value of the Stalking Horse Agreement" to help prospective strategic or financial parties invited to participate in the SISP understand the value of the consideration under the Stalking Horse Agreement.

44. *Fourth*, in respect of the concern that the SISP treats the Stalking Horse Bidder and Qualified Bidders differently with respect to the GAOC Note, the Monitor notes that the revised proposed SISP as appended to the Supplement to the Comeback Motion has been revised to permit Qualified Bidders to negotiate an agreement with Green Ops Group LLC ("**Green Ops**") for the assumption of the GAOC Note, if the GAOC Note, which is in default, is extended. As a result, both the Stalking Horse Bidder and Qualified Bidders may assume the GAOC Note. This revision to the SISP does not preclude a Qualified Bidder from proposing to satisfy the GAOC Note through cash consideration.

HORVITZ MOTION REGARDING FULL AND FAIR DISCLOSURE

45. The Horvitz Motion seeks an Order setting aside the Initial Order and declaring the Initial Order terminated and void *ab initio* for alleged failure by the Applicants to make full and fair disclosure of all material facts to the Court and act in good faith. Below, the Monitor summarizes the allegations made in the Horvitz Motion and the responses of the Applicants, All Js, the Debenture Trustee and WMB Resources LLC ("**WMB Resources**")/Green Ops.

46. All parties referenced section 18.6(1) of the CCAA, which requires "Any interested person in any proceedings under this Act shall act in good faith with respect to those proceedings". In accordance with section 18.6(2), failure to act in good faith permits the Court to "make any order that it considers appropriate in the circumstances".

47. The Horvitz Motion alleges that the Applicants failed to disclose certain facts in the CCAA Application and acted in bad faith. In response, the Applicants state that the facts were disclosed or were not in the possession of the Applicants or were not relevant to the relief sought on that application and that the evidence does not support the conclusion that the Applicants acted in bad faith. The parties' positions are described below.

48. *First*, the Horvitz Motion asserts that a copy of the May 3 Extraordinary Resolution in which the holders of the May Debentures permitted the incurrence of new senior indebtedness was not disclosed to the Court. The new senior indebtedness contemplated in the May 3 Extraordinary Resolution was the All Js Secured Notes described at paragraphs 54 to 55 of the First Whitaker Affidavit. Mr. Horvitz acknowledges that the fact of the May 3 Extraordinary Resolution was disclosed to the Court in paragraph 41 of the First Whitaker Affidavit but states that a copy of the May 3 Extraordinary Resolution ought to have been included in the CCAA Application. In response, the Applicants state that it is not clear what relevance a copy of the May 3 Extraordinary Resolution could have had to the CCAA Application. In any event, on May 25, 2020, Mr. Horvitz made a Request to Inspect Documents to the Applicants pursuant to the *Rules of Civil Procedure* (the "**Horvitz Request to Inspect**"). In response, the Applicants produced a copy of the May 3 Extraordinary Resolution to Mr. Horvitz on May 27, 2020. This copy is included in Exhibit 20, page 205 of the Horvitz Affidavit (or page 232/419 of the Horvitz Motion).

49. *Second*, the Horvitz Motion asserts that the May 18 Extraordinary Resolution in which the holders of the May Debentures directed the Debenture Trustee to enforce payment of the May Debentures by entering into the Stalking Horse Agreement was not disclosed to the Court. In response, the Applicants state that no relief was sought in respect of the Stalking Horse Agreement in the CCAA Application, and, as a result, it was not clear how the May 18 Extraordinary Resolution was relevant to the CCAA Application. However, the Comeback Motion, which seeks relief in respect of the Stalking Horse Agreement, included a copy of the May 18 Extraordinary Resolution. This copy is found at Exhibit D to the affidavit of Raymond C. Whitaker III sworn May 26, 2020 (the "**Second Whitaker Affidavit**").

50. The Horvitz Motion suggested that the May 3 and May 18 Extraordinary Resolutions were not valid and pointed to certain terms in the May Debenture Indenture. The Horvitz Motion suggests that "the Extraordinary Resolution tactic was used to pursue secret and related party transactions benefiting only the interested parties that allegedly approved them" (paragraph 79, Horvitz Affidavit). As such, the Horvitz Motion suggests that this evidences bad faith.

51. Both counsel to the Debenture Trustee and counsel to All Js responded to those allegations at the Comeback Hearing. In addition, All Js filed a factum pointing out other terms in the May Debenture Indenture that support the validity of the May 3 Extraordinary Resolution. All Js also submitted that the debate related to the Extraordinary Resolutions was an intercreditor debate and that the CCAA proceeding was not the proper venue for Mr. Horvitz to seek the remedies sought in the Horvitz Motion.

52. *Third*, the Horvitz Motion asserts that the agreement pursuant to which Green Ops acquired the GAOC Note ought to have been disclosed (paragraph 59, Horvitz Affidavit). The Applicants responded that the document pursuant to which Green Ops acquired the GAOC Note was not relevant to the CCAA Application. In any event, in response to the Horvitz Request to Inspect, the Applicants produced the notice GGB received from GAOC in respect of the acquisition of the GAOC Note to Mr. Horvitz. A copy of this notice is included as Exhibit 15, page 152 to the Horvitz Affidavit (or 174/419 of the

Horvitz Motion). During the Comeback Hearing, in response to a question from the Court, counsel to Green Ops advised that GAOC is an entity affiliated with Aphria Inc., a publicly-traded company and an arm's length party, and that the transaction pursuant to which the GAOC Note was sold to Green Ops was subject to public disclosure and such disclosure was available on SEDAR.

53. *Fourth*, the Horvitz Motion asserts that the agreement pursuant to which Green Ops acquired the Spring Oaks Notes ought to have been disclosed (paragraph 97, Horwitz Affidavit). The Applicants responded that the document pursuant to which Green Ops acquired the Spring Oaks Notes was not relevant to the CCAA Application. In any event, in response to the Horvitz Request to Inspect, the Applicants produced a copy of the Spring Oaks Purchase Agreement together with amendments thereto. A copy of the Agreement is included at Exhibit 20, pages 226-390 to the Horvitz Affidavit (or 253-417/419 of the Horvitz Motion).

54. *Fifth*, the Horvitz Motion asserts that the Applicants ought to have disclosed that the Applicants, DIP Lender and Stalking Horse Bidder are all controlled by the Schottenstein family (paragraph 7, Horvitz Affidavit). The Horvitz Affidavit states that "from the beginning of my investment, it was clear to me that the Schottensteins were the controlling minds behind this venture" (paragraph 42 of the Horvitz Affidavit (or page 101/419 of the Horvitz Motion)). Further evidence of All Js' shareholdings was included in the Horvitz Motion in the form of a press release that described All Js' shareholdings. A copy of the press release is at Exhibit 7, page 87 to the Horvitz Affidavit (or page 101/419 of the Horvitz Motion).

55. The Applicants respond that the First Whitaker Affidavit disclosed that the DIP Lender and Stalking Horse Bidder was All Js through the All Js Secured Notes, the May Debentures and the Backstop Debentures (paragraph 12, First Whitaker Affidavit). All Js' shareholdings were disclosed in the First Whitaker Affidavit in Exhibit G, which was the All Js commitment letter, attached to which was a Short Form Prospectus (see page 264/975 of the CCAA Application Record). In addition, counsel to All Js stated that it was publicly and widely known that All Js owned 100% of GGB's outstanding proportionate voting shares and a material portion of GGB's common shares. .

56. *Sixth*, the Horvitz Motion asserts that the holders of the Backstop Debentures had only funded USD$23.7 million of their USD$67.35 million obligation, were contractually committed to payout the May Debentures, and failed to do so. The Horvitz Motion asserts that the Backstop Debentures were therefore in default, but that GGB did not give them a notice of default because All Js, the major holder of the Backstop Debentures, is a Schottenstein controlled company (paragraph 53(d), Horvitz Affidavit). The Applicants respond that the reasons for GGB's decision to not require All Js to fulfill its commitment to subscribe for additional debentures were described in the First Whitaker Affidavit at paragraph 53. In particular, GGB was in default of obligations greater than the remaining committed amounts would fund, GGB urgently needed funding, GGB was insolvent, and there were questions as to the enforceability of the commitment in light of the surrounding circumstances.

57. *Seventh*, the Horvitz Motion notes that the First Whitaker Affidavit describes that the GAOC Note was guaranteed by guarantee dated November 15, 2019, granted by Jay Schottenstein in favour of GAOC (the "**Schottenstein Guarantee**") (paragraph 36, First Whitaker Affidavit). However, the Horvitz Motion asserts that the Schottenstein Guarantee had been terminated as part of an undisclosed agreement between the principal of Green Ops and the Schottenstein family (paragraph 61(D)(i), Horvitz Affidavit). The Horvitz Motion asserts that the termination of the Schottenstein Guarantee ought to have been disclosed during the CCAA Application because the termination impacted the other creditors, including the holders of the May Debentures.

58. In response, the Applicants stated that GGB was not aware of any termination of the Schottenstein Guarantee. See Exhibit 20, page 173 to the Horvitz Affidavit (or page 200/419 of the Horvitz Motion). Furthermore, the Applicants and All Js responded that the termination of the Schottenstein Guarantee would not impact the other creditors because upon payment on the guarantee, the guarantor is subrogated into the position of the creditor. As a result, the Schottenstein Guarantee conferred no advantage to junior creditors. See Exhibit 20, page 173 to the Horvitz Affidavit (or 200/419 of the Horvitz Motion) and Exhibit 1 to the Affidavit of Janis Balvers sworn on May 28, 2020 (page 13/23 in the Supplementary Responding and Cross-Motion Record).

59. *Eighth*, the Horvitz Motion asserts that there is an agreement between WMB Resources (Boich) and All Js (the Schottenstein family/companies) related to the treatment of the GAOC Note, the division of equity in the company being formed to acquire the Property pursuant to the Stalking Horse Agreement ("**AcquireCo**"), the governance of AcquireCo, the funding of the DIP, and the termination of the Schottenstein Guarantee (the "**Second Agreement**") (paragraph 61, Horvitz Affidavit). The Horvitz Motion asserts that the Applicants ought to have disclosed the Second Agreement.

60. The Applicants respond that GGB is not a party to any such Second Agreement and that the Applicants did not have a copy of any such Second Agreement (See Exhibit 20, page 173 to the Horvitz Affidavit (or page 200/419 of the Horvitz Motion). Paragraph 61(d)(ii) of the Horvitz Affidavit states that "the Second Agreement was primarily negotiated between Jay Schottenstein (or his advisors) and not with Richard Whitaker, the CEO of GGB". Lastly, the Applicants submit that any such Second Agreement relates to the relationships between creditors and not to relationships with the Applicants. As such, it would not be relevant to a CCAA Application.

61. All Js similarly responded that the objections raised by Mr. Horvitz constitute inter-creditor disputes that do not involve the Applicants. All Js submitted that the CCAA proceeding is not the proper venue for Mr. Horvitz to seek the remedies he is seeking in the Horvitz Motion (see paragraph 15 of the factum filed by All Js). Furthermore, All Js' counsel advised that GGB was not a party to any agreement with All Js and WMB Resources (Exhibit 1 to the Affidavit of Janis Balvers sworn on May 28, 2020 (page 13/23 in the Supplementary Responding and Cross-Motion Record).

62. However, All Js' counsel confirmed that there is an agreement "concerning the anticipated capitalization of Acquire Co after closing of the Stalking Horse Bid" (Exhibit

1 to the Affidavit of Janis Balvers sworn on May 28, 2020 (the "**AcquireCo Agreement**") (page 13/23 in the Supplementary Responding and Cross-Motion Record). The Monitor understands that counsel to All Js obtained a copy of the AcquireCo Agreement and permission to produce the AcquireCo Agreement to Mr. Horvitz subject to a confidentiality undertaking. The Monitor understands that Mr. Horvitz has agreed to the terms of the confidentiality undertaking and that the AcquireCo agreement was provided to his counsel in the afternoon of Friday, May 29, 2020.

63. *Ninth*, the Horvitz Motion asserts that the Applicants ought to have disclosed information about AcquireCo, such as "the fact that Boich has assembled a business team" (paragraph 70, Horvitz Affidavit, which is at page 50 of the Horvitz Motion), the composition of the Board, "the particulars of the restriction placed on capitalization tied to Boich's veto power, and the significant indebtedness [AcquireCo] will incur to Boich, and all others" (paragraph 73, page 44 of the Horvitz Affidavit or page 51/419 of the Horvitz Motion). The Horvitz Motion asserts that as a consequence of the Stalking Horse Agreement, the May Debentures will be converted to an equity investment in AcquireCo, entitling them to this information.

64. During the Comeback Hearing, the Applicants responded that they are not in possession of the information sought by Mr. Horvitz. Counsel to All Js and Green Ops submitted that the arrangements between the creditors of GGB are private, intercreditor arrangements that are not relevant to the CCAA Application nor the Comeback Motion.

THE HORVITZ MOTION AND THE EVIDENTIARY REQUESTS

65. The Horvitz Motion seeks five separate orders related to evidentiary requests:

a. ***11.9 Order***: an Order pursuant to section 11.9 of the CCAA requiring sixteen persons and companies to produce financial information and documentation sufficient to fully disclose their economic interests in the Applicants and related corporations, including but not limited to the DIP lender, All Js, and any corporation owned or controlled directly or indirectly by Boich;

b. ***Request to Inspect Order***: an Order compelling the Respondents to, within three days of the Order, respond to the balance of the Horvitz Request to Inspect;

c. ***Cross-examination Order***: an Order requiring Raymond C. Whitaker III to be produced for cross-examination on his affidavits at a mutually agreed upon date and time to be arranged by counsel;

d. ***Rule 39.03 Order***: an Order requiring the following individuals to attend Rule 39.03 examinations within seven days by online video conference to be arranged by counsel for the MDH Trust: (i) Jay Schottenstein; (ii) Jean Schottenstein; (iii) Joseph Schottenstein a.k.a. Joey Schottenstein; and (iv) Boich; and

e. ***Sequencing Order***: an Order dispensing with the timing and sequence of examinations as required pursuant to the *Rules of Civil of Procedure*.

Section 11.9 Order

66. The Horvitz Motion seeks an Order requiring sixteen persons and companies to produce financial information and documentation sufficient to fully disclose their economic interests in the Applicants and related corporations pursuant to section 11.9 of the CCAA.

67. Section 11.9(1) contemplates ordering disclosure of economic interests in the debtor company. However, the Horvitz Motion also seeks disclosure from each of the sixteen persons and companies of their economic interest in parties related to the debtor companies as well as production of documents. Section 11.9 is silent on both requests.

68. Section 11.9(1) was recently added to the CCAA and there is limited jurisprudence considering its breadth. In *Accel Canada Holdings Limited (Re)*, 2020 ABQB 116, the Court was not asked to and did not order disclosure of economic interests in companies related to the debtor company. Similarly, the Court was not asked to and did not order the production of documents or other information in relation to the economic interest.

69. With respect to the request in the Horvitz Motion related to disclosure of economic interests in the debtor companies, the sixteen persons and companies in respect of whom a section 11.9 Order is being sought can be grouped into five groups.

70. *Applicants*: The Applicants are GGB and three subsidiaries of GGB, namely GGB Canada Inc. Green Growth Brands Realty Ltd. and Xanthic Biopharma (the "**Three GGB Subsidiaries**"). The First Whitaker Affidavit describes each of the Three GGB Subsidiaries as being a direct wholly-owned subsidiary of GGB that has no assets or employees (First Whitaker Affidavit, paragraphs 17-19). The Horvitz Motion contains no evidence disputing these facts. There does not appear to be a need for an order pursuant to section 11.9.

71. *WMB Resources, Green Ops and Boich*: On May 30, 2020, counsel to WMB Resources and Green Ops sent a letter to counsel to Mr. Horvitz disclosing the economic interest of WMB Resources, Green Ops and Boich. A copy of the May 30, 2020, letter is attached Appendix "**C**". There does not appear to be a need for an order pursuant to section 11.9.

72. *All Js, certain holders of the May Debentures related to All Js, and Jay, Jean and Joseph Schottenstein (collectively, the "**Schottenstein Persons**")*: On May 31, 2020, counsel to All Js sent a letter to counsel to Mr. Horvitz disclosing the economic interest of All Js and the Schottenstein Persons. A copy of the May 31, 2020, letter is attached Appendix "**D**". There does not appear to be a need for an order pursuant to section 11.9.

73. *The minority holder of the Backstop Debentures (Chiron Ventures Inc.)*: Chiron Ventures Inc. ("**Chiron**") has retained counsel in respect of this proceeding (Groia & Company). To the Monitor's knowledge, Chiron has not taken a position in respect of the request for a section 11.9 Order. The allegations made in the Horvitz Motion do not implicate Chiron. The Horvitz Motion does not suggest that the economic interest of Chiron is anything other than as a minority holder of the Backstop Debentures. There does not appear to be a need for an order pursuant to section 11.9.

74. *Green Growth Florida LLC*: The Monitor has no information about this company as it does not appear to be referenced in the materials filed in this CCAA proceeding. As a result, it is unclear whether notice has been provided to this entity with respect to the request for a section 11.9 order and it is unclear what purpose such an order would serve in these CCAA proceedings.

Request to Inspect Order

75. As is described in the Horvitz Motion, on May 25, 2020, counsel to Mr. Horvitz delivered to counsel to the Applicants, the Horvitz Request to Inspect (Exhibit 19, page 166 of the Horvitz Affidavit or page 192/419 of the Horvitz Motion). A Request to Inspect Documents is permitted by Rule 30.04(2) of the *Rules of Civil Procedure*, which states: "A request to inspect documents may also be used to obtain the inspection of any document in another party's possession, control or power that is referred to in the originating process, pleadings or an affidavit served by the other party".

76. On May 27, 2020, counsel to the Applicants responded to the Request to Inspect Documents (Exhibit 20, page 171 of the Horvitz Affidavit or page 198/419 of the Horvitz Motion). A summary of the requests and responses is set out in the table below.

	Request	**Response**
1	A copy of the audited financial statements and the documents supporting the financials of the GGB Group that is referred to in paragraphs 32-34 of the Whitaker Affidavit.	All of the Applicants' financial statements are posted and available online on SEDAR.
2	A copy of the 'notice' and all documents, including but not limited to negotiating notes, drafts, agreements, term sheets, meeting minutes, and resolutions in connection with WMB Resources LLC's acquisition of the GAOC Note referred to in paragraph 38 of the Whitaker Affidavit.	The notice referred to in paragraph 38 of the Initial Affidavit is attached.
3	A copy of the Jay Schottenstein guarantee referred to in paragraph 36 of the Whitaker Affidavit.	A copy of the guarantee referred to in paragraph 36 of the Initial Affidavit is attached.
4	A copy of the "extraordinary resolution" referred to in paragraph 41 of the Whitaker Affidavit, and any and all documents in connection with the passing of the 'extraordinary resolution', including meeting minutes, correspondence, and written negotiations.	A copy of the extraordinary resolution referred to in paragraph 41 of the Initial Affidavit is attached.
5	A copy of CTA's confirmation referred to in paragraph 42 of the Whitaker Affidavit, and any and all documents in connection with CTA's confirmation, including but not limited to, meeting minutes and correspondence.	The confirmations referred to in paragraph 42 of the Initial Affidavit are attached.

	Request	Response
6	A copy of the “extraordinary resolution” referred to in paragraph 50 of the Whitaker Affidavit, and any and all documents in connection with the passing of the ‘extraordinary resolution’, including meeting minutes, correspondence, and written negotiations.	A copy of the extraordinary resolution referred to in paragraph 50 of the Initial Affidavit is attached.
7	A copy of the Spring Oaks Purchase Agreement referred to in paragraph 56 of the Whitaker Affidavit.	A copy of the Spring Oaks Purchase Agreement referred to in paragraph 56 of the Initial Affidavit, together with First and Second Amendments to the agreement, are attached.
8	A copy of the Letter of Intent referred to in paragraph 60 of the Whitaker Affidavit.	The Applicants continue to run a sales process with respect to the Florida assets through a broker and efforts by the company. The LOI is subject to a Mutual Non-Disclosure Agreement. We are willing to discuss appropriate terms that would allow us to disclose the LOI to you.
9	A copy of the April All Js Note referred to in paragraph 66 of the Whitaker Affidavit.	A copy of the April All Js Note referred to in paragraph 66 of the Initial Affidavit is attached.
10	Copies of all documents related to the advances referred to in paragraph 85 of the Whitaker Affidavit.	N/A

77. Based on the table above, it appears that all of the requested documents were produced except for three documents or types of documents:

a. *Request 8*: The Florida LOI was not produced because it was “subject to a Mutual Non-Disclosure Agreement”. The Applicants stated that they were willing to discuss appropriate terms that would allow disclosure of the Florida LOI. The Monitor is not aware of any response by Mr. Horwitz’s counsel to this suggestion and understands that the Florida LOI has not been produced.

b. *Request 10*: Copies of all documents related to the advances made by All Js in the total amount of $3.44 million in February, March and April 2020 as well as additional financing provided pursuant to the All Js Secured Notes as described in paragraph 85 of the First Whitaker Affidavit. The Applicants declined to produce these documents on the basis that “such documents are not relevant to the Comeback Hearing”.

c. *Requests 1, 2, 4, 5, 6*: Copies of documents not expressly referred to in the First Whitaker Affidavit (such as notes, drafts, minutes, written negotiations etc.). The Applicants declined to produce these documents on the basis that the Applicants “are either not in possession of such documents and/or such documents are not relevant to the Comeback Hearing”.

78. The Monitor understands that on May 30, 2020, counsel to Mr. Horvitz wrote to counsel to the Applicants, All Js, WMB Resources, and the Debenture Trustee seeking disclosure of various additional documents (the “**May 30 Horvitz Disclosure Request**”). In the

May 30 Horvitz Disclosure Request, counsel to Mr. Horvitz requested production of six additional documents:

a. *The document entered into between GAOC and Green Ops for the acquisition of the GAOC Note*. During the Comeback Hearing, counsel to Green Ops advised that GAOC was affiliated with Aphria, an arm's length party, and that the transaction pursuant to which the GAOC Note was sold to Green Ops was subject to public disclosure and such disclosure was available on SEDAR. On May 30, 2020, counsel to Green Ops responded to counsel to Mr. Horvitz refusing to produce the agreement on the basis that it is a private agreement between two non-parties to the CCAA proceedings and that it was not relevant or producible under the CCAA.

b. *GGB's terms of engagement with the Monitor for its role in the SISP*. The Monitor is a Court-appointed officer and, should the Court grant the SISP Order, will run the SISP in its capacity as a Court-appointed officer. Although Ernst & Young Inc. entered into an engagement letter with GGB with respect to preparation for a potential CCAA application and consented to act as Monitor, there is no engagement letter specific to the Monitor's role in the SISP as the Monitor's duties in respect of the SISP will be ordered and directed by this Court.

c. *The specific sale process to be employed by the Monitor for the sale process*. The Monitor will conduct the sale process in its capacity as the independent, Court-appointed officer in accordance with the SISP Order, if it is granted, and the SISP.

d. *GGB's board minutes with respect to the issuance of the Backstop Debentures*. The Monitor understands that on May 31, 2020, the Applicants produced to Mr. Horvitz the original resolutions of directors of the Company in respect of the issuance of the Backstop Debentures.

e. *All past, prior, draft, and submitted applications for Nevada state cannabis dispensary (medical or otherwise) licences cannabis dispensary (medical or otherwise)*: On May 30, 2020, counsel for the Applicants declined to produce these documents on the basis that they could not see any relevance of those documents to the Comeback Hearing. Counsel for the Applicants offered to reconsider the request if Mr. Horvitz could explain how the documents are relevant.

f. *All past, prior, draft, and submitted applications for Florida state cannabis dispensary (medical or otherwise) licences*: On May 30, 2020, counsel for the Applicants declined to produce these documents on the basis that they could not see any relevance of those documents to the Comeback Hearing. Counsel for the Applicants offered to reconsider the request if Mr. Horvitz could explain how the documents are relevant.

Cross-examination Order

79. The Horvitz Motion seeks an Order requiring Mr. Whitaker to attend for cross-examination within 3 days of the Order being made. The Applicants offered to permit Mr. Whitaker to be examined in advance of the Comeback Hearing. The Monitor understands

that Mr. Horvitz did not cross-examine Mr. Whitaker at that time because Rule 39.02(2) states that once Mr. Horvitz has conducted a cross-examination, he is not permitted to subsequently deliver an affidavit or conduct any examinations pursuant to Rule 39.03 without leave or consent. In the May 30 Horvitz Disclosure Request, counsel for Mr. Horvitz proposed that Mr. Whitaker be cross-examined on Sunday, May 31, 2020, from 1 to 4 pm. The Applicants agreed to the request and the cross-examination occurred.

Rule 39.03 Order

80. The Horvitz Motion seeks a Rule 39.03 Order in respect of four people: Jay Schottenstein, Jean Schottenstein, Joseph Schottenstein, and Wayne Boich. In the May 30 Horvitz Disclosure Request, Mr. Horvitz requested that these four individuals be examined during the week of June 1, 2020, or as soon as possible thereafter. It is the Monitor's understanding that all four people reside in and are citizens of the United States of America (the "**US**") and that none of these people are under the control of the Applicants. Furthermore, counsel for All Js advised the Court that he is not counsel to Jay, Jean or Joseph Schottenstein.

81. On May 30, 2020, counsel to Green Ops advised Mr. Horvitz's counsel that Mr. Boich would not consent to an examination on the basis that his interests have been disclosed to the Court and that he has nothing relevant to offer to the issues and relief sought on the Comeback Motion, particularly in light of his disclosure of Mr. Boich's economic interests, as described above.

82. During the Comeback Hearing, the Court asked counsel to advise whether the Court had jurisdiction to make an order under Rule 39.03 in respect of individuals residing in the US and asked whether a letters rogatory process would be more appropriate. A letters rogatory process has two steps. First, the party seeking the evidence must apply to the Ontario court to issue a letter of request in respect of the non-party's evidence. The letter of request asks a foreign court to compel a person residing in the foreign court's jurisdiction to provide evidence. Second, the party seeking the evidence must go before the court of the foreign jurisdiction where the non-party resides and seek that court's recognition and enforcement of the letter of request. This second step is necessary because it is beyond the jurisdiction of the Ontario courts to compel a party located in a foreign jurisdiction to provide evidence in an Ontario proceeding.

83. The Monitor is not aware of any party providing submissions to the Court addressing the question of the Court's jurisdiction to make the Rule 39.03 Order.

Sequencing Order

84. In light of the fact that Mr. Whitaker was cross-examined, it is not clear whether the Sequencing Order is still being sought.

THE SECURED DEBT

85. Given that the vast majority of GGB's secured debt is proposed to be credit bid as consideration pursuant to the Stalking Horse Agreement, the Monitor instructed its counsel to perform a review of the security held by the Stalking Horse Bidder under the Stalking Horse Agreement to confirm that the security in respect of the debt that is being credit bid is valid and enforceable. The Monitor has received an opinion from its counsel that, subject to the usual assumptions, qualifications and limitations in such opinion, the Loan Agreements (comprised of the All Js Secured Notes, May Debentures, and Backstop Debentures) and related security documents create a valid security interest in favour of the Lenders in the collateral in which GGB has rights, and is sufficient to create a valid security interest in favour of the Lenders in any collateral described in the Security Documents in which GGB subsequently acquires any rights and such security interest, to the extent capable of perfection by registration of a financing statement under the Ontario PPSA and, to the extent the Ontario PPSA applies to the perfection of such collateral, has been validly perfected.

GGB'S LIQUIDITY POSITION

86. As reflected in the Cash Flow Forecast included in the Pre-Filing Report of the Monitor and the First Report, GGB commenced these CCAA proceedings with extremely low liquidity. GGB requires access to funding in order to continue operations long enough to conduct the SISP or any other alternative sale process.

87. Pursuant to the Initial Order, this Court approved the DIP Agreement and a DIP Lender's Charge to a maximum of US$1 million. The Comeback Motion seeks approval to increase the DIP Lender's Charge to US$7.5 million.

88. To date, GGB has made two draws under the DIP Agreement in the aggregate amount of US$865,000. In addition, on Thursday, May 28, 2020, the Applicants made a third draw request on the DIP Agreement for US$460,000, anticipating that funding would be required in the week ending June 6, 2020, as set out in the Cash Flow Forecast. Receipt of funding under the third draw request is conditional on the Court increasing the DIP Lender's Charge and granting the SISP Order, which approves the SISP and the Stalking Horse Agreement.

89. No other party has offered to provide funding to GGB to fund this SISP or an alternate process. Accordingly, the Monitor notes that absent the increase of the DIP Lender's Charge and approval of the SISP and Stalking Horse Agreement, the Applicants' ability to continue operations and to conduct any form of a SISP is materially in doubt.

CONCLUSION AND RECOMMENDATIONS

90. For the reasons stated in the First Report and herein, the Monitor supports the relief sought by the Applicants in the Proposed Amended and Restated Initial Order, including but not limited to the extension of the Stay Period, an increase to the DIP Lender's Charge, the addition of the Bid Protection Charge, the Stalking Horse Agreement and the proposed SISP process and recommends the Court grant the Proposed Amended and Restated Initial Order and the SISP Order.

All of which is respectfully submitted this 31st day of May, 2020.

ERNST & YOUNG INC., in its capacity as Monitor of the Applicants, and not in its corporate or personal capacity.

per:

Sharon Hamilton

Sharon Hamilton, CPA, CA, CIRP, LIT
Senior Vice President

Appendix A

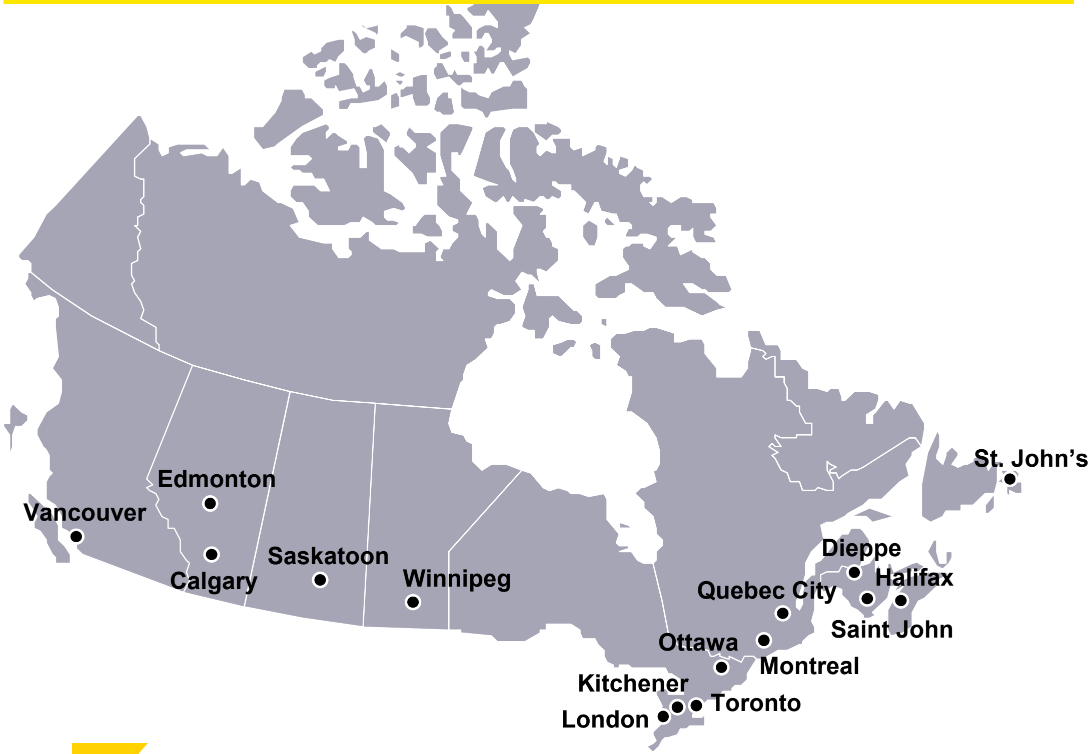
Monitor M&A Capabilities


Green Growth Brands
Overview of EY Mergers & Acquisitions
May 29, 2020
EY
Building a better
working world

Introduction to EY

EY Mergers and Acquisition Advisory

EY is one of Canada's largest investment banking teams, with over 60 dedicated M&A professionals in 15 offices across the country, **focused exclusively on mid-market clients and transactions**



On average, we close over 30 mid-market transactions each year ranging from $10 million to $500+ million in value

What you can expect:

- Hands-on local team with professional services transaction experience
- Objective and unbiased value-added advice
- Direct access to our broad global network bringing you access to the right buyers
- Extensive experience advising private and public clients on M&A, divestitures, financings, recapitalizations and succession solutions
- Seamless, fully integrated transaction services for middle-market clients
- Track record of successfully helping clients achieve their transaction objectives
- Support of over 380 dedicated transaction professionals in Canada and 15,000 professionals around the world

Introduction to EY
EY Mergers and Acquisition Advisory

EY globally
- *150 countries*
- *700+ offices*
- *Revenues US$34.8b*
- *260,000 professionals*

Building a better working world

EY in Canada
- *15 cities*
- *5,000 professionals*
- *350+ transaction professionals*

A global leader in assurance, tax, and financial advisory

- Core capabilities in **Tax, Audit, and Financial Advisory**
- **Transaction Tax** experts specializing in M&A tax planning
- **Due Diligence** professionals dedicated to transaction support
- **Business Valuation** expertise and a deep understanding of value drivers

GREEN GROWTH BRANDS

Access to the collective knowledge, experience and relationships of 260,000 multidisciplinary professionals worldwide

Specialized expertise in M&A and Capital Markets

- **32** Closed transactions in Canada last year
- **150** Closed transactions globally last year
- **30** Senior partner resources in all key markets across North America
- **60** Dedicated Canadian M&A Professionals

Introduction to EY

Investment Banking Key Strengths – The EY Advantage

EYO has the proven capabilities to consistently deliver the most desired outcomes for our clients. Key strengths include:

Industry Focus

- Dedicated industry teams focused exclusively on transactions within their sector, including Cannabis
- Deep knowledge of industry dynamics, trends, valuations, etc.
- Clear understanding of industry specific transaction hurdles

Experienced Team

- Senior executive leads every transaction throughout the process
- Decades of transaction advisory experience has resulted in thousands of closed transactions

Global Footprint

- Over 15,000 transaction professionals in 105 countries
- 1,158 investment banking professionals in 63 countries
- Global teams in all key markets provide access to international buyers

Extensive Relationships

- EY's global scale, breadth and relationships provides unique access to key
- Corporate CEOs and CFOs
- Private equity fund MDs
- Hedge funds, lenders, etc.

Middle Market Focus

- Deal team experiences and execution strategy are based on middle market transactions
- Wall Street/Bay Street expertise, but independent and objective advice delivered

Proven Processes

- Highly disciplined approach to transaction execution maximizes value and minimizes risk
- Communication driven – client, board of directors, management, buyers, targets, attorneys, etc.

Transaction Experience

Transaction Experience

Select Relevant Transactions

AgMedica Bioscience Inc.

In support of the Monitor, EY* led the Sale and Investment Solicitation Process for AgMedica Biosciences Inc.

EY Building a better working world

*Ernst & Young Orenda Corporate Finance

FYidoctors

Has received a strategic minority equity investment from

One of the world's largest consumer-focused private equity firms

EY* acted as the exclusive financial advisor to FYidoctors

EY Building a better working world

* Ernst & Young Orenda Corporate Finance Inc.

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voyago

has been acquired by

transdev

EY* acted as exclusive financial advisor to Voyago Group of Companies

EY Building a better working world

*Ernst and Young Orenda Corporate Finance Inc.

EY acted as financial advisor to a major cannabis producer in Canada in support of a $200 million loan facility

EY Building a better working world

Distinctive Wood Products Inc.

has been acquired by

AnnexPark

EY* acted as exclusive financial advisor to Distinctive Wood Products Inc.

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*Ernst and Young Orenda Corporate Finance Inc.

MISTEELCO

has been acquired by

Argyle Capital Partners

EY* acted as exclusive financial advisor to Misteelco Inc.

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*Ernst & Young Orenda Corporate Finance Inc.

EY acted as the financial advisor to a global packaged goods company to identify potential investment targets in the European Cannabis sector

EY Building a better working world

EY acted as the financial advisor to a global tobacco business to identify potential investment targets in the Canadian Cannabis sector and US Hemp sector

EY Building a better working world

FERRO TECHNIQUE Your Partner in Productivity

has been acquired by

Argyle Capital Partners Inc.

EY* acted as exclusive financial advisor to Ferro Technique

EY Building a better working world

*Ernst & Young Orenda Corporate Finance Inc.

EY acted as financial advisor to a major cannabis producer in Canada in support of a $65 million loan facility

EY Building a better working world

Keybrand

has been acquired by

FRESHSTONE BRANDS INC. A FRESHSTONE KITCHEN COMPANY

a portfolio company of

TRICOR FOUNDERS TRICOR PACIFIC FOUNDERS CAPITAL

EY* acted as financial advisor to Keybrand Foods Inc.

EY Building a better working world

*Ernst & Young Orenda Corporate Finance Inc.

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ph TECH

was acquired by

BDG & partners

EY* acted as exclusive financial advisor to P.H. Tech Inc. and its shareholders

EY Building a better working world

* Ernst & Young Orenda Corporate Finance Inc.

EY is acting as the financial advisor to a cannabis extraction facility on a comprehensive feasibility study to support an investment from an institutional investor

EY Building a better working world

---

deep

has been acquired by

GFL environmental

EY* acted as financial advisor to the Deep Foundations Group

EY Building a better working world

*Ernst & Young Orenda Corporate Finance Inc.

EY is acting as Financial Advisor to the agent of a syndicated facility that lent approximately $90 Million to a large Canadian based cannabis producer

EY Building a better working world

EY

Assurance | Tax | Transactions | Advisory

About EY's Mergers & Acquisitions Services

Our global network of mergers and acquisitions professionals can help you achieve your strategic objectives across acquisitions, disposals, buy-outs, buy-ins, fund-raising, initial public offerings, takeovers, mergers and strategic reviews. We assemble multidisciplinary teams to work with you throughout the whole project life cycle, from conception of an idea through to closing the transaction, wherever you are in the world. Our objective, responsive advice helps you link transaction strategy with business strategy, reduce complexity and mitigate risk. We can also help you move from public to private ownership and fulfill your fiduciary duties to shareholders, boards, partners and others who need objective financial analysis. Whatever your needs, we focus on helping you choose the right transaction for your investors, and our strong track record in advising market-leading businesses and private equity firms demonstrates our commitment to securing your long-term success. It's how EY makes a difference.

For more information, please visit ey.com/ca.

Ernst & Young Orenda Corporate Finance Inc.
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100Adelaide Street West
Toronto ON M5H 0B3
Telephone: (416) 864-1234

Appendix B

Draft Teaser

GREEN GROWTH BRANDS

[DRAFT]

Strictly Confidential

Investment Opportunity

June 2020

Green Growth Brands Inc. and certain subsidiaries (“GGB” or the “Company”)

Process Overview

On May 20, 2020, GGB was granted an initial order (as amended or amended and restated from time to time, the “Initial Order”) under the Companies’ Creditors Arrangement Act by the Ontario Superior Court of Justice (the “Court”). The Initial Order appointed Ernst & Young Inc. as Monitor (the “Monitor”).

On [June 1, 2020], GGB received Court approval of the sale and investment solicitation process (the “SISP”) and authorized GGB to enter into a fully binding and conditional acquisition agreement (the “Stalking Horse Agreement”) between GGB, Capital Transfer Agency ULC in its capacity as Debenture Trustee under certain debentures issued by GGB (in such capacity, the “Debenture Trustee”) and All Js Greenspace LLC (collectively with the Debenture Trustee, the “Stalking Horse Bidder”) pursuant to which the Stalking Horse Bidder made an offer to purchase the Purchased Assets as defined in the Stalking Horse Agreement.

If you are interested in pursuing this opportunity, please sign back the non-disclosure agreement (“NDA”).

Company Overview

GGB is a multi-state operator in the business of cultivating, processing, distributing, wholesaling, and retailing medical and adult-use cannabis across Nevada, Florida and Massachusetts. The Company is publicly traded on the Canadian Securities Exchange and the state entities are held by a Canadian parent company.

Nevada

- 2 The+Source branded retail locations in Las Vegas and Henderson, with annual run rate of ~$35M
- Cultivation and processing facilities in Las Vegas
- Cultivation facility in Parhump
- 7 additional licenses to open dispensaries across Nevada, with a near-term roll-out of 4 dispensaries between 2020 and 2022 subject to regulator approval
- Leases have been secured for two locations in Reno and Las Vegas

Florida

- Vertical integration (cultivation, processing and retail) license with rights to open up to 40 dispensaries across Florida to sell medicinal cannabis
- 5 retail leases in a number of prime locations, with a plan to roll-out 23 stores between 2020 to 2022
- Cultivation and processing facility currently in operation

Massachusetts

- GGB has the right to secure 3 retail dispensaries to sell cannabis
- Entered into one lease with a Host Community Agreement in Northampton
- A parcel of land has been purchased and licensed to build a facility. The land has received provisional approval for cultivation and production

Investment Highlights

1 Company built to capitalize on massive market opportunity and growth

- GGB is well-positioned to capitalize on future legalization of medicinal and recreational cannabis that may arise in the United States

2 Scalable retail and delivery platform to enable rapid expansion

- GGB has built world class dispensaries with thoughtful and inviting interior design, store layout and atmospherics
- The Company has developed a scalable business platform comprising of point-of-sale, inventory management, order management and route management systems; associate training program; promotional strategies; and debit payment processing options to support retail and delivery operations

3 Strategic real estate portfolio

- GGB has secured leases in highly coveted locations for retail dispensaries and cultivation facilities across Nevada, Florida and Massachusetts, enabling speed to market in attractive communities and neighbourhoods
- Dispensaries will be located in successful high local foot-traffic retail plazas and prime street locations, chosen specifically to attract a large number of customers without major dependency on tourism

4 Management with deep retail expertise

- GGB's leadership team has deep experience in large-scale retail operations in a number of multi-national billion-dollar companies where they successfully drove quarter after quarter growth
- Created a retail experience focused on customer education, technical knowledge and inclusion, fueling growth in the Company's loyalty program, transaction volumes, revenue and margins

5 Developed brands and innovative product portfolio

- The Company has successfully created a number of attractive brands, which are tailored to specific market segments and functional needs
- GGB's innovation, product development and commercialization strategy is informed by consumer and market insights. The Company recently developed solvent-less concentrates, fresh dried rosin and infused pre-rolls

6 Strong business model and supply chain: mix of vertical integration and partnerships with top suppliers

- GGB has a strong supply chain with a mix of in-house produced products for their Nevada dispensaries and high-demand and high-quality products procured from third-party suppliers
- GGB's vertically integrated operations in Florida will enable the Company to leverage economies of scale, control product quality, directly engage with customers and derive market insights
- In Massachusetts, a parcel of land has been purchased and licensed to build a facility. The land has received provisional approval for cultivation and production

Key Contacts

All communication relating to this opportunity should be directed to the Monitor[(1)]:

Ernst & Young Inc.
EY Tower, 100 Adelaide Street West
PO Box 1
Toronto, ON
M5H 0B3
Telephone: 1-888-338-1758 or 416-943-4467
Email: GGBI.monitor@ca.ey.com

SISP Milestone Dates

Commencement of SISP	[June 1, 2020]
Phase 1 Non-binding LOI submission	July 6, 2020
Phase 2 Formal Binding Offers	July 31, 2020
Auction, if required	As soon as practicable after phase 2 bid deadline
Outside Closing Date	August 31, 2020

[(1)] The Monitor has engaged Ernst & Young Orenda Corporate Finance Inc. and its affiliate, Ernst & Young Corporate Finance (Canada) Inc. (a US registered broker-dealer) to execute on certain aspects of the court approved SISP process. Any inquiries regarding transactional services by US persons will be directed to a registered representative of Ernst & Young Corporate Finance (Canada) Inc.

Appendix C

May 30, 2020 Letter from Counsel to WMB Resources/Green Ops to Counsel to Mr. Horvitz

R. Graham Phoenix*
Direct Line: (416) 748-4776
gphoenix@loonix.com

May 30, 2020

VIA EMAIL (lbrzezinski@blaney.com)

BLANEY McMURTRY LLP
2 Queen Street East – Suite 1500
Toronto, ON M5C 3G5
Attn: Lou Brzezinski

Dear Mr. Brzezinski:

RE: In the Matter of the Companies' Creditors Arrangement Act ("CCAA") and In the Matter of a Plan of Compromise or Arrangement of Green Growth Brands Inc. ("GGB"), GGB Canada Inc., Green Growth Brands Realty Ltd. and Xanthic Biopharma Limited (collectively, the "Applicants")

Court File No. CV-20-00641220-00CL

We are in receipt of your letter of today's date, addressed to our office as well as to counsel to the Applicants, All Js Greenspace LLC and Capital Transfer Agency ULC.

With respect, the contents of your letter misconstrue Justice McEwen's comments on yesterday's Comeback Motion. Among other things, he did not direct that our client produce the agreement for the acquisition of GAOC Note, nor did he indicate that he would draw any adverse inference in the event Mr. Boich did not consent to an examination. Moreover, he clearly indicated that he did not believe the examination of anyone, other than cross-examination of Mr. Whitaker, was within the four corners of these proceedings.

Accordingly, our clients will not be producing the agreement to acquire the GAOC Note. Per our submissions at the Comeback Motion, such agreement is a private business agreement between two non-parties. It is not relevant to these proceedings. As we advised the Court, the seller of the GAOC Note was GA Opportunities Corp., which held the note for Aphria Inc., a publicly-traded company. Moreover, not only is such agreement not relevant, it is not producible under s. 11.9 of the CCAA.

Additionally, Mr. Boich will not consent to an examination. Per our submissions at the Comeback Motion, his interests have been disclosed to the Court, he has nothing relevant to offer to the issues and relief sought on the Comeback Motion.

Mindful of Justice McEwen's comments that parties should share some information so as to provide some clarity to the Court and other parties, and to correct misstatements in your client's affidavit, we advise as follows:

(a) the economic interests of Mr. Boich, Green Ops Group, LLC ("Green Ops") and WMB Resources, LLC ("WMB") in the Applicants are limited to such interests as set out in the Applicant's Application Record: namely, (i) as holder of the GAOC Note (face value CAD $39,000,000) and (ii) as holder of certain May Debentures (face value USD $5,000,000); and also as holder of 7,170,356 shares in GGB;

(b) neither Mr. Boich, Green Ops nor WMB took advice from, or were encouraged by, any member of the Schottenstein family to acquire the GAOC Note or any other debt instrument;

(c) neither Mr. Boich, Green Ops nor WMB has any past or present economic relationship with any member of Schottenstein family, save and except for they happen to be investors in GGB;

(d) for greater certainty, no member of the Schottenstein family has any direct or indirect interest in Green Ops or WMB; and

(e) for further certainty, other than the investments in GGB, neither Mr. Boich, Green Ops nor WMB has any direct or indirect connection with the Schottenstein family or any direct or indirect interest in any company, partnership, venture, enterprise or any other investment vehicle controlled by the Schottenstein family.

We do not agree with your client's position, which is a blatant attempt to delay and frustrate these proceedings to the detriment of the Company and all other stakeholders, including – inexplicably – his fellow debentureholders.

We urge your client to consider all the materials filed to date, any relevant materials he may receive this weekend, the potential cost consequences of his actions, and to reconsider his position in advance of Monday's continuation.

Yours truly,

LOOPSTRA NIXON LLP
Per:

R. Graham Phoenix*
Partner
*Practising as RGP Professional Corporation

cc: *Jay Sakalo (US counsel to Green Ops Growth, LLC and WMB Resources, LLC)*
Ashley Taylor (counsel to the Applicants)
Wael Rostom (counsel to All Js Greenspace LLC)
Wojtek Jaskiewicz (counsel to Capital Transfer Agency ULC)

Appendix D

May 31, 2020 Letter from Counsel to All Js to Counsel to Mr. Horvitz mcmillan

Reply to the Attention of: Wael Rostom
Direct Line: 416.865.7790
Email Address: wael.rostom@mcmillan.ca
Our File No.: 272835
Date: May 31, 2020

EMAIL

Lou Brzezinski
Blaney McMurtry LLP
2 Queen Street East, Suite 1500
Toronto, Ontario
M5C 2G5

Dear Mr. Brzezinski,

Re: Minority Debentureholder Information Request

I am writing in response to your letter dated May 30, 2020 (the "**Information Request Letter**") to our office for All Js Greenspace LLC, Mr. Taylor for the Applicants, Mr. Phoenix for WMB Resources LLC and Mr. Jaskiewicz for Capital Transfer Agency ULC.

You have misconstrued Mr. Justice McEwen's comments at the Comeback Hearing. Contrary to the statement in your letter, his Honor did not give instructions requiring All Js Greenspace LLC to produce any documents or witnesses. Nor did His Honour state that he would draw an adverse finding if Joseph Schottenstein, Jay Schottenstein or Jean Schottenstein did not consent to your request for examination.

During the Comeback Motion, His Honour suggested that the parties use this weekend to have discussions about potentially relevant documents that might be reasonably and voluntarily disclosed in advance of the re-attendance scheduled for Monday June 1, 2020. In that spirit, we have made the effort to provide you with disclosure of relevant documents and information regarding the economic interests of All Js Greenspace LLC ("**All Js**"), Jay Schottenstein, Jean Schottenstein, and Joseph Schottenstein (such individuals, collectively, together with certain trusts, the "**Schottenstein Family**") in Green Growth Brands Inc. ("**GGB**") and its subsidiaries. With the exception of the lease noted below, our disclosure does not include documents or information regarding Green Growth Brands LLC and its subsidiaries, which are currently subject to receivership proceedings in the United States.

We reiterate, now for the fourth time, that we do not represent Joseph Schottenstein, Jay Schottenstein or Jean Schottenstein in this matter. Providing you with this letter should not be construed in any way to suggest that we represent them in this matter.

Below is a summary of the Schottenstein Family's financial and other interests in GGB. Except for items 1 (the contents of which are publicly available), 4 and 5, all other items are already in the court record:

1. the Schottenstein Family has equity interests in GGB both directly and indirectly through (i) All Js Greenspace LLC, and (ii) Lori Schottenstein A&R Trust, with a total ownership of 39,016,060 shares at an initial cost basis of CAD$65,492,137, which is set out in the table attached to this letter;

2. LS Green Investments and Delancey Financial LLC are both holders of secured convertible debentures issued pursuant to the Debenture Indenture dated May 17, 2019 in the principal amount of USD$20,000,000 and USD$10,000,000, respectively;

3. All Js is the holder of:

   a. secured convertible debentures issued pursuant to the Debenture Indenture dated October 18, 2019, as amended by the Backstop Drawdown Supplemental Indenture dated March 6, 2020, in the principal amount of USD$20,599,845;

   b. an unsecured promissory note dated April 20, 2020 in the principal amount of USD$2,770,000 issued by GGB in favour of All Js and in connection with working capital financing provided by All Js;

   c. two secured promissory notes dated May 4, 2020 and May 12, 2020 both in the principal amount of USD$400,000 issued by GGB to All Js for a total of USD$800,000; and

   d. USD$1,000,000 of debtor-in-possession financing facility provided by All Js to GGB in connection with GGB's application under the *Companies' Creditors Arrangement Act* with up to an additional USD$6,200,000 to be provided pursuant to a DIP Interim Financing Term Sheet Agreement dated May 20, 2020, subject to approval of the Court;

4. Green Growth Brands LLC, as tenant, leases head office space in Columbus, Ohio from 4300 Venture 34910, as landlord, which entity is controlled by the Schottenstein Family – there are currently material arrears owing under such lease; and

5. Jean Schottenstein is a director of GGB and its Canadian subsidiary, GGB Canada Inc. - other than Jean Schottenstein, no members of the Schottenstein Family are directors or officers of GGB or its subsidiaries.

Enclosed herewith are the documents described in, summarizing and/or substantiating the items 1, 4 and 5 above.

Except as described above, the members of the Schottenstein Family do not have any material contracts or financial interests in GGB or its subsidiaries. At one point in time Schottenstein Property Group did invoice GGB an immaterial amount for IT support.

The Schottenstein Family does not have a financial interest in the agreements entered into by Green Ops Group, LLC to purchase the GA Opportunities Corp or the Spring Oaks promissory notes.

No member of the Schottenstein Family has any direct or in direct interest in Green Ops Group, LLC or WMB Resources, LLC.

We trust that this disclosure will now finally put an end to your client's fishing expedition and continued attempts to delay the court process in order to gain some perceived tactical advantage. All Js is committed to the Stalking Horse Bid and the SISP and believes that it is the best available option to maximize value for all of GGB's stakeholders, including your client.

Yours truly,

Wael Rostom

Encl.
Cc: Service List