

**ONTARIO
SUPERIOR COURT OF JUSTICE**

B E T W E E N :

Estate/Court File No.: 31-2481648

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
GREEN EARTH ENVIRONMENTAL PRODUCTS, A GENERAL PARTNERSHIP
ESTABLISHED IN THE PROVINCE OF ONTARIO**

Applicant

Estate/Court File No.: 31-2481649

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
GREEN EARTH STORES LTD., A CORPORATION INCORPORATED IN THE
PROVINCE OF ONTARIO**

Applicant

**MOTION RECORD
(RETURNABLE MARCH 7, 2019)**

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**ONTARIO
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**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
GREEN EARTH ENVIRONMENTAL PRODUCTS, A GENERAL PARTNERSHIP
ESTABLISHED IN THE PROVINCE OF ONTARIO**

Applicant

**NOTICE OF MOTION
(Returnable March 7, 2019)**

The Applicants, Green Earth Stores Ltd. (“**GESL**”) and Green Earth Environmental Products (“**GEEP**”, and together with “**GESL**”, the “**Applicants**”) will make a motion to a Judge presiding over the Commercial List on March 7, 2019 at 10:00 a.m. or as soon after that time as the motion can be heard, at 330 University Avenue, Toronto, Ontario.

PROPOSED METHOD OF HEARING:

The motion is to be heard orally.

THE MOTION IS FOR:

1. an Order (the “**Administration Order**”), substantially in the form located at Tab 4 of the Applicants’ Motion Record:
 - (a) approving the administrative consolidation of the Applicants’ proposal proceedings (the “**Proposal Proceedings**”) and authorizing the Crowe Soberman Inc. (“**Crowe Soberman**”), in its capacity as Proposal Trustee of the Applicants (the “**Proposal Trustee**”) to administer the Proposal Proceedings as if the Proposal Proceedings were a single proceeding for the purposes of carrying out its duties and responsibilities as a proposal trustee under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, C. B-3, as amended (the “**BIA**”);

- (b) approving the appointment of FAAN Advisory Group Inc. (“**FAAN**”) as Chief Restructuring Advisors (in such capacity, the “**CRA**”) to the Applicants in these Proposal Proceedings, and approving the Engagement Letter (the “**CRA Engagement Letter**”) between FAAN and the Applicants dated February 25, 2019;
- (c) authorizing the Applicants to continue using the Cash Management System (as defined below) currently in place;
- (d) approving a charge in the amount of \$400,000 against the property, assets and undertakings (the “**Property**”) in favour of the Applicants’ counsel, the Proposal Trustee and its counsel, the CRA and the Consultant (defined below) to secure their fees and disbursements during the Proposal Proceedings (the “**Administration Charge**”);
- (e) approving a charge in the amount of \$500,000 against all of the Applicants’ Property in favour of the directors and officers in order to indemnify against post-filing liabilities in their personal capacities (the “**D&O Charge**”);
- (f) approving a key employee retention terms and agreement (the “**KERA**”), and approving a charge in the amount of \$100,000 against the Property to secure the amounts to be paid to key office employees under the KERA (the “**KERA Charge**”);
- (g) extending the time for filing a proposal (the “**Proposal Period**”) pursuant to section 50.4(9) of the BIA for 30 days to May 3, 2019; and
- (h) sealing the unredacted CRA Engagement Letter, the unredacted Consulting Agreement (as defined below) filed separately with the Court and the Comparative Analysis and the KERA filed as confidential appendices “1” and “2” to the First Report of the Proposal Trustee (the “**First Report**”) pending further order of the Court;

2. an Order (the “**Liquidation Process Order**”) substantially in the form located at Tab 5 of the Applicants’ Motion Record:

- (a) approving the consulting agreement (the “**Consulting Agreement**”) between the Applicants and Shawn Parkin (the “**Consultant**”) dated February 25, 2019 and the transactions contemplated thereunder;
- (b) approving the sale guidelines (the “**Sale Guidelines**”) in the form attached as Schedule A to the Liquidation Process Order;
- (c) authorizing the Applicants, with the assistance of the CRA and the Consultant, to conduct a sale in accordance with the Liquidation Process Order, the Sale Guidelines and the Consulting Agreement;
- (d) authorizing and directing the Applicants to take any and all actions as may be necessary or desirable to implement the Consulting Agreement and the transactions contemplated therein; and

3. such further and other relief as the Court may deem just;

THE GROUNDS FOR THE MOTION ARE:

The NOI Proceedings

4. As a result of a deteriorating financial condition, as further described below, on March 4, 2019, the Applicants each commenced Proposal Proceedings under the BIA by each filing a Notice of Intention to File a Proposal (“**NOI**”). Crowe Soberman was appointed Proposal Trustee of each of the Applicants;

Overview of the Applicants’ Business Operations

5. The Applicants operate a retail business known as the “Green Earth” stores across Ontario (“**Green Earth**”). There are 29 Green Earth retail stores located in shopping malls across Ontario;

6. GEEP is a general partnership registered in Ontario pursuant to the *Partnership Act* (Ontario), with a registered office address in Toronto, Ontario. The partnership is comprised of two partners, being Matthew McBride Holdings Inc. (“**McBride Holdings**”) and Beckstette Holdings Inc. (“**Beckstette Holdings**”). GEEP operates the Green Earth retail business across Ontario;

7. GESL is a private company incorporated pursuant to the *Business Corporations Act* (Ontario), with a registered business address in Toronto, Ontario. GESL purchases and owns the inventory sold in the Green Earth stores (the “**Inventory**”), operates an e-commerce website for online sales of the Inventory and owns real property that houses its warehouse and distribution centre, which is located at 19-23 Buchanan Court, London, Ontario N5Z 4P9 (the “**Real Property**”);

8. McBride Holdings is the wholly owned subsidiary of Matthew McBride Enterprises Corp. (“**McBride Enterprises**”). Beckstette Holdings is the wholly owned subsidiary of Beckstette Enterprises Corp. (“**Beckstette Enterprises**”, and together with McBride Enterprises, “**Enterprises**”);

9. In the ordinary course of the business, the Applicants use a centralized cash management system (the “**Cash Management System**”) to, among other things, collect funds and pay expenses associated with their operations. GEEP maintains bank accounts in Ontario with 6 financial institutions and GESL maintains bank accounts in Ontario with 2 financial institutions. With the exception of GEEP’s operating accounts at the Royal Bank of Canada (“**RBC**”), all GEEP’s other accounts are only deposit accounts to facilitate the deposit of cash from the various retail locations;

Liabilities

10. As at February 26, 2019, GESL was indebted to RBC in the amount of \$3,254,740.85 (the “**RBC Indebtedness**”). Prior to commencing the Proposal Proceedings, and pursuant to a Without Recourse Assignment of Debt and Security dated February 26, 2019, McBride Enterprises and Beckstette Enterprises took an assignment of the RBC Indebtedness, and the security granted by GESL and by GEEP (as guarantor of the RBC Indebtedness) to RBC. The

assigned security includes general security agreement granted by GESL, a collateral mortgage granted by GESL and registered on title to the Real Property in the amount of \$3,425,000.00, two guarantees granted by GEEP and a general security agreement granted by GEEP;

11. In order to finance the business operations and in addition to the RBC facilities, Enterprises would make advances from time to time to GEEP and GESL. To secure the advances made by each of Enterprises, in June 2009, GEEP and GESL each granted a general security agreement to each of Enterprises;

12. GEEP currently owes McBride Enterprises \$734,798.00 and GEEP owes Beckstette Enterprises \$734,866.50;

13. GESL currently owes McBride Enterprises \$2,424,777.02 and GESL owes Beckstette Enterprises \$2,411,076.52;

Financial Difficulties

14. Over the last year, the Applicants have experienced declining financial performance due to unfavourable retail market trends, such as a change in consumer preferences away from the Green Earth product line and decreased foot traffic in the retail stores due to a rising preference for online shopping. The Applicants attempted to revitalize their business and overcome the financial decline, but these efforts have been unsuccessful;

15. The draft financial statements ending September 30, 2018 for GEEP indicate that GEEP operated at a net loss of \$787,229 and its liabilities exceeded its assets by \$978,371. The draft financial statements ending September 30, 2018 for GESL indicate that GESL operated at a net loss of \$2,018,418 and its liabilities exceeded its assets by \$2,018,318;

Liquidation Sale Strategy and Liquidator Selection Process

16. The Applicants intend to liquidate the Inventory and close the stores through an orderly and court supervised process with the assistance of the CRA and the Consultant;

17. The Applicants considered three proposals in respect of an orderly liquidation of the Inventory through the conduct of a “going-out-of-business” or similar themed sale (the

“**Liquidation Sale**”). After evaluating the three proposals, the Applicants selected the Consultant and CRA on that basis the CRA will assist the Applicants with developing a strategy to maximize recoveries from their retail assets, and the Consultant will assist with effecting the Liquidation Sale and the disposition of Inventory;

The CRA, the Consultant and the Sale Guidelines

18. The CRA Engagement Letter provides, *inter alia*, that the CRA will act as an independent contractor of the Applicants for the purposes of the identifying and implementing sales strategies and cost reduction opportunities, including closing stores and dealing with employee matters, will assist with financial strategies and cash flows, will oversee the activities of the Consultant to assist in the closing of the stores, and will be paid by the Applicants for its services on a weekly basis with an additional fee payable at the end of the mandate;

19. The Consulting Agreement provides, *inter alia*, that the Consultant will act as an independent contractor of the Applicants, will assist in developing a budget for the Liquidation Sale and will coordinate and determine the manner in which the Liquidation Sale is conducted (including advertising, points of purchase, pricing of Inventory and staffing, among other things), will assist the Applicants in developing sale incentives and employee retention plan to be utilized during the Liquidation Sale for store employees, and will be paid a base fee on a weekly basis, with the entitlement to a bonus at the conclusion of the Liquidation Sale and 20% commission of net proceeds from the sale of furniture, fixtures and equipment;

20. The Proposal Trustee supports the appointment of the CRA and the Consultant and is of the view that the fees payable under the CRA Engagement Letter and Consulting Agreement are reasonable;

21. The Applicants will carry out the orderly wind-down of their business with the assistance of the CRA and Consultant, and under the oversight of the Court and the Proposal Trustee in accordance with the terms of the Sale Guidelines;

22. The proposed Liquidation Sale and Sale Guidelines will produce better results than the Applicants’ own attempts to offer sales in the retail stores without professional assistance, and is

the best way to maximize the value of the Inventory and FF&E (as such term is defined in the Consulting Agreement) for the benefit of all of the Applicants' stakeholders;

23. The Proposal Trustee supports the Liquidation Process Order and the Sale Guidelines;

The Charges

24. The priorities of the charges sought by the Applicants in the proposed Administration Order are as follows:

- (a) First – the Administration Charge;
- (b) Second – the D&O Charge; and
- (c) Third – the KERA Charge.

25. The granting of the Administration Charge is necessary in order to complete the liquidation and successful wind-down of the Applicants' operations. The quantum of the Administration Charge sought by the Applicants was determined in consultation with the Proposal Trustee;

26. In order to successfully carry out the Liquidation Sale and complete the wind-down of operations, the Applicants require the committed involvement and continued participation of their directors and officers. The Applicants do not have directors' and officers' liability insurance and require the D&O Charge in order to protect them from any potential post-filing liabilities in their personal capacities that may arise from their continued participation. The Proposal Trustee worked with the CRA to size the D&O Charge considering the potential director liabilities;

27. Given the short timeframe of the retail operations wind-down, in my view it is imperative that the Applicants are able to maintain certain key office employees to assist with the orderly wind down of the operations and the liquidation of the Inventory. The Proposal Trustee and the CRA have assisted the Applicants with identifying the key employees and the amounts offered to each under the KERA, and are in support of same;

28. The Proposal Trustee believes that the Charges and rankings are required and reasonable in the circumstances and, as such, supports the granting and proposed ranking of the charges;

Stay Extension

29. The initial 30-day stay period granted upon the filing of the NOI expires on April 3, 2019. The Liquidation Sale is scheduled to commence immediately after obtaining the Liquidation Process Order, and is expected to last for approximately 12 weeks. Accordingly, the Applicants seek this opportunity to extend the Proposal Period by 30 days to May 3, 2019;

30. In support of its request, the Applicants with the assistance of the Proposal Trustee and the Consultant, have prepared a cash flow forecast of their receipts and disbursements for each of the Applicants for the period March 3, 2019 to May 3, 2019;

31. The extension will permit the Applicants to make progress towards completing the liquidation, and no creditors will be prejudiced by extending the Proposal Period to May 3, 2019. The Applicants have acted, and continue to act in good faith in pursuing the liquidation and wind-down of their operations with the oversight of the Proposal Trustee and the Court;

Sealing Order

32. The Applicants are seeking a sealing order in respect of (i) the unredacted copy of the CRA Engagement Letter; (ii) the unredacted copy of the Consulting Agreement; and (iii) the Comparative Analysis and the KERA filed as confidential appendices “1” and “2” to the First Report, pending further order of the Court;

33. The CRA Engagement Letter, the Consulting Agreement and the Comparative Analysis contain commercially sensitive information, in particular the remuneration of the CRA and Consultant and, in the case of the Comparative Analysis, other consultants. Further, the KERA contains sensitive personal information about certain of the Applicant’s employees. The salutary effects of granting the sealing order outweigh any deleterious effect of restricting the accessibility of court proceedings;

General

34. Sections 50.4, 64.1, 64.2, 65.13 and 183 of the BIA and the other provisions of the BIA;
35. Rules 1.04, 1.05, 2.03, 3.02 and 37 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended;
36. Section 137(2) of the *Courts of Justice Act*, R.S.O. 1990, c. 43; and
37. Such further grounds as counsel may advise and this Court may see fit.

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

38. The Affidavit of Matthew McBride, sworn March 4, 2019;
39. The First Report of the Proposal Trustee, to be filed; and
40. Such further and other materials as counsel may advise and this Court may permit.

March 4, 2019

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AND TO:	<p>HOOPP RELATY INC., OPB REALTY INC. AND LANSDOWNE PLACE INC. c/o CUSHMAN & WAKEFIELD ASSET SERVICES INC. 1 Queen Street East, Suite 300 Toronto, ON M5C 2W5</p> <p>Jelena Pukli Email: jelena.pukli@cushwake.com</p>	<p>Quinte Mall (Belleville)</p> <p>Pen Centre Mall (St. Catherine's)</p> <p>Lansdowne Mall (Peterborough)</p>
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ONTARIO
SUPERIOR COURT OF JUSTICE

Proceeding commenced at Toronto

NOTICE OF MOTION
(Returnable March 7, 2019)

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TAB 2

**ONTARIO
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GREEN EARTH STORES LTD., A CORPORATION INCORPORATED IN THE
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PROPOSED METHOD OF HEARING:

The motion is to be heard orally.

THE MOTION IS FOR:

1. an Order (the “**Administration Order**”), substantially in the form located at Tab 4 of the Applicants’ Motion Record:
 - (a) approving the administrative consolidation of the Applicants’ proposal proceedings (the “**Proposal Proceedings**”) and authorizing the Crowe Soberman Inc. (“**Crowe Soberman**”), in its capacity as Proposal Trustee of the Applicants (the “**Proposal Trustee**”) to administer the Proposal Proceedings as if the Proposal Proceedings were a single proceeding for the purposes of carrying out its duties and responsibilities as a proposal trustee under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, C. B-3, as amended (the “**BIA**”);

- (b) approving the appointment of FAAN Advisory Group Inc. (“**FAAN**”) as Chief Restructuring Advisors (in such capacity, the “**CRA**”) to the Applicants in these Proposal Proceedings, and approving the Engagement Letter (the “**CRA Engagement Letter**”) between FAAN and the Applicants dated February 25, 2019;
- (c) authorizing the Applicants to continue using the Cash Management System (as defined below) currently in place;
- (d) approving a charge in the amount of \$400,000 against the property, assets and undertakings (the “**Property**”) in favour of the Applicants’ counsel, the Proposal Trustee and its counsel, the CRA and the Consultant (defined below) to secure their fees and disbursements during the Proposal Proceedings (the “**Administration Charge**”);
- (e) approving a charge in the amount of \$500,000 against all of the Applicants’ Property in favour of the directors and officers in order to indemnify against post-filing liabilities in their personal capacities (the “**D&O Charge**”);
- (f) approving a key employee retention terms and agreement (the “**KERA**”), and approving a charge in the amount of \$100,000 against the Property to secure the amounts to be paid to key office employees under the KERA (the “**KERA Charge**”);
- (g) extending the time for filing a proposal (the “**Proposal Period**”) pursuant to section 50.4(9) of the BIA for 30 days to May 3, 2019; and
- (h) sealing the unredacted CRA Engagement Letter, the unredacted Consulting Agreement (as defined below) filed separately with the Court and the Comparative Analysis and the KERA filed as confidential appendices “1” and “2” to the First Report of the Proposal Trustee (the “**First Report**”) pending further order of the Court;

2. an Order (the “**Liquidation Process Order**”) substantially in the form located at Tab 5 of the Applicants’ Motion Record:

- (a) approving the consulting agreement (the “**Consulting Agreement**”) between the Applicants and Shawn Parkin (the “**Consultant**”) dated February 25, 2019 and the transactions contemplated thereunder;
- (b) approving the sale guidelines (the “**Sale Guidelines**”) in the form attached as Schedule A to the Liquidation Process Order;
- (c) authorizing the Applicants, with the assistance of the CRA and the Consultant, to conduct a sale in accordance with the Liquidation Process Order, the Sale Guidelines and the Consulting Agreement;
- (d) authorizing and directing the Applicants to take any and all actions as may be necessary or desirable to implement the Consulting Agreement and the transactions contemplated therein; and

3. such further and other relief as the Court may deem just;

THE GROUNDS FOR THE MOTION ARE:

The NOI Proceedings

4. As a result of a deteriorating financial condition, as further described below, on March 4, 2019, the Applicants each commenced Proposal Proceedings under the BIA by each filing a Notice of Intention to File a Proposal (“**NOI**”). Crowe Soberman was appointed Proposal Trustee of each of the Applicants;

Overview of the Applicants’ Business Operations

5. The Applicants operate a retail business known as the “Green Earth” stores across Ontario (“**Green Earth**”). There are 29 Green Earth retail stores located in shopping malls across Ontario;

6. GEEP is a general partnership registered in Ontario pursuant to the *Partnership Act* (Ontario), with a registered office address in Toronto, Ontario. The partnership is comprised of two partners, being Matthew McBride Holdings Inc. (“**McBride Holdings**”) and Beckstette Holdings Inc. (“**Beckstette Holdings**”). GEEP operates the Green Earth retail business across Ontario;

7. GESL is a private company incorporated pursuant to the *Business Corporations Act* (Ontario), with a registered business address in Toronto, Ontario. GESL purchases and owns the inventory sold in the Green Earth stores (the “**Inventory**”), operates an e-commerce website for online sales of the Inventory and owns real property that houses its warehouse and distribution centre, which is located at 19-23 Buchanan Court, London, Ontario N5Z 4P9 (the “**Real Property**”);

8. McBride Holdings is the wholly owned subsidiary of Matthew McBride Enterprises Corp. (“**McBride Enterprises**”). Beckstette Holdings is the wholly owned subsidiary of Beckstette Enterprises Corp. (“**Beckstette Enterprises**”, and together with McBride Enterprises, “**Enterprises**”);

9. In the ordinary course of the business, the Applicants use a centralized cash management system (the “**Cash Management System**”) to, among other things, collect funds and pay expenses associated with their operations. GEEP maintains bank accounts in Ontario with 6 financial institutions and GESL maintains bank accounts in Ontario with 2 financial institutions. With the exception of GEEP’s operating accounts at the Royal Bank of Canada (“**RBC**”), all GEEP’s other accounts are only deposit accounts to facilitate the deposit of cash from the various retail locations;

Liabilities

10. As at February 26, 2019, GESL was indebted to RBC in the amount of \$3,254,740.85 (the “**RBC Indebtedness**”). Prior to commencing the Proposal Proceedings, and pursuant to a Without Recourse Assignment of Debt and Security dated February 26, 2019, McBride Enterprises and Beckstette Enterprises took an assignment of the RBC Indebtedness, and the security granted by GESL and by GEEP (as guarantor of the RBC Indebtedness) to RBC. The

assigned security includes general security agreement granted by GESL, a collateral mortgage granted by GESL and registered on title to the Real Property in the amount of \$3,425,000.00, two guarantees granted by GEEP and a general security agreement granted by GEEP;

11. In order to finance the business operations and in addition to the RBC facilities, Enterprises would make advances from time to time to GEEP and GESL. To secure the advances made by each of Enterprises, in June 2009, GEEP and GESL each granted a general security agreement to each of Enterprises;

12. GEEP currently owes McBride Enterprises \$734,798.00 and GEEP owes Beckstette Enterprises \$734,866.50;

13. GESL currently owes McBride Enterprises \$2,424,777.02 and GESL owes Beckstette Enterprises \$2,411,076.52;

Financial Difficulties

14. Over the last year, the Applicants have experienced declining financial performance due to unfavourable retail market trends, such as a change in consumer preferences away from the Green Earth product line and decreased foot traffic in the retail stores due to a rising preference for online shopping. The Applicants attempted to revitalize their business and overcome the financial decline, but these efforts have been unsuccessful;

15. The draft financial statements ending September 30, 2018 for GEEP indicate that GEEP operated at a net loss of \$787,229 and its liabilities exceeded its assets by \$978,371. The draft financial statements ending September 30, 2018 for GESL indicate that GESL operated at a net loss of \$2,018,418 and its liabilities exceeded its assets by \$2,018,318;

Liquidation Sale Strategy and Liquidator Selection Process

16. The Applicants intend to liquidate the Inventory and close the stores through an orderly and court supervised process with the assistance of the CRA and the Consultant;

17. The Applicants considered three proposals in respect of an orderly liquidation of the Inventory through the conduct of a “going-out-of-business” or similar themed sale (the

“**Liquidation Sale**”). After evaluating the three proposals, the Applicants selected the Consultant and CRA on that basis the CRA will assist the Applicants with developing a strategy to maximize recoveries from their retail assets, and the Consultant will assist with effecting the Liquidation Sale and the disposition of Inventory;

The CRA, the Consultant and the Sale Guidelines

18. The CRA Engagement Letter provides, *inter alia*, that the CRA will act as an independent contractor of the Applicants for the purposes of the identifying and implementing sales strategies and cost reduction opportunities, including closing stores and dealing with employee matters, will assist with financial strategies and cash flows, will oversee the activities of the Consultant to assist in the closing of the stores, and will be paid by the Applicants for its services on a weekly basis with an additional fee payable at the end of the mandate;

19. The Consulting Agreement provides, *inter alia*, that the Consultant will act as an independent contractor of the Applicants, will assist in developing a budget for the Liquidation Sale and will coordinate and determine the manner in which the Liquidation Sale is conducted (including advertising, points of purchase, pricing of Inventory and staffing, among other things), will assist the Applicants in developing sale incentives and employee retention plan to be utilized during the Liquidation Sale for store employees, and will be paid a base fee on a weekly basis, with the entitlement to a bonus at the conclusion of the Liquidation Sale and 20% commission of net proceeds from the sale of furniture, fixtures and equipment;

20. The Proposal Trustee supports the appointment of the CRA and the Consultant and is of the view that the fees payable under the CRA Engagement Letter and Consulting Agreement are reasonable;

21. The Applicants will carry out the orderly wind-down of their business with the assistance of the CRA and Consultant, and under the oversight of the Court and the Proposal Trustee in accordance with the terms of the Sale Guidelines;

22. The proposed Liquidation Sale and Sale Guidelines will produce better results than the Applicants’ own attempts to offer sales in the retail stores without professional assistance, and is

the best way to maximize the value of the Inventory and FF&E (as such term is defined in the Consulting Agreement) for the benefit of all of the Applicants' stakeholders;

23. The Proposal Trustee supports the Liquidation Process Order and the Sale Guidelines;

The Charges

24. The priorities of the charges sought by the Applicants in the proposed Administration Order are as follows:

- (a) First – the Administration Charge;
- (b) Second – the D&O Charge; and
- (c) Third – the KERA Charge.

25. The granting of the Administration Charge is necessary in order to complete the liquidation and successful wind-down of the Applicants' operations. The quantum of the Administration Charge sought by the Applicants was determined in consultation with the Proposal Trustee;

26. In order to successfully carry out the Liquidation Sale and complete the wind-down of operations, the Applicants require the committed involvement and continued participation of their directors and officers. The Applicants do not have directors' and officers' liability insurance and require the D&O Charge in order to protect them from any potential post-filing liabilities in their personal capacities that may arise from their continued participation. The Proposal Trustee worked with the CRA to size the D&O Charge considering the potential director liabilities;

27. Given the short timeframe of the retail operations wind-down, in my view it is imperative that the Applicants are able to maintain certain key office employees to assist with the orderly wind down of the operations and the liquidation of the Inventory. The Proposal Trustee and the CRA have assisted the Applicants with identifying the key employees and the amounts offered to each under the KERA, and are in support of same;

28. The Proposal Trustee believes that the Charges and rankings are required and reasonable in the circumstances and, as such, supports the granting and proposed ranking of the charges;

Stay Extension

29. The initial 30-day stay period granted upon the filing of the NOI expires on April 3, 2019. The Liquidation Sale is scheduled to commence immediately after obtaining the Liquidation Process Order, and is expected to last for approximately 12 weeks. Accordingly, the Applicants seek this opportunity to extend the Proposal Period by 30 days to May 3, 2019;

30. In support of its request, the Applicants with the assistance of the Proposal Trustee and the Consultant, have prepared a cash flow forecast of their receipts and disbursements for each of the Applicants for the period March 3, 2019 to May 3, 2019;

31. The extension will permit the Applicants to make progress towards completing the liquidation, and no creditors will be prejudiced by extending the Proposal Period to May 3, 2019. The Applicants have acted, and continue to act in good faith in pursuing the liquidation and wind-down of their operations with the oversight of the Proposal Trustee and the Court;

Sealing Order

32. The Applicants are seeking a sealing order in respect of (i) the unredacted copy of the CRA Engagement Letter; (ii) the unredacted copy of the Consulting Agreement; and (iii) the Comparative Analysis and the KERA filed as confidential appendices “1” and “2” to the First Report, pending further order of the Court;

33. The CRA Engagement Letter, the Consulting Agreement and the Comparative Analysis contain commercially sensitive information, in particular the remuneration of the CRA and Consultant and, in the case of the Comparative Analysis, other consultants. Further, the KERA contains sensitive personal information about certain of the Applicant’s employees. The salutary effects of granting the sealing order outweigh any deleterious effect of restricting the accessibility of court proceedings;

General

34. Sections 50.4, 64.1, 64.2, 65.13 and 183 of the BIA and the other provisions of the BIA;
35. Rules 1.04, 1.05, 2.03, 3.02 and 37 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended;
36. Section 137(2) of the *Courts of Justice Act*, R.S.O. 1990, c. 43; and
37. Such further grounds as counsel may advise and this Court may see fit.

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

38. The Affidavit of Matthew McBride, sworn March 4, 2019;
39. The First Report of the Proposal Trustee, to be filed; and
40. Such further and other materials as counsel may advise and this Court may permit.

March 4, 2019

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Lawyers for the Applicants

TO: THE SERVICE LIST ATTACHED HERETO AS SCHEDULE "A"

SERVICE LIST
AS AT MARCH 4, 2019

TO:	<p>MILLER THOMSON LLP 40 King Street West, Suite 5800 Toronto, ON M5H 3S1 Fax: 416.595.8695</p> <p>Kyla Mahar Tel: 416.595.4303 Email: kmahar@millerthomson.com</p> <p>Stephanie De Caria Tel: 416.595.2652 Email: sdecaria@millerthomson.com</p> <p>Lawyers for Green Earth Stores Ltd. and Green Earth Environmental Products</p>
AND TO:	<p>CROWE SOBERMAN INC. 2 St. Clair Avenue East, Suite 1100 Toronto, ON M4T 2T5 Fax: 416.929.2555</p> <p>Hans Rizarri Tel: 416.963.7175 Email: hans.rizarri@crowesoberman.com</p> <p>Graeme Hamilton Tel: 416.963.7140 Email: graeme.hamilton@CroweSoberman.com</p> <p>Proposal Trustee</p>
AND TO:	<p>STIKEMAN ELLIOT LLP 199 Bay Street Toronto, ON M5L 1B9 Fax: 416.947.0866</p> <p>Elizabeth Pillon Tel: 416.869.5623 Email: lpillon@stikeman.com</p> <p>Sonja Sopic Tel: 416.869.6825 Email: ssopic@stikeman.com</p> <p>Lawyers for the Proposal Trustee, Crowe Soberman Inc.</p>

Secured Parties	
AND TO:	ADVOCATES LLP 255 Queens Avenue, 16 th Floor London, ON N6A 5R8 Angelo C. D'Ascanio Tel: 519.858.8220 ext. 232 Fax: 519.858.0687 Email: A.Dascanio@AdvocatesLLP.com Lawyers for Secured Parties Matthew McBride Enterprises Corp. and Beckstette Enterprises Corp.
AND TO:	DE LAGE LANDEN FINANCIAL SERVICES CANADA INC. 3450 Superior Court, Unit 1 Oakville, ON L6L 0C4 Secured Party
Federal and Provincial Offices	
AND TO:	MINISTRY OF FINANCE Office of Legal Services 33 King Street West, 6th Floor Oshawa, ON L1H 8H5 Kevin J. O'Hara Tel: 905.433.6934 Fax: 905.436.4510 Email: kevin.ohara@fin.gov.on.ca
AND TO:	ATTORNEY GENERAL OF CANADA Department of Justice Canada Ontario Regional Office -Tax Law Section The Exchange Tower 130 King Street West Suite 3400, P.O. Box 36 Toronto, ON M5X 1K6 Diane Winters Tel: 416.973.3172 Fax: 416.973.0810 Email: diane.winters@justice.gc.ca Lawyers for the Minister of National Revenue

Landlords		Properties
AND TO:	<p>HOOPP REALTY INC. and GEORGETOWN MARKET PLACE CORP. c/o CUSHMAN & WAKEFIELD ASSET SERVICES INC. 1 Queen Street East, Suite 300 Toronto, ON M5C 2W5</p> <p>Andrea McGowen Email: andrea.mcgowen@cushwake.com</p>	<p>Devonshire Mall (Windsor)</p> <p>Georgetown Market Place (Georgetown)</p>
AND TO:	<p>HOOPP RELATY INC., OPB REALTY INC. AND LANSDOWNE PLACE INC. c/o CUSHMAN & WAKEFIELD ASSET SERVICES INC. 1 Queen Street East, Suite 300 Toronto, ON M5C 2W5</p> <p>Jelena Pukli Email: jelena.pukli@cushwake.com</p>	<p>Quinte Mall (Belleville)</p> <p>Pen Centre Mall (St. Catherine's)</p> <p>Lansdowne Mall (Peterborough)</p>
AND TO:	<p>HOOPP REALTY INC. c/o MORGUARD INVESTMENTS LIMITED 55 City Centre Drive, Suite 800 Toronto, ON L5B 1M3</p> <p>Gilles Levesque Email: glevesque@morguard.com</p>	<p>Northgate Shopping Centre (North Bay)</p> <p>New Sudbury Centre (Sudbury)</p>
AND TO:	<p>MIL ITF HOOPP REALTY INC. (INTERCITY) c/o MORGUARD INVESTMENTS LIMITED 100 Fort William Road, Suite 203 Thunder Bay, ON P7B 6B9</p> <p>Rene Ragazzi Email: rragazzi@morguard.com</p>	<p>Intercity Shopping Centre (Thunder Bay)</p>
AND TO:	<p>RIOCAN REAL ESTATE INVESTMENT TRUST 230 Yonge Street, Suite 500 Toronto, ON M4P 1E4</p> <p>Jamie Nielsen Email: jnielsen@riocan.com</p>	<p>Georgian Mall (Barrie)</p>
AND TO:	<p>WHITE OAKS MALL HOLDINGS LTD. c/o BENTALL KENNEDY (CANADA) LP 65 Port Street East, Unit 110 Mississauga, ON L5G 4V3</p> <p>Garnet Peirson Email: gpeirson@bentallkennedy.com</p>	<p>White Oaks Mall (London)</p>

AND TO:	CF/REALTY HOLDINGS INC. c/o CADILLAC FAIRVIEW CORPORATION LIMITED 20 Queen Street West, 5 th Floor Toronto, ON M5H 3R4 Michelle Carrie Email: michelle.carrie@cadillacfairview.com	Masonville Mall (London) Fairview Park Mall (Kitchener)
AND TO:	CF/REALTY HOLDINGS INC. c/o CADILLAC FAIRVIEW CORPORATION LIMITED 20 Queen Street West, 5 th Floor Toronto, ON M5H 3R4 Mark Palazzo Email: mark.palazzo@cadillacfairview.com	Lime Ridge Mall (Guelph)
AND TO:	OPB (EMTC) INC. c/o CUSHMAN & WAKEFIELD ASSET SERVICES INC. 1 Queen Street East, Suite 300 Toronto, ON M5C 2W5 Daniela Vicino Email: daniela.vicino@cushwake.com	Erin Mills Town Centre (Mississauga)
AND TO:	MORGUARD REAL ESTATE INVESTMENT TRUST 55 City Centre Drive, Suite 1000 Mississauga, ON L5B 1M3 Sonya Elwell Email: selwell@morguard.com	Cambridge Centre (Cambridge)
AND TO:	IVANHOE CAMBRIDGE II INC. 95 Wellington Street West, Suite 300 Toronto, ON M5J 2R2 Yves Bouchard Email: yves.bouchard@ivanhoecambridge.com	Conestoga Mall (Waterloo)
AND TO:	KS LAMBTON MALL INC. c/o CUSHMAN & WAKEFIELD ASSET SERVICES INC. 1 Queen Street East, Suite 300 Toronto, ON M5C 2W5 Jonathan Risorto Email: jonathan.risorto@cushwake.com	Lambton Mall (Lambton)

AND TO:	LYNDEN PARK MALL LIMITED c/o CENTRECORP MANAGMENT SERVICES LIMITED Lynden Park Mall Management Office 84 Lynden Road Brantford, ON N3R 6B8 Tony Fazari Email: tfazari@centrecorp.com	Lynden Park Mall (Brantford)
AND TO:	LINDSAY SQUARE MALL INC. c/o DAVPART INC. 1200 Sheppard Avenue East, Suite 106 Toronto, ON 75 Midpark Crescent London, ON N6N 1A9 Jennifer Huntley Email: huntleyj@davpart.com	Lindsay Square Mall (Lindsay)
AND TO:	ORANGEVILLE MALL PROPERTY HOLDINGS INC. 700 Applewood Crescent, Suite 100 Vaughan, ON L4K 5X3 Dana Schott Email: dschott@strathallen.com	Orangeville Mall (Orangeville)
AND TO:	OSHAWA CENTRE HOLDINGS c/o IVANHOE CAMBRIDGE INC. 95 Wellington Street West, Suite 300 Toronto, ON M5J 2R2 Stephanie Hannon Email: stephanie.hannon@ivanhoecambridge.com	Oshawa Centre (Oshawa)
AND TO:	MORGUARD CORPORATION AND BRAMALEA CITY CENTRE EQUITIES INC. c/o MORGUARD INVESTMENTS LIMITED 55 City Centre Drive, Suite 800 Mississauga, ON L5B 1M3 Rene Ragazzi Email: rragazzi@morguard.com	Bramalea City Centre (Brampton)
AND TO:	CATARAQUI HOLDINGS INC. c/o PRIMARIS MANAGEMENT INC. 1 Adelaide Street East, Suite 900 Toronto, ON M5C 2V9 Leigh Murray Email: lmurray@primarisreit.com	Cataraqui Centre (Kingston) Stone Road Mall (Guelph)

AND TO:	TANURB (FESTIVAL MARKETPLACE) INC. 10 King Street East, Suite 800 Toronto, ON M5C 1C3 Alexia Bourelia Email: alexia@tanurb.com	Festival Marketplace (Startford)
AND TO:	713949 ONTARIO LIMITED c/o MORGUARD INVESTMENTS LIMITED 55 City Centre Drive, Suite 800 Mississauga, ON L5B 1M3 Jenny Schmoish Email: jschmoisch@morguard.com	St. Laurent Shopping Centre (Ottawa)
AND TO:	PLACE D'ORLEANS HOLDINGS INC. c/o PRIMARIS MANAGEMENT INC. 1 Adelaide Street East, Suite 900 Toronto, ON M5C 2V9 Gino Ranno Email: granno@primarisreit.com	Place d'Orleans (Orleans)
AND TO:	OXFORD PROPERTIES RETAIL HOLDINGS II INC. AND CPPIB UPPER CANADA MALL INC. 200 Bay Street, Suite 900 Toronto, ON M5J 2J2 Rita Mercado Email: rmercado@oxfordproperties.com	Upper Canada Mall (Newmarket)
AND TO:	BURLINGTON MALL HOLDINGS INC. c/o RIOCAN MANAGEMENT INC. 777 Guelph Line, Burlington, ON L7R 3N2 Jamie Nielsen Email: jnielsen@riocan.com	Burlington Mall (Burlington)

hans.rizarri@crowesoberman.com; graeme.hamilton@CroweSoberman.com;
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ONTARIO
SUPERIOR COURT OF JUSTICE

Proceeding commenced at Toronto

NOTICE OF MOTION
(Returnable March 7, 2019)

MILLER THOMSON LLP

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Lawyers for the Applicants

TAB 3

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Estate/Court File No.: 31-2481648

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
GREEN EARTH ENVIRONMENTAL PRODUCTS, A GENERAL PARTNERSHIP
ESTABLISHED IN THE PROVINCE OF ONTARIO**

Applicant

Estate/Court File No.: 31-2481649

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
GREEN EARTH STORES LTD., A CORPORATION INCORPORATED IN THE
PROVINCE OF ONTARIO**

Applicant

**AFFIDAVIT OF MATTHEW MCBRIDE
(Sworn March 4, 2019)**

I, MATTHEW MCBRIDE, of the Town of Mulmur, of the Province of Ontario, MAKE OATH AND SAY:

1. I am the President and a director of the Applicant, Green Earth Stores Ltd. (“**GESL**”). I am also the sole director and President of Matthew McBride Holdings Inc. (“**McBride Holdings**”), a 50% partner of the Applicant, Green Earth Environmental Products (“**GEEP**”, and together with GESL, the “**Applicants**”). As a result of roles with the Applicants I have knowledge of the matters to which I hereinafter depose. Where I depose based on knowledge and belief obtained from others, I have stated the source of that information and belief and believe such information to be true.

2. On March 4, 2019, each of the Applicants commenced proposal proceedings (the “**Proposal Proceedings**”) under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, C. B-3, as amended (the “**BIA**”) by each filing a Notice of Intention to File a Proposal (“**NOI**”). Crowe

Soberman Inc. was appointed Proposal Trustee of each of the Applicants (in such capacity, the “**Proposal Trustee**”).

3. This Affidavit is sworn in support of a Motion sought by the Applicants seeking:
- (a) an Order (the “**Administration Order**”), substantially in the form located at Tab 4 of the Applicants’ Motion Record:
 - (i) approving the administrative consolidation of the Applicants’ Proposal Proceedings and authorizing the Proposal Trustee to administer the Proposal Proceedings as if the Proposal Proceedings were a single proceeding for the purposes of carrying out its duties and responsibilities as a proposal trustee under the BIA;
 - (ii) approving the appointment of FAAN Advisory Group Inc. (“**FAAN**”) as Chief Restructuring Advisors (in such capacity, the “**CRA**”) to the Applicants in these Proposal Proceedings, and approving the Engagement Letter (the “**CRA Engagement Letter**”) between FAAN and the Applicants dated February 25, 2019;
 - (iii) authorizing the Applicants to continue using the Cash Management System (as hereinafter defined) currently in place;
 - (iv) approving the Administration Charge (as hereinafter defined) in the amount of \$400,000 against the property, assets and undertakings (the “**Property**”);
 - (v) approving the D&O Charge (as hereinafter defined) in the amount of \$500,000 against the Property;
 - (vi) approving a key employee retention terms and agreement (the “**KERA**”), and approving the KERA Charge (as hereinafter defined) in the amount of \$100,000 against the Property;

- (vii) extending the time for filing a proposal (the “**Proposal Period**”) pursuant to section 50.4(9) of the BIA for 30 days to May 3, 2019; and
 - (viii) sealing the unredacted CRA Engagement Letter, the unredacted Consulting Agreement (as defined below) each filed separately with the Court and the Comparative Analysis (as defined in the Frist Report of the Proposal Trustee (the “**First Report**”)) and the KERA filed as confidential appendices “1” and “2” to the First Report pending further order of the Court;;
- (b) an Order (the “**Liquidation Process Order**”) substantially in the form located at Tab 5 of the Applicants’ Motion Record:
- (i) approving the consulting agreement (the “**Consulting Agreement**”) between the Applicants and Shawn Parkin (the “**Consultant**”) dated February 25, 2019 and the transactions contemplated thereunder;
 - (ii) approving the sale guidelines (the “**Sale Guidelines**”) in the form attached as Schedule A to the Liquidation Process Order;
 - (iii) authorizing the Applicants, with the assistance of the CRA (as hereinafter defined) and the Consultant, to conduct a sale in accordance with the Liquidation Process Order, the Sale Guidelines and the Consulting Agreement; and
 - (iv) authorizing and directing the Applicants to take any and all actions as may be necessary or desirable to implement the Consulting Agreement and the transactions contemplated therein; and
- (c) such further and other relief as the Court may deem just.

OVERVIEW OF THE APPLICANTS OPERATIONS AND ASSETS

Introduction to the Applicants' Business

4. The Applicants operate a retail business known as the "Green Earth" stores across Ontario ("**Green Earth**"). The Green Earth business started in 1990 with its first store opening in Windsor, Ontario. At the time, the business was focused on environmental awareness and nature, and contained product lines that promoted an environmentally friendly lifestyle.

5. In the early to mid-1990s, the retail climate changed and environmentally friendly products became commonly sold in supermarkets. As a result, Green Earth's business concept evolved and the product lines shifted to aesthetic merchandise, such as relaxation products and home décor.

6. The business continued expanding throughout the 1990s and 2000s, with the opening of additional stores across Ontario. As at the time of swearing this affidavit, there are 29 Green Earth stores located in shopping malls across Ontario that continue to sell the relaxation and home décor product lines, among other things. Attached hereto and marked as **Exhibit "A"** is a listing of the Green Earth store locations.

7. As further described below, the Applicants' business has experienced declining financial and retail performance over the last year. Despite their own efforts to revitalize the business and overcome the financial decline, the Applicants believe that the best way to maximize recoveries for their stakeholders is through a court supervised and orderly liquidation process and wind-down of their retail operations.

Corporate Structure

8. GEEP is a general partnership registered in Ontario pursuant to the *Partnership Act* (Ontario). The partnership is comprised of two partners, being McBride Holdings and Beckstette Holdings Inc. ("**Beckstette Holdings**"). GEEP operates the Green Earth retail business across Ontario. GEEP's registered business address is 40 King Street West, Suite 5800, Toronto Ontario, M5H 3S1.

9. GESL is a private company incorporated pursuant to the *Business Corporations Act* (Ontario). GESL owns the inventory sold in the Green Earth stores (the "**Inventory**"), operates

the online sales of the Inventory and owns real property that houses its warehouse and distribution centre, which is located at 19-23 Buchanan Court, London, Ontario N5Z 4P9 (the “**Real Property**”). Its registered business address is 40 King Street West, Suite 5800, Toronto Ontario, M5H 3S1.

10. McBride Holdings and Beckstette Holdings are non-operating holding companies. Each holding company hold a 50% partnership interest in GEEP and 50% of the shares of GESL.

11. McBride Holdings is the wholly owned subsidiary of Matthew McBride Enterprises Corp. (“**McBride Enterprises**”). Beckstette Holdings is the wholly owned subsidiary of Beckstette Enterprises Corp. (“**Beckstette Enterprises**”, and together with McBride Enterprises, “**Enterprises**”).

12. A chart showing the corporate structure is attached hereto and marked as **Exhibit “B”**.

Employees

13. Currently, GEEP employs approximately 202 individuals across its retail store locations, of which 179 are employed on a part-time basis and all of whom are non-unionized.

14. GESL employs 13 full-time head office and warehouse employees all of whom are non-unionized. Of these employees, approximately 3 make up senior management.

15. The employees of GEEP and GESL are paid on a biweekly basis one week in arrears. The last payroll was paid on February 22, 2019 for the pay period ending February 15, 2019. The next payroll is due to be paid on March 8, 2019.

16. The Applicants do not sponsor any pension plans for their employees.

Office and Warehouse/Distribution Centre

17. As set out above, in addition to the 29 retail store locations, the Real Property owned by GESL houses a warehouse and distribution centre where the Inventory is stored, picked and shipped to the stores. The Applicants’ managerial and administrative staff also work out of this location.

18. The Real Property was purchased by GESL in 2016 for \$3,425,000. Given the financial difficulties facing the Applicants' business, in December 2018, GESL entered into a Listing Agreement with CBRE Limited, as Brokerage (collectively, the "**Listing Agreement**") to market and sell the Real Property at a listing price of \$6,500,000. To date, GESL has received no offers on the Real Property. The Applicants intend to work with the CRA to determine the best approach to maximize value of this asset.

Inventory Supply Chain

19. As noted above, GESL owns the Inventory that is sold through the retail store locations operated by GEEP. Title to the inventory transfers from GESL to GEEP at the register when the sale occurs to the customer. GESL purchases the Inventory from third party suppliers. Given the financial difficulties that GESL has been facing, GESL has not purchased Inventory since the end of October 2018.

20. Pursuant to an Agreement between GESL and GEEP dated October 1, 2004 (the "**Inventory Agreement**"), GESL invoiced GEEP monthly for the payment of the Inventory after the Inventory is sold in the retail stores by GEEP. In particular, GESL renders an account to GEEP for the Inventory sold on a monthly basis based upon a reasonable estimate of the costs of the goods sold, which since October 1, 2013 has been estimated at 35.5% of the sale price of the Inventory in the stores, plus a 15% administration fee. This invoicing arrangement is a long standing practice of the business. Historically, the amount owing by GEEP to GESL for the purchased Inventory invoiced was added to the intercompany accounts on a monthly basis. During the course of the year, GEEP would advance funds to GESL as and when needed to operate the GESL business and these advances would also be recorded against the intercompany accounts and then a reconciliation would occur at year end.

21. As discussed below, the Applicants have engaged the Consultant and the CRA to assist them to liquidate the Inventory and wind down their retail store operations as part of these Proposal Proceedings.

22. As a result, during these Proposal Proceedings, GEEP intends to pay GESL for the Inventory based on the current fee structure (i.e. 35.5% of the sale price plus 15% administration fee) and these payments are forecasted to be made weekly in arrears to ensure that the proceeds

from the sale of the Inventory are accounted for between GESL and GEEP. Consistent with such treatment, GEEP paid GESL \$791,628.26 prior to the NOI filing, which represents payment for the Inventory sold from GESL to GEEP for the month of February 2019.

Cash Management System

23. In the ordinary course of the business, the Applicants use a centralized cash management system (the “**Cash Management System**”) to, among other things, collect funds and pay expenses associated with their operations.

24. Given, GEEP’s retail business it maintains bank accounts in Ontario with Royal Bank of Canada (“**RBC**”), Scotiabank, Bank of Montreal, TD Canada Trust, CIBC and Kawartha Credit Union. All of GEEP’s accounts are Canadian dollar accounts except one U.S. dollar account. The accounts at all banks other than RBC are only deposit accounts to facilitate the deposit of cash from the various retail locations.

25. GEEP aggregates its cash deposits into its RBC operating account. Historically this was done on a monthly basis. Receipts from credit card issuers go directly into GEEP’s RBC operating account.

26. GESL maintains bank accounts in Ontario with the RBC and Your Neighbourhood Credit Union. All of GESL’s accounts are Canadian dollar accounts except one US. dollar account at RBC.

27. The Applicants will continue to operate the existing cash management systems with the oversight of the CRA and the Proposal Trustee.

28. The CRA will be added to a signatory to the GESL and GEEP bank accounts and be required to authorize any transaction over \$5,000.

LIABILITIES

Indebtedness owing to RBC assigned to Enterprises

29. GESL and GEEP have banked with RBC for over 20 years and continue to maintain their operating accounts at RBC.

30. Given the financial difficulties facing the Applicants, the Applicants made concerted efforts to reduce the amounts owing to RBC over the last several months and cancelled its revolving demand facility with RBC.

31. As at February 26, 2019, GESL was indebted to RBC in the amount of \$3,254,740.85. GESL granted certain security to RBC to secure the indebtedness owing to RBC including a general security agreement and a collateral mortgage registered on title to the Real Property in the amount of \$3,425,000.00. Copies of the security granted by GESL to RBC is attached hereto and marked as **Exhibit "C"**.

32. GEEP guaranteed the amounts owing by GESL to RBC by way of two guarantees and granted a general security agreement in favour of RBC to secure the amounts guaranteed to the RBC. Copies of the guarantees and the security granted by GEEP to RBC is attached hereto and marked as **Exhibit "D"**.

33. Prior to commencing these Proposal Proceedings, on February 26, 2019, RBC, as Assignor, and McBride Enterprises and Beckstette Enterprises, as Assignees, entered into a Without Recourse Assignment of Debt and Security (the "**Assignment Agreement**"), a copy of which is attached hereto and marked as **Exhibit "E"**.

34. Pursuant to the Assignment Agreement, McBride Enterprises and Beckstette Enterprises took an assignment of indebtedness owing by GESL to RBC in the amount of \$3,254,740.85 as at February 26, 2019 and the security granted by GESL and GEEP in favour of RBC to secure such indebtedness, including among other things, the security previously attached to this Affidavit as Exhibits "C" and "D".

Indebtedness owing to Enterprises

35. In order to finance the business operations in addition to facilities the Applicants had with RBC, Enterprises would make advances from time to time to GEEP and GESL. To secure the advances made by Enterprises to GEEP and GESL, in June 2009, GEEP and GESL each granted a general security agreement to each of McBride Enterprises and Beckstette Enterprises.

GEEP Security in Favour of Enterprises

36. On June 19, 2009, GEEP granted a general security agreement to in favour of McBride Enterprises to secure advances made by McBride Enterprises to GEEP, a copy of which is attached hereto and marked as **Exhibit “F”**.

37. On the same date, GEEP granted a general security agreement in favour of Beckstette Enterprises to secure advances made by Beckstette Enterprises to GEEP, a copy of which is attached hereto and marked as **Exhibit “G”**.

GESL Security in Favour of Enterprises

38. On June 19, 2009, GESL granted a general security agreement to in favour of McBride Enterprises to secure advances made by McBride Enterprises to GESL, a copy of which is attached hereto and marked as **Exhibit “H”**.

39. On the same date, GESL granted a general security agreement in favour of Beckstette Enterprises to secure advances made by Beckstette Enterprises to GESL, a copy of which is attached hereto and marked as **Exhibit “I”**.

Demands for Payment

40. On December 11, 2018, Enterprises collectively issued a demand to GEEP for a total of \$4,721,772.00 being comprised of \$2,351,948.00 owing to McBride Enterprises and \$2,351,917.00 owing to Beckstette Enterprises and \$17,907.00 owing from McBride Holdings to McBride Enterprises (the “**GEEP Demand**”). A copy of the GEEP Demand is attached hereto and marked as **Exhibit “J”**.

41. Since the date of the GEEP Demand, GEEP has repaid certain amounts to Enterprises. As of the date of swearing this Affidavit, GEEP owes McBride Enterprises \$734,798.00 and GEEP owes Beckstette Enterprises \$734,866.50.

42. On December 21, 2018, Enterprises collectively issued a demand to GESL for a total of \$4,890,126.00 being comprised of \$2,450,248.00 owing to McBride Enterprises and \$2,439,878.00 owing to Beckstette Enterprises (the “**GESL Demand**”). A copy of the GEEP Demand is attached hereto and marked as **Exhibit “K”**.

43. Since the date of the GESL Demand, GESL has repaid certain amounts to Enterprises. As of the date of swearing this Affidavit, GESL owes McBride Enterprises \$2,424,777.02 and GESL owes Beckstette Enterprises \$2,411,076.52.

PPSA Registrations

44. A certified search of the Personal Property Security Registration System (the “PPSRS”) in Ontario as of February 26, 2019 for GESL is attached hereto as **Exhibit “L”**. In addition, to registrations to perfect the security set out above, there is one equipment lessor registered that has security over two fork lifts. The Applicants intend to pay for this equipment for as long as it is needed in these Proposal Proceedings.

45. A certified search of the PPSRS in Ontario as of February 27, 2019 for GEEP is attached hereto as **Exhibit “M”**. Other than the registrations related to the security discussed above, there are no other secured parties

Employee Liabilities

46. As noted above, as of February 28, 2019, GEEP has 202 employees and GESL has 15 employees. The Applicants payroll was last paid on February 22, 2019, which paid the employees to February 15, 2019. The Applicants are current on all required payments in respect of employee wages to their employees, as well as outstanding obligations of amounts required to be remitted to governmental authorities through source deductions or otherwise. The next payroll is to be paid on March 8, 2019. Given the critical importance of having the employees remain during the proposed liquidation to take place, the Applicants intend to make its payroll payments in the ordinary course during these Proposal Proceedings.

47. As of the pay period ending February 15, 2019, there are vacation pay accruals totalling approximately \$46,829.74 for GEEP employees and \$33,177.73 for GESL employees that would be paid in the ordinary course.

GST/HST Liabilities

48. Through their retail operations, GEEP and GESL are payors of HST. Returns are filed in the ordinary course one month in arrears of operations. The January HST returns were filed and

the obligations owing as reflected in the return totalling \$34,337.70 for GEEP and \$84,934.24 for GESL have been paid. The February HST returns are due to be filed in March.

Unsecured Indebtedness

49. In addition to the liabilities described above, GESL owes approximately \$1,587,617.69 to inventory suppliers and other service providers and GEEP owes approximately \$19,464.72 to service providers.

50. In February 2019, GESL was served with three statements of claim in respect of actions commenced by certain of GESL's inventory suppliers for payment of outstanding invoices. The total amount claimed is approximately \$148,648.76 plus U.S.57,798.04 both including fees and interest claimed. I understand from the Applicants' counsel, Miller Thomson LLP ("**Miller Thomson**"), that the time period to deliver a defence/reply to each of these actions had not expired when these Proposal Proceedings were commenced.

FINANCIAL DIFFICULTIES

51. Over the last year, the Applicants have experienced declining financial performance due to unfavourable retail market trends, such as a change in consumer preferences away from the Green Earth product line and decreased foot traffic in the retail stores due to a rising preference for online shopping. As a result, the Green Earth stores are over-stocked with Inventory that is not popular among consumers. The Applicants were hopeful that the holiday season would have turned the business around, however, it did not. Over the last 60 days, the Applicants have attempted to offer sales in the stores to address the negative financial situation, but these efforts have proven challenging and the business operations continue to suffer.

52. The draft financial statements for GEEP for the year ending September 30, 2018 are attached hereto and marked as **Exhibit "N"**. They indicate that GEEP operated at a net loss of \$787,229 in 2018. The financial statements also indicate that GEEP's liabilities exceeded its assets by \$978,371 in 2018.

53. The draft financial statements for GESL for the year ending September 30, 2018 are attached hereto and marked as **Exhibit "O"**. They indicate that GESL operated at a net loss of

\$2,018,418 in 2018. The financial statements also indicate that GESL's liabilities exceeded its assets by \$2,018,318 in 2018.

54. As a result of their deteriorating financial condition, the Applicants retained Crowe Soberman as its financial advisor on January 15, 2019.

55. After considering the available options, the Applicants have determined that they are not in the financial position to continue to operate the business in the ordinary course while continuing to incur losses. Accordingly, the Applicants have elected to commence these Proposal Proceedings and intend to liquidate the Inventory and close the stores through an orderly and court supervised process with the assistance of the CRA and the Consultant.

PROPOSAL PROCEEDINGS

56. On March 4, 2019, each of GEEP and GESL filed an NOI under the BIA and commenced the Proposal Proceedings. Copies of the certificates of the NOIs are attached hereto as **Exhibits "P"** and **"Q"**, respectively. The NOI filings were necessary to provide stability to the Applicants and to permit the implementation of the proposed liquidation, which is further described below.

57. The NOI filing was authorized by the directors of GESL, and by both partners of GEEP being McBride Holdings and Beckstette Holdings.

Cash Flow Statements

58. The CRA and the Proposal Trustee have assisted the Applicants in preparing a cash flow forecast which sets out projected cash flows for the 9 week period ending May 3, 2019 (the **"Cash Flow Period"**), a copy of which I understand from the Proposal Trustee will be attached as an appendix to the First Report. As set out in the Cash Flow Forecast, the Applicants are expected to have sufficient liquidity to operate to the end of the Cash Flow Period. The Applicants' principal use of cash during this period will consist of regular course operating expenditures, including amounts to be paid to employees and landlords.

Proposed Process for Proposal Proceeding

59. The Applicants, with input from Crowe Soberman, determined that the best manner in which to maximize the recovery on existing retail operations was through the appointment of a

chief restructuring advisor along with a consultant to assist with the orderly wind down of the retail stores.

60. I believe that the realizations under an orderly and court supervised liquidation conducted by the Applicants, with the assistance of the CRA and the Consultant, are likely to exceed the recoveries under a sale of the assets in a receivership or bankruptcy scenario. At the same time, the Applicants intend to work with the CRA and the Proposal Trustee to pursue other asset recoveries including the sale of the Real Property and potentially the online platform.

Liquidation Sale and Selection Process

61. The Applicants, with the assistance of Crowe Soberman, requested proposals from two third party liquidators to consider the best path forward. After there being some delay in obtaining one of the two proposals, Crowe Soberman reached out to FAAN to discuss other potential ways to liquidate and wind down the operations. FAAN in turn introduced the Applicants to the Consultant who has extensive liquidation experience. As a result, we considered three proposals in respect of an orderly liquidation of the Applicants' inventory through the conduct of a "going-out-of-business" or similar themed sale (the "**Liquidation Sale**").

62. Of the three proposals reviewed and considered, the Applicants, with the assistance of Crowe Soberman, have elected to retain FAAN as CRA and Shawn Parkin as the Consultant to assist the Applicants undertake a Liquidation Sale. This selection was made on the basis that the CRA will assist the Applicants with developing a strategy to maximize recoveries from their retail assets, among other things as described below, and the Consultant will assist with effecting the Liquidation Sale and the disposition of Inventory. I believe that the CRA and the Consultant will complement each other throughout the Proposal Proceedings and that there will not be any duplication of efforts as each have distinct and separate roles, as further described below.

63. The proposed Liquidation Sale will be conducted by the Applicants in accordance with the Sale Guidelines attached to the Liquidation Process Order, with the assistance of the CRA and the Consultant, as further described below.

CRA Engagement Letter

64. On February 25, 2019, the Applicants and FAAN agreed on a final form of the CRA Engagement Letter. A redacted copy of the executed CRA Engagement Letter is attached hereto and marked as **Exhibit “R”**. I understand from the Applicants’ counsel, Miller Thomson, that the unredacted copy will be filed separately with the Court and the Applicants are requesting an Order sealing same. The key terms of the CRA Engagement Letter are as follows:

- (a) the CRA will act as an independent contractor of the Applicants, and not an agent or employee of the Applicants throughout its engagement;
- (b) the CRA will perform a review and assessment of the Applicants’ business, assets, liabilities and operations all with respect to the Applicants’ strategic alternatives;
- (c) the CRA will assist the Applicants in the identification and implementation of sales strategies and cost reduction opportunities, including closing stores and dealing with employee matters;
- (d) the CRA will support the Applicants in reviewing and developing cash flow projections based on various potential restructuring alternatives, as well communications and public relations strategies;
- (e) the CRA will be responsible for overseeing the activities of the Consultant to assist in the closing of the stores and sale of the Inventory;
- (f) the CRA will serve as a primary contact with the Applicants’ financial and legal advisors, creditors (including landlords) and other stakeholders;
- (g) the CRA will be paid by the Applicants for its services on a weekly basis with an additional fee payable at the end of the mandate.

Consulting Agreement

65. On February 25, 2019, the Applicants, with input from Crowe Soberman and the CRA, agreed on a final form of Consulting Agreement, a redacted copy of which is attached hereto and

marked as **Exhibit “S”**. I understand from the Applicants’ counsel, Miller Thomson, that the unredacted copy will be filed separately with the Court and the Applicants are requesting an Order sealing the same. The key terms of the Consulting Agreement are as follows:

- (a) the Consultant will act as an independent contractor of the Applicants, and not an agent or employee of the Applicants throughout its engagement
- (b) the Consultant will assist the Applicants in developing a budget for the Liquidation Sale;
- (c) the Consultant will assist the Applicants to oversee the Liquidation Sale in an effort to sell all merchandise, furniture, fixtures and equipment;
- (d) the Consultant will determine and recommend appropriate points of purchase, sale and external advertising in respect of the Liquidation Sale;
- (e) the Consultant will determine the appropriate pricing, display and discounting of Inventory, as well as recommend appropriate staffing levels for the stores;
- (f) the Consultant will assist the Applicants in developing sale incentives and employee retention plan to be utilized during the Liquidation Sale for store employees;
- (g) the Consultant will determine and recommend appropriate transfers of Inventory between retail stores and the warehouse in order to maximize sales;
- (h) the Consultant will coordinate the sales and discount reporting;
- (i) the Consultant will be paid a base fee on a weekly basis and will be entitled to a bonus at the conclusion of the Liquidation Sale; and
- (j) the Consultant will also be paid 20% of net proceeds from the sale of furniture, fixtures and equipment.

66. It is currently expected that the Liquidation Sale will take approximately 3 months. I understand that the Consultant and the CRA will have a better sense of the exact length of the Liquidation Sale after they have been able to track sales for a few weeks.

67. The rents due on March 1, 2019 have been paid and the rents will continue to be paid throughout the Liquidation Sale and disclaimer period.

Administration Charge

68. The Applicants seek an order granting a charge over the Property securing the fees and disbursements of counsel to the Applicants, the Proposal Trustee and its counsel, the CRA and the Consultant in the amount of \$400,000 (the “**Administration Charge**”). The professionals whose fees are to be secured by the Administration Charge have taken on, and will continue to take on, a critical role in these Proposal Proceedings and there will be no unwarranted duplication of roles.

69. The Applicants have worked with the Proposal Trustee and other insolvency professionals to estimate the proposed quantum of the Administration Charge and I believe it to be reasonable and appropriate in the circumstances. The amount of the Administration Charge contemplates that professionals are paid on a current basis during these Proposal Proceedings.

70. The Administration Charge is proposed to rank first in priority on the Property. Enterprises, as secured creditors, have agreed to the Administration Charge ranking ahead of their secured debt position in respect of each of the Applicants.

D&O Charge

71. To ensure that the liquidation is carried out successfully and value is maximized for the creditors of the Applicants, the Applicants require the continued participation of their respective directors and officers.

72. I am advised by the Applicants’ counsel, Miller Thomson, that in certain circumstances directors can be held liable for certain obligations of a corporation owing to employees and government entities.

73. The Applicants do not have directors' and officers' liability insurance. The directors and officers of the Applicants will play an integral part of these Proposal Proceedings. As a result, in order to protect them from any potential personal exposure arising going forward, the Applicants are seeking a charge on all of the Property in the amount of \$500,000, in order to indemnify them against post-filing liabilities in their personal capacities (the "**D&O Charge**").

74. The Applicants have worked with the CRA and the Proposal Trustee to size the D&O Charge.

75. The D&O Charge is proposed to rank second in priority on the Property. Enterprises, as secured creditors, have agreed to the D&O Charge ranking ahead of their secured debt position in respect of each of the Applicants.

76. The D&O Charge will allow the Applicants to continue to benefit from the efforts and knowledge of their directors and officers throughout these Proposal Proceedings. The Applicants, the CRA and the Proposal Trustee believe that the D&O Charge is reasonable in the circumstances.

KERA

77. Given the short timeframe of the retail operations wind-down, in my view it is imperative that the Applicants are able to maintain certain key office employees to assist with the orderly wind down of the operations and the liquidation of the Inventory. The Applicants have worked with the CRA and the Proposal Trustee to identify those key office employees and the amounts which are available to offer to assist with maintaining their ongoing involvement during key timeframes.

78. In an attempt to ensure the continued participation of employees identified as key employees during the Proposal Proceedings, the Applicants are seeking approval of the KERA and are seeking a charge on all of the Property in the amount of \$100,000 to secure the amounts to be paid to key employees under the KERA, (the "**KERA Charge**").

79. In order for a KERA participant to receive payments under the KERA, such employee cannot have: (a) disclosed the terms of the KERA (other than to his or her legal, financial and tax

advisors or as required by law); or (b) at any time on or before the date any portion of the funds contemplated under the KERA is paid (i) resign or (ii) be terminated for cause.

80. I understand from the Proposal Trustee that a copy of the KERA will be filed as a confidential appendix to the First Report. The Applicants are seeking a sealing Order pending further order of the Court with respect to this confidential appendix given the personal and sensitive employee information it contains.

Stay Bonus and Incentive Program

81. I understand from the CRA and the Consultant that it is common in orderly liquidation situations to offer stay and incentive bonuses to certain staff at the retail stores that are key to the success of the liquidation process. As a result, the Applicants are working with the CRA, the Consultant and the Proposal Trustee to structure a stay bonus program. It is expected that the total estimated value of these incentive programs will be between \$80,000 and \$120,000 and that they will be based in part on the performance of the liquidation process at the store level. I understand from the Proposal Trustee and the CRA that the document setting out the KERA, which the Proposal Trustee will be filed as a confidential appendix to the First Report, will also provide information relating to the stay bonus and incentive program at the store level.

Administrative Consolidation

82. As noted above, the relationship between the Applicants is closely intertwined. The Applicants share common management and administrative support, occupy common office space, and are indebted to the same related entities.

83. The Applicants are seeking an order consolidating the administration of the Proposal Proceedings for each of GESL and GEEP, and authorizing the Proposal Trustee to administer the Proposal Proceedings if they were a single proceeding for the purpose of filing materials and reporting to the Court.

84. For greater certainty, the Applicants are not seeking to substantively consolidate the estates of GESL and GEEP. The Applicants, with the oversight of the CRA and the Proposal Trustee, will continue to maintain separate bank accounts, have prepared and will continue to

prepare separate cash flow forecasts to be filed in these Proposal Proceedings and are not substantively consolidating the Applicants.

85. The proposed administrative consolidation of each of the Applicants' Proposal Proceeding is appropriate, as it would allow the Proposal Trustee to avoid issuing separate reports for each of the Applicants, and would be more efficient and cost effective. Enterprises, as the largest creditors of the Applicants, have no objections to the proposed consolidation and the proposed consolidation will not result in any prejudice to the creditors of the Applicants.

86. I believe that the administrative consolidation of the Proposal Proceedings would prevent the duplication of efforts to file and maintain two separate sets of motion materials over the course of the Proposal Proceedings, which will reduce costs in these proceedings.

Stay Extension

87. The Applicants have discussed the timing of commencing the Liquidation Sale with the CRA, the Consultant and the Proposal Trustee and expect that it will commence immediately after obtaining the Liquidation Process Order. The Applicants are working with the CRA and the Consultant to determine the expected end date and are currently contemplating that the Liquidation Sale will last approximately 12 weeks.

88. During the stay period, the Applicants, the Consultant, CRA, the Proposal Trustee and their advisors will be working together to complete the Liquidation Sale, deal with employees, suppliers, customers and other stakeholder issues, and otherwise advance the Proposal Proceedings.

89. A 30-day extension of the Proposal Period would give the Applicants the time needed to move forward with the Liquidation Sale. Thereafter, a further stay extension is anticipated to be needed to complete the Liquidation Sale. The Applicants intend to return to Court prior to April 30, 2019 with a further update and timeline.

90. I am not aware of any creditors who would be harmed by the extension of the Proposal Period to May 3, 2019.

Sealing Orders

91. The CRA Engagement Letter and the Consulting Agreement contain financially sensitive information and as a result, the Applicants are seeking to have the unredacted copies of these documents that were filed with the Court separately sealed by the Court.

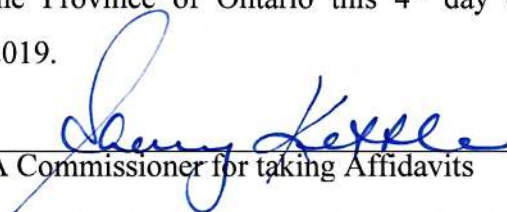
92. The Comparative Analysis includes certain sensitive commercial and competitive information related to the parties that submitted proposals related to the Liquidation Sale. As a result, the Applicants are seeking an order sealing the Comparative Analysis, which will be filed as confidential appendix “1” to the First Report.

93. The KERA contains sensitive personal information about certain of the Applicants’ employees, the disclosure of which could cause harm to the key employees identified by the Applicants. As a result, the Applicants are seeking an order sealing the KERA, which will be filed as confidential appendix “2” to the First Report.

CONCLUSION

94. I swear this affidavit in support of the Orders sought in the Proposal Proceedings and for no improper purpose.

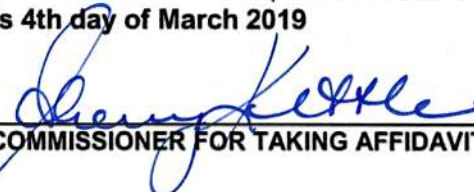
SWORNBEFORE ME at the City of London, in the Province of Ontario this 4th day of March, 2019.


A Commissioner for taking Affidavits



MATTHEW MCBRIDE

**This is Exhibit "A" referred to in the affidavit
of MATTHEW MCBRIDE, SWORN BEFORE ME
this 4th day of March 2019**



A COMMISSIONER FOR TAKING AFFIDAVITS



Green Earth Store Locations

Devonshire Mall
3100 Howard Avenue
Windsor, Ontario N8X 3Y8
phone: (519) 972-0394

Pen Centre Mall
221 Glendale Avenue
St. Catharines, Ontario L2T 2K9
phone: (905) 704-0615

Georgian Mall
509 Bayfield Street
Barrie, Ontario L4M 4Z8
phone: (705) 728-9631

White Oaks Mall
1105 Wellington Road South
London, Ontario N6E 1V4
phone: (519) 685-3130

Masonville Place
1680 Richmond Street North
London, Ontario N6G 3Y9
phone: (519) 672-8955

Fairview Park Mall
2960 Kingsway Drive
Kitchener, Ontario N2C 1X1
phone: (519) 748-2899

Erin Mills Town Centre
5100 Erin Mills Parkway
Mississauga, Ontario L5M 4Z5
phone: (905) 828-1011

Lime Ridge Mall
999 Upper Wentworth Street
Hamilton, Ontario L9A 4X5
phone: (905) 318-9639

Cambridge Centre
355 Hespeler Road
Cambridge, Ontario N1R 6B3
phone: (519) 624-6777

Conestoga Mall
550 King Street North
Waterloo, Ontario N2L 5W6
phone: (519) 746-3019

Lambton Mall
1380 London Road
Sarnia, Ontario N7S 1P8
phone: (519) 542-2004

Stone Road Mall
435 Stone Road West
Guelph, Ontario N1G 2X6
phone: 519-767-5144

Quinte Mall
390 North Front Street
Belleville, Ontario K8P 3E1
phone: (613) 966 6458

Lynden Park Mall
84 Lynden Road
Brantford, Ontario N3R 6B8
phone: (519) 752-7514

New Sudbury Centre
1349 Lasalle Boulevard
Sudbury, Ontario P3A 1Z2
phone: 705-560-6600

Lindsay Square Mall
401 Kent Street West
Lindsay, Ontario K9V 4Z1
phone: (705) 324-6962

Orangeville Mall
150 First Street
Orangeville, Ontario L9W 3T7
phone: (519) 942-9555

Oshawa Centre
419 King Street West
Oshawa, Ontario L1J 2K5
phone: (905) 404-9355

Northgate Shopping Centre
1500 Fisher Street
North Bay, Ontario P1B 2H3
phone: (705) 840-0200

Intercity Shopping Centre
1000 Fort William Road
Thunder Bay, Ontario P7B 6B9
phone: (807) 626-0182

Georgetown Market Place
280 Guelph Street
Georgetown, Ontario L7G 4B1
phone: (905) 702-8111

Lansdowne Place
645 Lansdowne Street West
Peterborough, Ontario K9J 7Y5
phone: (705) 740-9244

Bramalea City Centre
25 Peel Centre Drive
Brampton, Ontario L6T 3R5
phone: (905) 789-1961

Cataraqui Centre
945 Gardiners Road
Kingston, Ontario K7M 7H4
phone: (613) 634-3597

Festival Marketplace
1067 Ontario Street
Stratford, ON N5A 6W6
phone: (519) 271-6648

St. Laurent Shopping Centre
1200 St. Laurent Boulevard
Ottawa, Ontario K1K 3B8
phone: (613) 741-3636

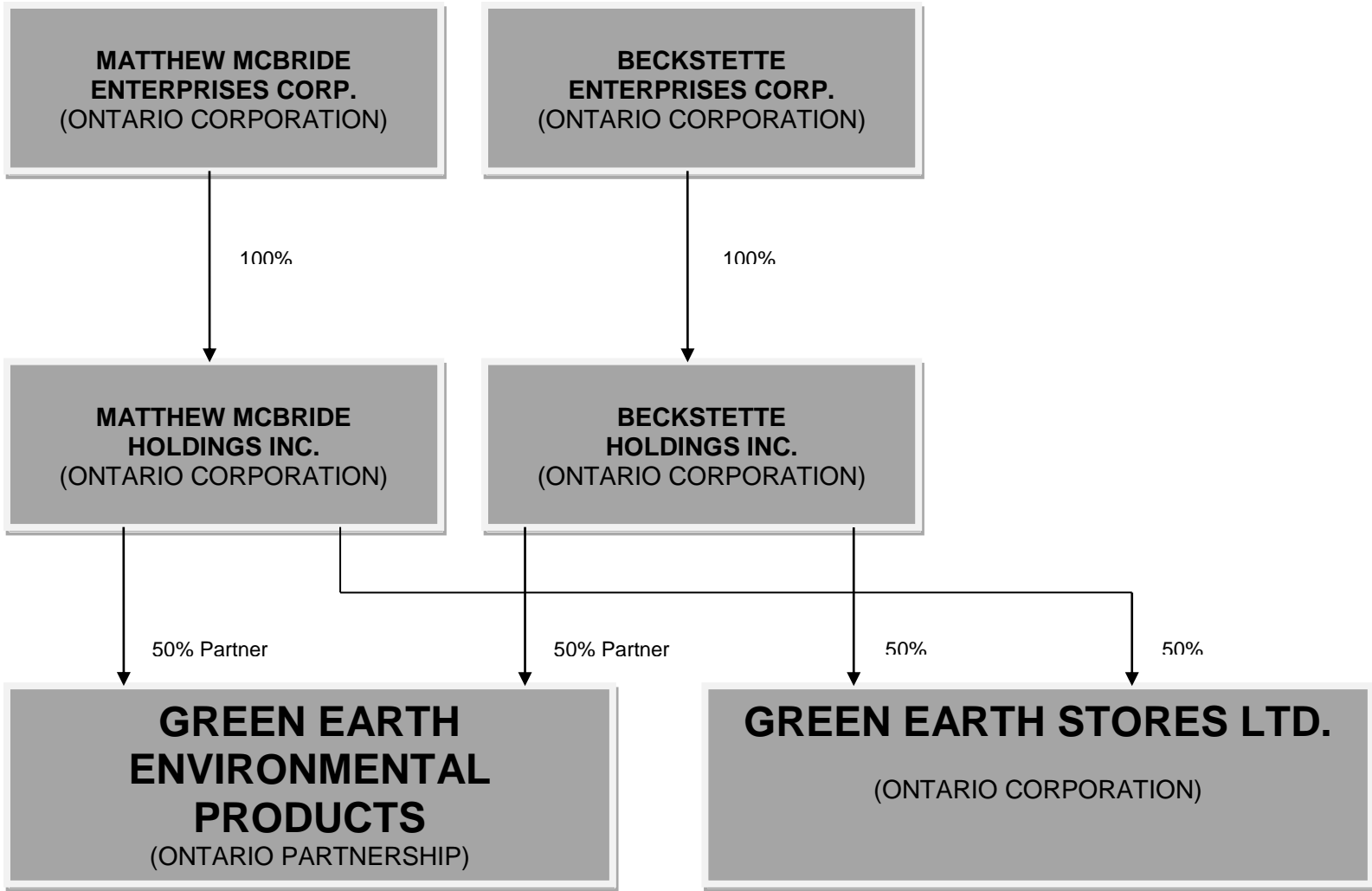
Place d'Orleans
110 Place d'Orleans Drive
Orleans, Ontario K1C 2L9
phone: (613) 424-4429

Upper Canada Mall
17600 Yonge Street
Newmarket, Ontario L3Y 4Z1
phone: (905) 235-6100

Burlington Mall
777 Guelph Line
Burlington, Ontario L7R 3N2
phone: (905) 631-7780

**This is Exhibit "B" referred to in the affidavit
of MATTHEW MCBRIDE, SWORN BEFORE ME
this 4th day of March 2019**


A COMMISSIONER FOR TAKING AFFIDAVITS



**This is Exhibit "C" referred to in the affidavit
of MATTHEW MCBRIDE, SWORN BEFORE ME
this 4th day of March 2019**



A COMMISSIONER FOR TAKING AFFIDAVITS

**1. SECURITY INTEREST**

(a) For value received, the undersigned ("Debtor"), hereby grants to **ROYAL BANK OF CANADA** ("RBC"), a security interest (the "Security Interest") in the undertaking of Debtor and in all of Debtor's present and after acquired personal property including, without limitation, in all Goods (including all parts, accessories, attachments, special tools, additions and accessions thereto), Chattel Paper, Documents of Title (whether negotiable or not), Instruments, Intangibles, Money and Securities now owned or hereafter owned or acquired by or on behalf of Debtor (including such as may be returned to or repossessed by Debtor) and in all proceeds and renewals thereof, accretions thereto and substitutions therefore (hereinafter collectively called "Collateral"), and including, without limitation, all of the following now owned or hereafter owned or acquired by or on behalf of Debtor:

- (i) all inventory of whatever kind and wherever situate;
- (ii) all equipment (other than Inventory) of whatever kind and wherever situate, including, without limitation, all machinery, tools, apparatus, plant, furniture, fixtures and vehicles of whatsoever nature or kind;
- (iii) all Accounts and book debts and generally all debts, dues, claims, choses in action and demands of every nature and kind howsoever arising or secured including letters of credit and advices of credit, which are now due, owing or accruing or growing due to or owned by or which may hereafter become due, owing or accruing or growing due to or owned by Debtor ("Debts");
- (iv) all lists, records and files relating to Debtor's customers, clients and patients;
- (v) all deeds, documents, writings, papers, books of account and other books relating to or being records of Debts, Chattel Paper or Documents of Title or by which such are or may hereafter be secured, evidenced, acknowledged or made payable;
- (vi) all contractual rights and insurance claims;
- (vii) all patents, industrial designs, trade-marks, trade secrets and know-how including without limitation environmental technology and biotechnology, confidential information, trade-names, goodwill, copyrights, personality rights, plant breeders' rights, integrated circuit topographies, software and all other forms of intellectual and industrial property, and any registrations and applications for registration of any of the foregoing (collectively "Intellectual Property"); and
- (viii) all property described in Schedule "C" or any schedule now or hereafter annexed hereto.

(b) The Security Interest granted hereby shall not extend or apply to and Collateral shall not include the last day of the term of any lease or agreement therefor but upon the enforcement of the Security Interest, Debtor shall stand possessed of such last day in trust to assign the same to any person acquiring such term.

(c) The terms "Goods", "Chattel Paper", "Document of Title", "Instrument", "Intangible", "Security", "proceed", "Inventory", "accession", "Money", "Account", "financing statement" and "financing change statement" whenever used herein shall be interpreted pursuant to their respective meanings when used in The Personal Property Security Act of the province referred to in Clause 14(r), as amended from time to time, which Act, including amendments thereto and any Act substituted therefor and amendments thereto is herein referred to as the "P.P.S.A.". Provided always that the term "Goods" when used herein shall not include "consumer goods" of Debtor as that term is defined in the P.P.S.A., and the term "Inventory" when used herein shall include livestock and the young thereof after conception and crops that become such within one year of execution of this Security Agreement. Any reference herein to "Collateral" shall, unless the context otherwise requires, be deemed a reference to "Collateral or any part thereof".

2. INDEBTEDNESS SECURED

The Security Interest granted hereby secures payment and performance of any and all obligations, indebtedness and liability of Debtor to RBC (including interest thereon) present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, wheresoever and howsoever incurred and any ultimate unpaid balance thereof and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether Debtor be bound alone or with another or others and whether as principal or surety (hereinafter collectively called the "Indebtedness"). If the Security Interest in the Collateral is not sufficient, in the event of default, to satisfy all Indebtedness of the Debtor, the Debtor acknowledges and agrees that Debtor shall continue to be liable for any Indebtedness remaining outstanding and RBC shall be entitled to pursue full payment thereof.

3. REPRESENTATIONS AND WARRANTIES OF DEBTOR

Debtor represents and warrants and so long as this Security Agreement remains in effect shall be deemed to continuously represent and warrant that:

(a) the Collateral is genuine and owned by Debtor free of all security interests, mortgages, liens, claims, charges, licenses, leases, infringements by third parties, encumbrances or other adverse claims or interests (hereinafter collectively called "Encumbrances"), save for the Security Interest and those Encumbrances shown on Schedule "A" or hereafter approved in writing by RBC, prior to their creation or assumption;

(b) all Intellectual Property applications and registrations are valid and in good standing and Debtor is the owner of the applications and registrations;

(c) each Debt, Chattel Paper and Instrument constituting Collateral is enforceable in accordance with its terms against the party obligated to pay the same (the "Account Debtor"), and the amount represented by Debtor to RBC from time to time as owing by each Account Debtor or by all Account Debtors will be the correct amount actually and unconditionally owing by such Account Debtor or Account Debtors, except for normal cash discounts where applicable, and no Account Debtor will have any defence, set off, claim or counterclaim against Debtor which can be asserted against RBC, whether in any proceeding to enforce Collateral or otherwise;

(d) the locations specified in Schedule "B" as to business operations and records are accurate and complete and with respect to Goods (including Inventory) constituting Collateral, the locations specified in Schedule "B" are accurate and complete save for Goods in transit to such locations and Inventory on lease or consignment; and all fixtures or Goods about to become fixtures and all crops and all oil, gas or other minerals to be extracted and all timber to be cut which forms part of the Collateral will be situate at one of such locations; and

(e) the execution, delivery and performance of the obligations under this Security Agreement and the creation of any security interest in or assignment hereunder of Debtor's rights in the Collateral to RBC will not result in a breach of any agreement to which Debtor is a party.

4. COVENANTS OF THE DEBTOR

So long as this Security Agreement remains in effect Debtor covenants and agrees:

(a) to defend the Collateral against the claims and demands of all other parties claiming the same or an interest therein; to diligently initiate and prosecute legal action against all infringers of Debtor's rights in Intellectual Property; to take all reasonable action to keep the Collateral free from all Encumbrances, except for the Security Interest, licenses which are compulsory under federal or provincial legislation and those shown on Schedule "A" or hereafter approved in writing by RBC, prior to their creation or assumption, and not to sell, exchange, transfer, assign, lease, license or otherwise dispose of Collateral or any interest therein without the prior written consent of RBC; provided always that, until default, Debtor may, in the ordinary course of Debtor's business, sell or lease Inventory and, subject to Clause 7 hereof, use Money available to Debtor;

(b) to notify RBC promptly of:

- (i) any change in the information contained herein or in the Schedules hereto relating to Debtor, Debtor's business or Collateral,
- (ii) the details of any significant acquisition of Collateral,
- (iii) the details of any claims or litigation affecting Debtor or Collateral,
- (iv) any loss or damage to Collateral,
- (v) any default by any Account Debtor in payment or other performance of its obligations with respect to Collateral, and
- (vi) the return to or repossession by Debtor of Collateral;

(c) to keep Collateral in good order, condition and repair and not to use Collateral in violation of the provisions of this Security Agreement or any other agreement relating to Collateral or any policy insuring Collateral or any applicable statute, law, by-law, rule, regulation or ordinance; to keep all agreements, registrations and applications relating to Intellectual Property and intellectual property used by Debtor in its business in good standing and to renew all agreements and registrations as may be necessary or desirable to protect Intellectual Property, unless otherwise agreed in writing by RBC; to apply to register all existing and future copyrights, trade-marks, patents, integrated circuit topographies and industrial designs whenever it is commercially reasonable to do so;

(d) to do, execute, acknowledge and deliver such financing statements, financing change statements and further assignments, transfers, documents, acts, matters and things (including further schedules hereto) as may be reasonably requested by RBC of or with respect to Collateral in order to give effect to these presents and to pay all costs for searches and filings in connection therewith;

(e) to pay all taxes, rates, levies, assessments and other charges of every nature which may be lawfully levied, assessed or imposed against or in respect of Debtor or Collateral as and when the same become due and payable;

(f) to insure collateral in such amounts and against such risks as would customarily be insured by a prudent owner of similar Collateral and in such additional amounts and against such additional risks as RBC may from time to time direct, with loss payable to RBC and Debtor, as insureds, as their respective interests may appear, and to pay all premiums therefor and deliver copies of policies and evidence of renewal to RBC on request;

(g) to prevent Collateral, save Inventory sold or leased as permitted hereby, from being or becoming an accession to other property not covered by this Security Agreement;

(h) to carry on and conduct the business of Debtor in a proper and efficient manner and so as to protect and preserve Collateral and to keep, in accordance with generally accepted accounting principles, consistently applied, proper books of account for Debtor's business as well as accurate and complete records concerning Collateral, and mark any and all such records and Collateral at RBC's request so as to indicate the Security Interest;

(i) to deliver to RBC from time to time promptly upon request:

- (i) any Documents of Title, Instruments, Securities and Chattel Paper constituting, representing or relating to Collateral,
- (ii) all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to Collateral for the purpose of inspecting, auditing or copying the same,
- (iii) all financial statements prepared by or for Debtor regarding Debtor's business,
- (iv) all policies and certificates of insurance relating to Collateral, and
- (v) such information concerning Collateral, the Debtor and Debtor's business and affairs as RBC may reasonably request.

5. USE AND VERIFICATION OF COLLATERAL

Subject to compliance with Debtor's covenants contained herein and Clause 7 hereof, Debtor may, until default, possess, operate, collect, use and enjoy and deal with Collateral in the ordinary course of Debtor's business in any

manner not inconsistent with the provisions hereof; provided always that RBC shall have the right at any time and from time to time to verify the existence and state of the Collateral in any manner RBC may consider appropriate and Debtor agrees to furnish all assistance and information and to perform all such acts as RBC may reasonably request in connection therewith and for such purpose to grant to RBC or its agents access to all places where Collateral may be located and to all premises occupied by Debtor.

6. SECURITIES

If Collateral at any time includes Securities, Debtor authorizes RBC to transfer the same or any part thereof into its own name or that of its nominee(s) so that RBC or its nominee(s) may appear of record as the sole owner thereof; provided that, until default, RBC shall deliver promptly to Debtor all notices or other communications received by it or its nominee(s) as such registered owner and, upon demand and receipt of payment of any necessary expenses thereof, shall issue to Debtor or its order a proxy to vote and take all action with respect to such Securities. After default, Debtor waives all rights to receive any notices or communications received by RBC or its nominee(s) as such registered owner and agrees that no proxy issued by RBC to Debtor or its order as aforesaid shall thereafter be effective.

7. COLLECTION OF DEBTS

Before or after default under this Security Agreement, RBC may notify all or any Account Debtors of the Security Interest and may also direct such Account Debtors to make all payments on Collateral to RBC. Debtor acknowledges that any payments on or other proceeds of Collateral received by Debtor from Account Debtors, whether before or after notification of this Security Interest to Account Debtors and whether before or after default under this Security Agreement, shall be received and held by Debtor in trust for RBC and shall be turned over to RBC upon request.

8. INCOME FROM AND INTEREST ON COLLATERAL

(a) Until default, Debtor reserves the right to receive any Money constituting income from or interest on Collateral and if RBC receives any such Money prior to default, RBC shall either credit the same against the Indebtedness or pay the same promptly to Debtor.

(b) After default, Debtor will not request or receive any Money constituting income from or interest on Collateral and if Debtor receives any such Money without any request by it, Debtor will pay the same promptly to RBC.

9. INCREASES, PROFITS, PAYMENTS OR DISTRIBUTIONS

(a) Whether or not default has occurred, Debtor authorizes RBC:

- (i) to receive any increase in or profits on Collateral (other than Money) and to hold the same as part of Collateral. Money so received shall be treated as income for the purposes of Clause 8 hereof and dealt with accordingly;
- (ii) to receive any payment or distribution upon redemption or retirement or upon dissolution and liquidation of the issuer of Collateral; to surrender such Collateral in exchange therefor and to hold any such payment or distribution as part of Collateral.

(b) If Debtor receives any such increase or profits (other than Money) or payments or distributions, Debtor will deliver the same promptly to RBC to be held by RBC as herein provided.

10. DISPOSITION OF MONEY

Subject to any applicable requirements of the P.P.S.A., all Money collected or received by RBC pursuant to or in exercise of any right it possesses with respect to Collateral shall be applied on account of Indebtedness in such manner as RBC deems best or, at the option of RBC, may be held unappropriated in a collateral account or released to Debtor, all without prejudice to the liability of Debtor or the rights of RBC hereunder, and any surplus shall be accounted for as required by law.

11. EVENTS OF DEFAULT

The happening of any of the following events or conditions shall constitute default hereunder which is herein referred to as "default":

(a) the nonpayment when due, whether by acceleration or otherwise, of any principal or interest forming part of Indebtedness or the failure of Debtor to observe or perform any obligation, covenant, term, provision or condition contained in this Security Agreement or any other agreement between Debtor and RBC;

(b) the death of or a declaration of incompetency by a court of competent jurisdiction with respect to Debtor, if an individual;

(c) the bankruptcy or insolvency of Debtor; the filing against Debtor of a petition in bankruptcy; the making of an assignment for the benefit of creditors by Debtor; the appointment of a receiver or trustee for Debtor or for any assets of Debtor or the institution by or against Debtor of any other type of insolvency proceeding under the Bankruptcy and Insolvency Act or otherwise;

(d) the institution by or against Debtor of any formal or informal proceeding for the dissolution or liquidation of, settlement of claims against or winding up of affairs of Debtor;

(e) if any Encumbrance affecting Collateral becomes enforceable against Collateral;

(f) if Debtor ceases or threatens to cease to carry on business or makes or agrees to make a bulk sale of assets without complying with applicable law or commits or threatens to commit an act of bankruptcy;

(g) if any execution, sequestration, extent or other process of any court becomes enforceable against Debtor or if distress or analogous process is levied upon the assets of Debtor or any part thereof;

(h) if any certificate, statement, representation, warranty or audit report heretofore or hereafter furnished by or on behalf of Debtor pursuant to or in connection with this Security Agreement, or otherwise (including, without limitation, the representations and warranties contained herein) or as an inducement to RBC to extend any credit to or to enter into this or any other agreement with Debtor, proves to have been false in any material respect at the time as of which the facts therein set forth were stated or certified, or proves to have omitted any substantial contingent or unliquidated liability or claim against Debtor; or if upon the date of execution of this Security Agreement, there shall have been any material adverse change in any of the facts disclosed by any such certificate, representation, statement, warranty or audit report, which change shall not have been disclosed to RBC at or prior to the time of such execution.

12. ACCELERATION

RBC, in its sole discretion, may declare all or any part of Indebtedness which is not by its terms payable on demand to be immediately due and payable, without demand or notice of any kind, in the event of default, or if RBC considers itself insecure or that the Collateral is in jeopardy. The provisions of this clause are not intended in any way to affect any rights of RBC with respect to any Indebtedness which may now or hereafter be payable on demand.

13. REMEDIES

(a) Upon default, RBC may appoint or reappoint by instrument in writing, any person or persons, whether an officer or officers or an employee or employees of RBC or not, to be a receiver or receivers (hereinafter called a "Receiver", which term when used herein shall include a receiver and manager) of Collateral (including any interest, income or profits therefrom) and may remove any Receiver so appointed and appoint another in his/her stead. Any such Receiver shall, so far as concerns responsibility for his/her acts, be deemed the agent of Debtor and not RBC, and RBC shall not be in any way responsible for any misconduct, negligence or non-feasance on the part of any such Receiver, his/her servants, agents or employees. Subject to the provisions of the instrument appointing him/her, any such Receiver shall have power to take possession of Collateral, to preserve Collateral or its value, to carry on or concur in carrying on all or any part of the business of Debtor and to sell, lease, license or otherwise dispose of or concur in selling, leasing, licensing or otherwise disposing of Collateral. To facilitate the foregoing powers, any such Receiver may, to the exclusion of all others, including Debtor, enter upon, use and occupy all premises owned or occupied by Debtor wherein Collateral may be situated, maintain Collateral upon such premises, borrow money on a secured or unsecured basis and use Collateral directly in carrying on Debtor's business or as security for loans or advances to enable the Receiver to carry on Debtor's business or otherwise, as such Receiver shall, in its discretion, determine. Except as may be otherwise directed by RBC, all Money received from time to time by such Receiver in carrying out his/her appointment shall be received in trust for and paid over to RBC. Every such Receiver may, in the discretion of RBC, be vested with all or any of the rights and powers of RBC.

(b) Upon default, RBC may, either directly or through its agents or nominees, exercise any or all of the powers and rights given to a Receiver by virtue of the foregoing sub-clause (a).

(c) RBC may take possession of, collect, demand, sue on, enforce, recover and receive Collateral and give valid and binding receipts and discharges therefor and in respect thereof and, upon default, RBC may sell, license, lease or otherwise dispose of Collateral in such manner, at such time or times and place or places, for such consideration and upon such terms and conditions as to RBC may seem reasonable.

(d) In addition to those rights granted herein and in any other agreement now or hereafter in effect between Debtor and RBC and in addition to any other rights RBC may have at law or in equity, RBC shall have, both before and after default, all rights and remedies of a secured party under the P.P.S.A. Provided always, that RBC shall not be liable or accountable for any failure to exercise its remedies, take possession of, collect, enforce, realize, sell, lease, license or otherwise dispose of Collateral or to institute any proceedings for such purposes. Furthermore, RBC shall have no obligation to take any steps to preserve rights against prior parties to any instrument or Chattel Paper whether Collateral or proceeds and whether or not in RBC's possession and shall not be liable or accountable for failure to do so.

(e) Debtor acknowledges that RBC or any Receiver appointed by it may take possession of Collateral wherever it may be located and by any method permitted by law and Debtor agrees upon request from RBC or any such Receiver to assemble and deliver possession of Collateral at such place or places as directed.

(f) Debtor agrees to be liable for and to pay all costs, charges and expenses reasonably incurred by RBC or any Receiver appointed by it, whether directly or for services rendered (including reasonable solicitors and auditors costs and other legal expenses and Receiver remuneration), in operating Debtor's accounts, in preparing or enforcing this Security Agreement, taking and maintaining custody of, preserving, repairing, processing, preparing for disposition and disposing of Collateral and in enforcing or collecting Indebtedness and all such costs, charges and expenses, together with any amounts owing as a result of any borrowing by RBC or any Receiver appointed by it, as permitted hereby, shall be a first charge on the proceeds of realization, collection or disposition of Collateral and shall be secured hereby.

(g) RBC will give Debtor such notice, if any, of the date, time and place of any public sale or of the date after which any private disposition of Collateral is to be made as may be required by the P.P.S.A..

(h) Upon default and receiving written demand from RBC, Debtor shall take such further action as may be necessary to evidence and effect an assignment or licensing of Intellectual Property to whomever RBC directs, including to RBC. Debtor appoints any officer or director or branch manager of RBC upon default to be its attorney in accordance with applicable legislation with full power of substitution and to do on Debtor's behalf anything that is required to assign, license or transfer, and to record any assignment, licence or transfer of the Collateral. This power of attorney, which is coupled with an interest, is irrevocable until the release or discharge of the Security Interest.

14. MISCELLANEOUS

(a) Debtor hereby authorizes RBC to file such financing statements, financing change statements and other documents and do such acts, matters and things (including completing and adding schedules hereto identifying Collateral or any permitted Encumbrances affecting Collateral or identifying the locations at which Debtor's business is carried on and Collateral and records relating thereto are situated) as RBC may deem appropriate to perfect on an ongoing basis and continue the Security Interest, to protect and preserve Collateral and to realize upon the Security Interest and Debtor hereby irrevocably constitutes and appoints the Manager or Acting Manager from time to time of the herein mentioned branch of RBC the true and lawful attorney of Debtor, with full power of substitution, to do any of the foregoing in the name of Debtor whenever and wherever it may be deemed necessary or expedient.

(b) Without limiting any other right of RBC, whenever Indebtedness is immediately due and payable or RBC has the right to declare Indebtedness to be immediately due and payable (whether or not it has so declared), RBC may, in its sole discretion, set off against Indebtedness any and all amounts then owed to Debtor by RBC in any capacity, whether or not due, and RBC shall be deemed to have exercised such right to set off immediately at the time of making its decision to do so even though any charge therefor is made or entered on RBC's records subsequent thereto.

(c) Upon Debtor's failure to perform any of its duties hereunder, RBC may, but shall not be obligated to, perform any or all of such duties, and Debtor shall pay to RBC, forthwith upon written demand therefor, an amount equal to the expense incurred by RBC in so doing plus interest thereon from the date such expense is incurred until it is paid at the rate of 15% per annum.

(d) RBC may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges and otherwise deal with Debtor, debtors of Debtor, sureties and others and with Collateral and other security as RBC may see fit without prejudice to the liability of Debtor or RBC's right to hold and realize the Security Interest. Furthermore, RBC may demand, collect and sue on Collateral in either Debtor's or RBC's name, at RBC's option, and may endorse Debtor's name on any and all cheques, commercial paper, and any other Instruments pertaining to or constituting Collateral.

(e) No delay or omission by RBC in exercising any right or remedy hereunder or with respect to any Indebtedness shall operate as a waiver thereof or of any other right or remedy, and no single or partial exercise thereof shall preclude any other or further exercise thereof or the exercise of any other right or remedy. Furthermore, RBC may remedy any default by Debtor hereunder or with respect to any Indebtedness in any reasonable manner without waiving the default remedied and without waiving any other prior or subsequent default by Debtor. All rights and remedies of RBC granted or recognized herein are cumulative and may be exercised at any time and from time to time independently or in combination.

(f) Debtor waives protest of any Instrument constituting Collateral at any time held by RBC on which Debtor is in any way liable and, subject to Clause 13(g) hereof, notice of any other action taken by RBC.

(g) This Security Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns. In any action brought by an assignee of this Security Agreement and the Security Interest or any part thereof to enforce any rights hereunder, Debtor shall not assert against the assignee any claim or defence which Debtor now has or hereafter may have against RBC. If more than one Debtor executes this Security Agreement the obligations of such Debtors hereunder shall be joint and several.

(h) RBC may provide any financial and other information it has about Debtor, the Security Interest and the Collateral to any one acquiring or who may acquire an interest in the Security Interest or the Collateral from the Bank or any one acting on behalf of the Bank.

(i) Save for any schedules which may be added hereto pursuant to the provisions hereof, no modification, variation or amendment of any provision of this Security Agreement shall be made except by a written agreement, executed by the parties hereto and no waiver of any provision hereof shall be effective unless in writing.

(j) Subject to the requirements of Clauses 13(g) and 14(j) hereof, whenever either party hereto is required or entitled to notify or direct the other or to make a demand or request upon the other, such notice, direction, demand or request shall be in writing and shall be sufficiently given, in the case of RBC, if delivered to it or sent by prepaid registered mail addressed to it at its address herein set forth or as changed pursuant hereto, and, in the case of Debtor, if delivered to it or if sent by prepaid registered mail addressed to it at its last address known to RBC. Either party may notify the other pursuant hereto of any change in such party's principal address to be used for the purposes hereof.

(k) This Security Agreement and the security afforded hereby is in addition to and not in substitution for any other security now or hereafter held by RBC and is intended to be a continuing Security Agreement and shall remain in full force and effect until the Manager or Acting Manager from time to time of the herein mentioned branch of RBC shall actually receive written notice of its discontinuance; and, notwithstanding such notice, shall remain in full force and effect thereafter until all Indebtedness contracted for or created before the receipt of such notice by RBC, and any extensions or renewals thereof (whether made before or after receipt of such notice) together with interest accruing thereon after such notice, shall be paid in full.

(l) The headings used in this Security Agreement are for convenience only and are not to be considered a part of this Security Agreement and do not in any way limit or amplify the terms and provisions of this Security Agreement.

(m) When the context so requires, the singular number shall be read as if the plural were expressed and the provisions hereof shall be read with all grammatical changes necessary dependent upon the person referred to being a male, female, firm or corporation.

(n) In the event any provisions of this Security Agreement, as amended from time to time, shall be deemed invalid or void, in whole or in part, by any Court of competent jurisdiction, the remaining terms and provisions of this Security Agreement shall remain in full force and effect.

(o) Nothing herein contained shall in any way obligate RBC to grant, continue, renew, extend time for payment of or accept anything which constitutes or would constitute Indebtedness.

(p) The Security Interest created hereby is intended to attach when this Security Agreement is signed by Debtor and delivered to RBC.

(q) Debtor acknowledges and agrees that in the event it amalgamates with any other company or companies it is the intention of the parties hereto that the term "Debtor" when used herein shall apply to each of the amalgamating companies and to the amalgamated company, such that the Security Interest granted hereby

(i) shall extend to "Collateral" (as that term is herein defined) owned by each of the amalgamating companies and the amalgamated company at the time of amalgamation and to any "Collateral" thereafter owned or acquired by the amalgamated company, and

(ii) shall secure the "Indebtedness" (as that term is herein defined) of each of the amalgamating companies and the amalgamated company to RBC at the time of amalgamation and any "Indebtedness" of the amalgamated company to RBC thereafter arising. The Security Interest shall attach to "Collateral" owned by each company amalgamating with Debtor, and by the amalgamated company, at the time of the amalgamation, and shall attach to any "Collateral" thereafter owned or acquired by the amalgamated company when such becomes owned or is acquired.

(r) In the event that Debtor is a body corporate, it is hereby agreed that The Limitation of Civil Rights Act of the Province of Saskatchewan, or any provision thereof, shall have no application to this Security Agreement or any agreement or instrument renewing or extending or collateral to this Security Agreement. In the event that Debtor is an agricultural corporation within the meaning of The Saskatchewan Farm Security Act, Debtor agrees with RBC that all of Part IV (other than Section 46) of that Act shall not apply to Debtor.

(s) This Security Agreement and the transactions evidenced hereby shall be governed by and construed in accordance with the laws of the province in which the herein mentioned branch of RBC is located, as those laws may from time to time be in effect, including where applicable, the P.P.S.A.

15. COPY OF AGREEMENT

(a) Debtor hereby acknowledges receipt of a copy of this Security Agreement.

(b) Debtor waives Debtor's right to receive a copy of any financing statement or financing change statement registered by RBC or of any verification statement with respect to any financing statement or financing change statement registered by RBC. (Applies in all P.P.S.A. Provinces except Ontario).

16. Debtor represents and warrants that the following information is accurate:

INDIVIDUAL DEBTOR

SURNAME (LAST NAME)	FIRST NAME	SECOND NAME	BIRTH DATE YEAR MONTH DAY
ADDRESS OF INDIVIDUAL DEBTOR	CITY	PROVINCE	POSTAL CODE
SURNAME (LAST NAME)	FIRST NAME	SECOND NAME	BIRTH DATE YEAR MONTH DAY
ADDRESS OF INDIVIDUAL DEBTOR (IF DIFFERENT FROM ABOVE)	CITY	PROVINCE	POSTAL CODE

BUSINESS DEBTOR

NAME OF BUSINESS DEBTOR GREEN EARTH STORES LTD.			
ADDRESS OF BUSINESS DEBTOR 452 NEWBOLD STREET	CITY LONDON	PROVINCE ON	POSTAL CODE N6E 1K3


TRADE NAME (IF APPLICABLE)

TRADE NAME OF DEBTOR			
PRINCIPAL ADDRESS (IF DIFFERENT FROM ABOVE)	CITY	PROVINCE	POSTAL CODE

IN WITNESS WHEREOF Debtor has executed this Security Agreement this 1 day of JULY, 2001.

GREEN EARTH STORES LTD.


WITNESS


Seal


WITNESS


Seal

BRANCH ADDRESS

BUSINESS SERVICE CENTRE 180 WELLINGTON ST W - 3RD FLR TORONTO ON M5J 1J1

SCHEDULE "A"

E-FORM 924 (2000/12)

(ENCUMBRANCES AFFECTING COLLATERAL)

SCHEDULE "B"

1. Locations of Debtor's Business Operations

**452 NEWBOLD STREET
LONDON ONTARIO
N6E 1K3**

2. Locations of Records relating to Collateral (if different from 1. above)

SAME AS ABOVE

3. Locations of Collateral (if different from 1. above)

SAME AS ABOVE

SCHEDULE "C"
(DESCRIPTION OF PROPERTY)

E-FORM 924 (2000/12)

Properties

PIN 08483 - 0056 LT *Interest/Estate* Fee Simple
Description PARCEL 5-1, SECTION M18 LT 5 PLAN M18 LONDON/WESTMINSTER
Address 19 BUCHANAN COURT
 LONDON

PIN 08483 - 0057 LT *Interest/Estate* Fee Simple
Description PARCEL 6-1, SECTION M18 LT 6 PLAN M18 LONDON/WESTMINSTER
Address 23 BUCHANAN COURT
 LONDON

Chargor(s)

The chargor(s) hereby charges the land to the chargee(s). The chargor(s) acknowledges the receipt of the charge and the standard charge terms, if any.

Name GREEN EARTH STORES LTD.
Address for Service 75 Midpark Crescent
 London ON N6N 1A9

I, Petra Beckstette, President, have the authority to bind the corporation.
 This document is not authorized under Power of Attorney by this party.

Chargee(s)*Capacity**Share*

Name ROYAL BANK OF CANADA
Address for Service 36 York Mills Road, 4th Floor
 Toronto ON M2P 0A4

Provisions

Principal \$3,425,000.00 *Currency* CDN
Calculation Period
Balance Due Date
Interest Rate Prime Rate plus 5.000% per annum
Payments
Interest Adjustment Date
Payment Date
First Payment Date
Last Payment Date
Standard Charge Terms 20015
Insurance Amount full insurable value
Guarantor

Signed By

Thomas Scott Robson 450 Talbot Street acting for Chargor Signed 2016 10 11
 London (s)
 N6A 4K3

Tel 519-679-9660

Fax 519-667-3362

I have the authority to sign and register the document on behalf of the Chargor(s).

Submitted By

Harrison Pensa 450 Talbot Street 2016 10 11
 London
 N6A 4K3

Tel 519-679-9660

Fax 519-667-3362

Fees/Taxes/Payment

Statutory Registration Fee	\$62.85
Total Paid	\$62.85

File Number

Chargee Client File Number : SRF# 825-512-791 (TSR-167546)

**This is Exhibit "D" referred to in the affidavit
of MATTHEW MCBRIDE, SWORN BEFORE ME
this 4th day of March 2019**


A COMMISSIONER FOR TAKING AFFIDAVITS



GUARANTEE AND POSTPONEMENT OF CLAIM

TO: ROYAL BANK OF CANADA

FOR VALUABLE CONSIDERATION, receipt whereof is hereby acknowledged, the undersigned and each of them (if more than one) hereby jointly and severally guarantee(s) payment on demand to Royal Bank of Canada (hereinafter called the "Bank") of all debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by **GREEN EARTH STORES LTD.** (hereinafter called the "customer") to the Bank or remaining unpaid by the customer to the Bank, heretofore or hereafter incurred or arising and whether incurred by or arising from agreement or dealings between the Bank and the customer or by or from any agreement or dealings with any third party by which the Bank may be or become in any manner whatsoever a creditor of the customer or however otherwise incurred or arising anywhere within or outside the country where this guarantee is executed and whether the customer be bound alone or with another or others and whether as principal or surety (such debts and liabilities being hereinafter called the "liabilities"); the liability of the undersigned hereunder being limited to the sum of **\$1,150,000.00 One Million One Hundred Fifty Thousand AND 00/100 Dollars** together with interest thereon from the date of demand for payment at a rate equal to **the Bank's Prime Interest Rate per annum in effect from time to time plus 1.000 One percent per annum** as well after as before default and judgement.

AND THE UNDERSIGNED AND EACH OF THEM (IF MORE THAN ONE) HEREBY JOINTLY AND SEVERALLY AGREE(S) WITH THE BANK AS FOLLOWS:

(1) The Bank may grant time, renewals, extensions, indulgences, releases and discharges to, take securities (which word as used herein includes securities taken by the Bank from the Customer and others, monies which the Customer has on deposit with the Bank, other assets of the Customer held by the Bank in safekeeping or otherwise, and other guarantees) from and give the same and any or all existing securities up to, abstain from taking securities from, or perfecting securities of, cease or refrain from giving credit or making loans or advances to, or change any term or condition applicable to the liabilities, including without limitation, the rate of interest or maturity date, if any, or introduce new terms and conditions with regard to the liabilities, or accept compositions from and otherwise deal with, the customer and others and with all securities as the Bank may see fit, and may apply all moneys at any time received from the customer or others or from securities upon such part of the liabilities as the Bank deems best and change any such application in whole or in part from time to time as the Bank may see fit, the whole without in any way limiting or lessening the liability of the undersigned under this guarantee, and no loss of or in respect of any securities received by the Bank from the customer or others, whether occasioned by the fault of the Bank or otherwise, shall in any way limit or lessen the liability of the undersigned under this guarantee.

(2) This guarantee shall be a continuing guarantee and shall cover all the liabilities, and it shall apply to and secure any ultimate balance due or remaining unpaid to the Bank.

(3) The Bank shall not be bound to exhaust its recourse against the customer or others or any securities it may at any time hold before being entitled to payment from the undersigned of the liabilities. The undersigned renounce(s) to all benefits of discussion and division.

(4) The undersigned or any of them may, by notice in writing delivered to the Manager of the branch or agency of the Bank receiving this instrument, with effect from and after the date that is 30 days following the date of receipt by the Bank of such notice, determine their or his/her liability under this guarantee in respect of liabilities thereafter incurred or arising but not in respect of any liabilities theretofore incurred or arising even though not then matured, provided, however, that notwithstanding receipt of any such notice the Bank may fulfil any requirements of the customer based on agreements express or implied made prior to the receipt of such notice and any resulting liabilities shall be covered by this guarantee; and provided further that in the event of the determination of this guarantee as to one or more of the undersigned it shall remain a continuing guarantee as to the other or others of the undersigned.

(5) All indebtedness and liability, present and future, of the customer to the undersigned or any of them are hereby assigned to the Bank and postponed to the liabilities, and all moneys received by the undersigned or any of them in respect thereof shall be received in trust for the Bank and forthwith upon receipt shall be paid over to the Bank, the

(14) This guarantee and agreement shall extend to and enure to the benefit of the Bank and its successors and assigns, and every reference herein to the undersigned or to each of them or to any of them, is a reference to and shall be construed as including the undersigned and the heirs, executors, administrators, legal representatives, successors and assigns of the undersigned or of each of them or of any of them, as the case may be, to and upon all of whom this guarantee and agreement shall extend and be binding.

(15) Prime Interest Rate is the annual rate of interest announced from time to time by Royal Bank of Canada as a reference rate then in effect for determining interest rates on Canadian dollar commercial loans in Canada.

(16) This Guarantee and Postponement of Claim shall be governed by and construed in accordance with the laws of the Province of Ontario ("Jurisdiction"). The undersigned irrevocably submits to the courts of the Jurisdiction in any action or proceeding arising out of or relating to this Guarantee and Postponement of Claim, and irrevocably agrees that all such actions and proceedings may be heard and determined in such courts, and irrevocably waives, to the fullest extent possible, the defense of an inconvenient forum. The undersigned agrees that a judgment or order in any such action or proceeding may be enforced in other jurisdictions in any manner provided by law. Provided, however, that the Bank may serve legal process in any manner permitted by law or may bring an action or proceeding against the undersigned or the property or assets of the undersigned in the courts of any other jurisdiction.

(Applicable in all P.P.S.A. Provinces except Ontario.)

(17) The Undersigned hereby acknowledges receipt of a copy of this agreement.

(18) The Undersigned hereby waives Undersigned's right to receive a copy of any Financing Statement or Financing Change Statement registered by the Bank.

GIVEN UNDER SEAL at London, ON this 03 14 2006.
(MONTH) (DAY) (YEAR)

SIGNED, SEALED AND DELIVERED IN THE PRESENCE OF

GREEN EARTH ENVIRONMENTAL PRODUCTS

[Signature]
Witness

[Signature]



Witness



Witness



Witness



(FOR BANK USE ONLY)



FORM 222 (12/2003)
RETENTION - M

Account Number	
File Name	

GREEN EARTH ENVIRONMENTAL PRODUCTS (the "Guarantor")

RESOLUTION OF DIRECTORS

Whereas it is deemed expedient and in the best interests of the Guarantor that it lend assistance to GREEN EARTH STORES LTD. (the "Customer") in connection with its borrowings, both present and future, from ROYAL BANK OF CANADA (the "Bank").

NOW THEREFORE BE IT DULY RESOLVED

1. THAT the Guarantor guarantee payment to the Bank of all present and future debts and liabilities, including interest due at any time by the Customer to the Bank; provided that the liability of the Guarantor shall be limited to the sum of One Million One Hundred Fifty Thousand AND 00/100 Dollars (\$1,150,000.00) together with interest from the date of demand for payment at 1.000 per cent per annum;

For the purposes hereof (where applicable), Prime Interest Rate means the annual rate of interest announced from time to time by the Bank as a reference rate then in effect for determining interest rates on Canadian Dollar commercial loans in Canada.

2. THAT the Guarantor further secure the Bank by postponing all debts and claims, present and future, of the Guarantor against the Customer to the debts and claims of the Bank against the Customer.

3. THAT the Guarantee and Postponement of Claim on the form attached, be and is hereby approved as containing a correct statement of the terms and conditions upon which the said guarantee and postponement are to be made and that the said Guarantee/Suretyship and Postponement of Claim be duly executed for and in the name of the Guarantor (under the corporate seal where required)

by MATTHEW McBRIDE

and _____

with such alterations, additions, amendments and deletions as they may approve; and that the Guarantee/Suretyship and Postponement of Claim so executed is the Guarantee and Postponement of Claim authorized by this resolution.

4. THAT for the purpose of securing this Guarantee, or any present or future debts or liabilities, including interest due at any time, by the Customer to the Bank, the Guarantor shall provide to the Bank any security, including accommodation endorsements, which the Bank may request, and that for such purpose the officers of the Guarantor mentioned in paragraph 3 hereof be and they are hereby empowered for and on behalf of the Guarantor to provide such security and to execute such further documents as the Bank may require.

5. That a copy of this Resolution, certified by the Secretary of the Guarantor (under the corporate seal where required) be given to the Branch of the Bank where the customer has its account, and that the designation of the officers under Section 3 of this Resolution shall be binding upon the Guarantor until a Resolution, certified by the Secretary of the Guarantor, changing the officers is received by that branch of the Bank.

CERTIFICATE

It is hereby certified by the undersigned that the foregoing is a Resolution of the Directors of the Guarantor in accordance with the Guarantor's By-laws, constating documents, any unanimous shareholders' agreements made by the shareholders of the Guarantor and all other laws governing the Guarantor, all as amended from time to time, which Resolution is now in full force and effect.

It is hereby further certified that there are no provisions in the articles or by-laws of the Guarantor or in any unanimous shareholder agreement which restrict or limit the powers of the Guarantor or of its directors to borrow money upon the credit of the Guarantor, to issue, reissue, sell or pledge debt obligations of the Guarantor, to give a guarantee on behalf of the Guarantor to secure the performance of an obligation of any person, to mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Guarantor, owned or subsequently acquired, to secure any obligation of the Guarantor and to delegate the powers referred to above to a director, officer or committee of directors.

CERTIFIED this 03 14 2006, as witness, where required by law, under the corporate seal of the Guarantor. (MONTH) (DAY) (YEAR)

(FOR BANK USE ONLY)

INITIALS	
Prepared by	Checked by

(Corporate Seal where required by law)

[Signature]
Secretary

GUARANTEE AND POSTPONEMENT OF CLAIM

TO: ROYAL BANK OF CANADA

FOR VALUABLE CONSIDERATION, receipt whereof is hereby acknowledged, the undersigned and each of them (if more than one) hereby jointly and severally guarantee(s) payment on demand to Royal Bank of Canada (hereinafter called the "Bank") of all debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by GREEN EARTH STORES LTD. (hereinafter called the "Customer") to the Bank or remaining unpaid by the Customer to the Bank, heretofore or hereafter incurred or arising and whether incurred by or arising from agreement or dealings between the Bank and the Customer or by or from any agreement or dealings with any third party by which the Bank may be or become in any manner whatsoever a creditor of the Customer or however otherwise incurred or arising anywhere within or outside the country where this guarantee is executed and whether the Customer be bound alone or with another or others and whether as principal or surety (such debts and liabilities being hereinafter called the "Liabilities"); the liability of the undersigned hereunder being limited to the sum of \$4,575,000.00 **Four Million Five Hundred Seventy-Five Thousand Dollars** together with interest thereon from the date of demand for payment at a rate equal to the **Prime Interest Rate of the Bank plus 5.000 Five percent per annum** as well after as before default and judgment.

AND THE UNDERSIGNED AND EACH OF THEM (IF MORE THAN ONE) HEREBY JOINTLY AND SEVERALLY AGREE(S) WITH THE BANK AS FOLLOWS:

(1) The Bank may grant time, renewals, extensions, indulgences, releases and discharges to, take securities (which word as used herein includes securities taken by the Bank from the Customer and others, monies which the Customer has on deposit with the Bank, other assets of the Customer held by the Bank in safekeeping or otherwise, and other guarantees) from and give the same and any or all existing securities up to, abstain from taking securities from, or perfecting securities of, cease or refrain from giving credit or making loans or advances to, or change any term or condition applicable to the Liabilities, including without limitation, the rate of interest or maturity date, if any, or introduce new terms and conditions with regard to the Liabilities, or accept compositions from and otherwise deal with, the Customer and others and with all securities as the Bank may see fit, and may apply all moneys at any time received from the Customer or others or from securities upon such part of the Liabilities as the Bank deems best and change any such application in whole or in part from time to time as the Bank may see fit, the whole without in any way limiting or lessening the liability of the undersigned under this guarantee, and no loss of or in respect of any securities received by the Bank from the Customer or others, whether occasioned by the fault of the Bank or otherwise, shall in any way limit or lessen the liability of the undersigned under this guarantee.

(2) This guarantee shall be a continuing guarantee and shall cover all the Liabilities, and it shall apply to and secure any ultimate balance due or remaining unpaid to the Bank.

(3) The Bank shall not be bound to exhaust its recourse against the Customer or others or any securities it may at any time hold before being entitled to payment from the undersigned of the Liabilities. The undersigned renounce(s) to all benefits of discussion and division.

(4) The undersigned or any of them may, by notice in writing delivered to the Manager of the branch or agency of the Bank receiving this instrument, with effect from and after the date that is 30 days following the date of receipt by the Bank of such notice, determine their or his/her liability under this guarantee in respect of Liabilities thereafter incurred or arising but not in respect of any Liabilities theretofore incurred or arising even though not then matured, provided, however, that notwithstanding receipt of any such notice the Bank may fulfil any requirements of the Customer based on agreements express or implied made prior to the receipt of such notice and any resulting Liabilities shall be covered by this guarantee; and provided further that in the event of the determination of this guarantee as to one or more of the undersigned it shall remain a continuing guarantee as to the other or others of the undersigned.

(5) All indebtedness and liability, present and future, of the customer to the undersigned or any of them are hereby assigned to the Bank and postponed to the Liabilities, and all moneys received by the undersigned or any of them in respect thereof shall be received in trust for the Bank and forthwith upon receipt shall be paid over to the Bank, the



whole without in any way limiting or lessening the liability of the undersigned under the foregoing guarantee; and this assignment and postponement is independent of the said guarantee and shall remain in full effect notwithstanding that the liability of the undersigned or any of them under the said guarantee may be extinct. The term "Liabilities", as previously defined, for purposes of the postponement feature provided by this agreement, and this section in particular, includes any funds advanced or held at the disposal of the Customer under any line(s) of credit.

(6) This guarantee and agreement shall not be affected by the death or loss or diminution of capacity of the undersigned or any of them or by any change in the name of the Customer or in the membership of the Customer's firm through the death or retirement of one or more partners or the introduction of one or more other partners or otherwise, or by the acquisition of the Customer's business by a corporation, or by any change whatsoever in the objects, capital structure or constitution of the Customer, or by the Customer's business being amalgamated with a corporation, but shall notwithstanding the happening of any such event continue to apply to all the Liabilities whether theretofore or thereafter incurred or arising and in this instrument the word "Customer" shall include every such firm and corporation.

(7) This guarantee shall not be considered as wholly or partially satisfied by the payment or liquidation at any time or times of any sum or sums of money for the time being due or remaining unpaid to the Bank, and all dividends, compositions, proceeds of security valued and payments received by the Bank from the Customer or from others or from estates shall be regarded for all purposes as payments in gross without any right on the part of the undersigned to claim in reduction of the liability under this guarantee the benefit of any such dividends, compositions, proceeds or payments or any securities held by the Bank or proceeds thereof, and the undersigned shall have no right to be subrogated in any rights of the Bank until the Bank shall have received payment in full of the Liabilities.

(8) All monies, advances, renewals, credits and credit facilities in fact borrowed or obtained from the Bank shall be deemed to form part of the Liabilities, notwithstanding any lack or limitation of status or of power, incapacity or disability of the Customer or of the directors, partners or agents of the Customer, or that the Customer may not be a legal or suable entity, or any irregularity, defect or informality in the borrowing or obtaining of such monies, advances, renewals, credits or credit facilities, or any other reason, similar or not, the whole whether known to the Bank or not. Any sum which may not be recoverable from the undersigned on the footing of a guarantee, whether for the reasons set out in the previous sentence, or for any other reason, similar or not, shall be recoverable from the undersigned and each of them as sole or principal debtor in respect of that sum, and shall be paid to the Bank on demand with interest and accessories.

(9) This guarantee is in addition to and not in substitution for any other guarantee, by whomsoever given, at any time held by the Bank, and any present or future obligation to the Bank incurred or arising otherwise than under a guarantee, of the undersigned or any of them or of any other obligant, whether bound with or apart from the Customer; excepting any guarantee surrendered for cancellation on delivery of this instrument or confirmed in writing by the Bank to be cancelled.

(10) The undersigned and each of them shall be bound by any account settled between the Bank and the Customer, and if no such account has been so settled immediately before demand for payment under this guarantee any account stated by the Bank shall be accepted by the undersigned and each of them as conclusive evidence of the amount which at the date of the account so stated is due by the Customer to the Bank or remains unpaid by the Customer to the Bank.

(11) This guarantee and agreement shall be operative and binding upon every signatory thereof notwithstanding the non-execution thereof by any other proposed signatory or signatories, and possession of this instrument by the Bank shall be conclusive evidence against the undersigned and each of them that this instrument was not delivered in escrow or pursuant to any agreement that it should not be effective until any conditions precedent or subsequent had been complied with, unless at the time of receipt of this instrument by the Bank each signatory thereof obtains from the Manager of the branch or agency of the Bank receiving this instrument a letter setting out the terms and conditions under which this instrument was delivered and the conditions, if any, to be observed before it becomes effective.

(12) No suit based on this guarantee shall be instituted until demand for payment has been made, and demand for payment shall be deemed to have been effectually made upon any guarantor if and when an envelope containing such demand, addressed to such guarantor at the address of such guarantor last known to the Bank, is posted, postage prepaid, in the post office, and in the event of the death of any guarantor demand for payment addressed to any of such guarantor's heirs, executors, administrators or legal representatives at the address of the addressee last known to the Bank and posted as aforesaid shall be deemed to have been effectually made upon all of them. Moreover, when demand for payment has been made, the undersigned shall also be liable to the Bank for all legal costs (on a solicitor and own client basis) incurred by or on behalf of the Bank resulting from any action instituted on the basis of this guarantee. All payments hereunder shall be made to the Bank at a branch or agency of the Bank.

(13) This instrument covers all agreements between the parties hereto relative to this guarantee and assignment and postponement, and none of the parties shall be bound by any representation or promise made by any person relative thereto which is not embodied herein.

(14) This guarantee and agreement shall extend to and enure to the benefit of the Bank and its successors and assigns, and every reference herein to the undersigned or to each of them or to any of them, is a reference to and shall be construed as including the undersigned and the heirs, executors, administrators, legal representatives, successors and assigns of the undersigned or of each of them or of any of them, as the case may be, to and upon all of whom this guarantee and agreement shall extend and be binding.

(15) Prime Interest Rate is the annual rate of interest announced from time to time by Royal Bank of Canada as a reference rate then in effect for determining interest rates on Canadian dollar commercial loans in Canada.

(16) This Guarantee and Postponement of Claim shall be governed by and construed in accordance with the laws of the Province of Ontario ("Jurisdiction"). The undersigned irrevocably submits to the courts of the Jurisdiction in any action or proceeding arising out of or relating to this Guarantee and Postponement of Claim, and irrevocably agrees that all such actions and proceedings may be heard and determined in such courts, and irrevocably waives, to the fullest extent possible, the defense of an inconvenient forum. The undersigned agrees that a judgment or order in any such action or proceeding may be enforced in other jurisdictions in any manner provided by law. Provided, however, that the Bank may serve legal process in any manner permitted by law or may bring an action or proceeding against the undersigned or the property or assets of the undersigned in the courts of any other jurisdiction.

(Applicable in all P.P.S.A. Provinces except Ontario.)

(17) The Undersigned hereby acknowledges receipt of a copy of this agreement.

(18) The Undersigned hereby waives Undersigned's right to receive a copy of any Financing Statement or Financing Change Statement registered by the Bank.

EXECUTED this 09 27 2017
(MONTH) (DAY) (YEAR)

IN THE PRESENCE OF


Witness Signature :

Name: _____

Witness Signature : _____

Name: _____


Witness Signature :

Name: _____


Witness Signature : _____

Name: _____


Insert the full name and address of guarantor (Undersigned above).

Full name and address

GREEN EARTH ENVIRONMENTAL PRODUCTS
by its Partners,
BECKSTETTE HOLDINGS INC.


Petra Beckstette, President

MATTHEW MCBRIDE HOLDINGS INC.


Matthew McBride, President



(To be completed when the guarantee is stated to be governed by the laws of the Province of Alberta, the loan is repayable in Alberta, the guarantee is executed in Alberta, the Customer carries on business in Alberta, or the guarantor is resident or owns assets in Alberta.)

(To be completed only where the guarantor is not a corporation)

**THE GUARANTEES ACKNOWLEDGEMENT ACT (ALBERTA)
CERTIFICATE OF BARRISTER AND SOLICITOR**

I HEREBY CERTIFY THAT:

(1) _____, the guarantor in the guarantee dated _____ made between ROYAL BANK OF CANADA and _____, which this certificate is attached to or noted upon, appeared in person before me and acknowledged that he/she had executed the guarantee;

(2) I satisfied myself by examination of the guarantor that he/she is aware of the contents of the guarantee and understands it.

CERTIFIED by _____, Barrister and Solicitor at the _____ of _____ in the Province of Alberta, this _____ day of _____, 20_____.

Signature

(Guarantor to sign in presence of Barrister and Solicitor)

STATEMENT OF GUARANTOR

I am the person named in the certificate

Signature of Guarantor

(To be completed when the guarantor is an individual and the guarantee is stated to be governed by the laws of Saskatchewan and the Customer is a farmer, farm corporation or farm partnership in Saskatchewan or engages in a farming operation or owns farm assets in Saskatchewan.)

**THE SASKATCHEWAN FARM SECURITY ACT ACKNOWLEDGEMENT OF GUARANTEE
(SECTION 31)
CERTIFICATE OF LAWYER OR NOTARY PUBLIC**

I HEREBY CERTIFY THAT:

(1) _____ of _____ in the Province of _____, the guarantor in the guarantee dated _____ made between ROYAL BANK OF CANADA and _____, which this certificate is attached to or noted upon, appeared in person before me and acknowledged that he/she had executed the guarantee;

(2) I satisfied myself by examination of the guarantor that he/she is aware of the contents of the guarantee and understands it.

(3) I have not prepared any documents on behalf of the creditor, Royal Bank of Canada, relating to the transaction and I am not otherwise interested in the transaction;

(4) I acknowledge that the guarantor signed the following "Statement of Guarantor" in my presence.

Given at _____ this _____ under my hand and seal of office

(SEAL REQUIRED WHERE NOTARY PUBLIC SIGNS CERTIFICATE)

A LAWYER OR A NOTARY PUBLIC IN AND FOR

STATEMENT OF GUARANTOR

I am the person named in the certificate

Signature of Guarantor

GENERAL SECURITY AGREEMENT

1. SECURITY INTEREST

For value received, the undersigned ("Debtor"), hereby grants to **ROYAL BANK OF CANADA** ("RBC"), a security interest (the "Security Interest") in the undertaking of Debtor and in all of Debtor's present and after acquired personal property including, without limitation, in all Goods (including all parts, accessories, attachments, special tools, additions and accessions thereto), Chattel Paper, Documents of Title (whether negotiable or not), Instruments, Intangibles, Money and Securities now owned or hereafter owned or acquired by or on behalf of Debtor (including such as may be returned to or repossessed by Debtor) and in all proceeds and renewals thereof, accretions thereto and substitutions therefor (hereinafter collectively called "Collateral"), and including, without limitation, all of the following now owned or hereafter owned or acquired by or on behalf of Debtor:

- (i) all inventory of whatever kind and wherever situate;
- (ii) all equipment (other than Inventory) of whatever kind and wherever situate, including, without limitation, all machinery, tools, apparatus, plant, furniture, fixtures and vehicles of whatsoever nature or kind;
- (iii) all accounts and book debts and generally all debts, dues, claims, choses in action and demands of every nature and kind howsoever arising or secured including letters of credit and advices of credit, which are now due, owing or accruing or growing due to or owned by or which may hereafter become due, owing or accruing or growing due to or owned by Debtor ("Debts");
- (iv) all deeds, documents, writings, papers, books of account and other books relating to or being records of Debts, Chattel Paper or Documents of Title or by which such are or may hereafter be secured, evidenced, acknowledged or made payable;
- (v) all contractual rights and insurance claims and all goodwill, patents, trademarks, copyrights, and other industrial property;
- (vi) all property described in Schedule "C" or any schedule now or hereafter annexed hereto.

(b) The Security Interest granted hereby shall not extend or apply to and Collateral shall not include the last day of the term of any lease or agreement therefor but upon the enforcement of the Security Interest Debtor shall stand possessed of such last day in trust to assign the same to any person acquiring such term.

(c) The terms "Goods", "Chattel Paper", "Documents of Title", "Instruments", "Intangibles", "Securities", "proceeds", "Inventory", "accession", "Money", "Accounts", "financing statements" and "financing change statements" whenever used herein shall be interpreted pursuant to their respective meanings when used in The Personal Property Security Act of the province referred to in Clause 14(r), as amended from time to time, which Act, including amendments thereto and any Act substituted therefor and amendments thereto is herein referred to as the "P.P.S.A.". Provided always that the term "Goods" when used herein shall not include "consumer goods" of Debtor as that term is defined in the P.P.S.A., and the term "Inventory" when used herein shall include livestock and the young thereof after conception and crops that become such within one year of execution of this Security Agreement. Any reference herein to "Collateral" shall, unless the context otherwise requires, be deemed a reference to "Collateral or any part thereof".

2. INDEBTEDNESS SECURED

The Security Interest granted hereby secures payment and performance of any and all obligations, indebtedness and liability of Debtor to RBC (including interest thereon) present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, wheresoever and howsoever incurred and any ultimate unpaid balance thereof and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether Debtor be bound alone or with another or others and whether as principal or surety (hereinafter collectively called the "Indebtedness"). If the Security Interest in the Collateral is not sufficient, in the event of default, to satisfy all Indebtedness of the Debtor, the Debtor acknowledges and agrees that Debtor shall continue to be liable for any Indebtedness remaining outstanding and RBC shall be entitled to pursue full payment thereof.

3. REPRESENTATIONS AND WARRANTIES OF DEBTOR

Debtor represents and warrants and so long as this Security Agreement remains in effect shall be deemed to continuously represent and warrant that:

(a) the Collateral is genuine and owned by Debtor free of all security interests, mortgages, liens, claims, charges or other encumbrances (hereinafter collectively called "Encumbrances"), save for the Security Interest and those Encumbrances shown on Schedule "A" or hereafter approved in writing by RBC, prior to their creation or assumption;

(b) each Debt, Chattel Paper and Instrument constituting Collateral is enforceable in accordance with its terms against the party obligated to pay the same (the "Account Debtor"), and the amount represented by Debtor to RBC from time to time as owing by each Account Debtor or by all Account Debtors will be the correct amount actually and unconditionally owing by such Account Debtor or Account Debtors, except for normal cash discounts where applicable, and no Account Debtor will have any defence, set off, claim or counterclaim against Debtor which can be asserted against RBC, whether in any proceeding to enforce Collateral or otherwise; and

(c) the locations specified in Schedule "B" as to business operations and records are accurate and complete and with respect to Goods (including Inventory) constituting Collateral, the locations specified in Schedule "B" are accurate and complete save for Goods in transit to such locations and Inventory on lease or consignment; and all fixtures or Goods about to become fixtures and all crops and all oil, gas or other minerals to be extracted and all timber to be cut which forms part of the Collateral will be situate at one of such locations.

4. COVENANTS OF THE DEBTOR

So long as this Security Agreement remains in effect Debtor covenants and agrees:

(a) to defend the Collateral against the claims and demands of all other parties claiming the same or an interest therein; to keep the Collateral free from all Encumbrances, except for the Security Interest and those shown on Schedule "A" or hereafter approved in writing by RBC, prior to their creation or assumption and not to sell, exchange, transfer, assign, lease, or otherwise dispose of Collateral or any interest therein without the prior written consent of RBC; provided always that, until default, Debtor may, in the ordinary course of Debtor's business, sell or lease Inventory and, subject to Clause 7 hereof, use Money available to Debtor;

(b) to notify RBC promptly of:

- (i) any change in the information contained herein or in the Schedules hereto relating to Debtor, Debtor's business or Collateral;
- (ii) the details of any significant acquisition of Collateral;
- (iii) the details of any claims or litigation affecting Debtor or Collateral;
- (iv) any loss or damage to Collateral;

- (v) any default by any Account Debtor in payment or other performance of his obligations with respect to Collateral; and
- (vi) the return to or repossession by Debtor of Collateral;
- (c) to keep Collateral in good order, condition and repair and not to use Collateral in violation of the provisions of this Security Agreement or any other agreement relating to Collateral or any policy insuring Collateral or any applicable statute, law, by-law, rule, regulation or ordinance;
- (d) to do, execute, acknowledge and deliver such financing statements, financing change statements and further assignments, transfers, documents, acts, matters and things (including further schedules hereto) as may be reasonably requested by RBC of or with respect to Collateral in order to give effect to these presents and to pay all costs for searches and filings in connection therewith;
- (e) to pay all taxes, rates, levies, assessments and other charges of every nature which may be lawfully levied, assessed or imposed against or in respect of Debtor or Collateral as and when the same become due and payable;
- (f) to insure Collateral for such periods, in such amounts, on such terms and against loss or damage by fire and such other risks as RBC shall reasonably direct with loss payable to RBC and Debtor, as insureds, as their respective interests may appear, and to pay all premiums therefor;
- (g) to prevent Collateral, save inventory sold or leased as permitted hereby, from being or becoming an accession to other property not covered by this Security Agreement;
- (h) to carry on and conduct the business of Debtor in a proper and efficient manner and so as to protect and preserve Collateral and to keep, in accordance with generally accepted accounting principles, consistently applied, proper books of account for Debtor's business as well as accurate and complete records concerning Collateral; and mark any and all such records and Collateral at RBC's request so as to indicate the Security Interest;
- (i) to deliver to RBC from time to time promptly upon request:
 - (i) any Documents of Title, Instruments, Securities and Chattel Paper constituting, representing or relating to Collateral;
 - (ii) all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to Collateral for the purpose of inspecting, auditing or copying the same;
 - (iii) all financial statements prepared by or for Debtor regarding Debtor's business;
 - (iv) all policies and certificates of insurance relating to Collateral; and
 - (v) such information concerning Collateral, the Debtor and Debtor's business and affairs as RBC may reasonably request.

5. USE AND VERIFICATION OF COLLATERAL

Subject to compliance with Debtor's covenants contained herein and Clause 7 hereof, Debtor may, until default, possess, operate, collect, use and enjoy and deal with Collateral in the ordinary course of Debtor's business in any manner not inconsistent with the provisions hereof; provided always that RBC shall have the right at any time and from time to time to verify the existence and state of the Collateral in any manner RBC may consider appropriate and Debtor agrees to furnish all assistance and information and to perform all such acts as RBC may reasonably request in connection therewith and for such purpose to grant to RBC or its agents access to all places where Collateral may be located and to all premises occupied by Debtor.

6. SECURITIES

If Collateral at any time includes Securities, Debtor authorizes RBC to transfer the same or any part thereof into its own name or that of its nominee(s) so that RBC or its nominee(s) may appear of record as the sole owner thereof; provided that, until default, RBC shall deliver promptly to Debtor all notices or other communications received by it or its nominee(s) as such registered owner and, upon demand and receipt of payment of any necessary expenses thereof, shall issue to Debtor or its order a proxy to vote and take all action with respect to such Securities. After default, Debtor waives all rights to receive any notices or communications received by RBC or its nominee(s) as such registered owner and agrees that no proxy issued by RBC to Debtor or its order as aforesaid shall thereafter be effective.

7. COLLECTION OF DEBTS

Before or after default under this Security Agreement, RBC may notify all or any Account Debtors of the Security Interest and may also direct such Account Debtors to make all payments on Collateral to RBC. Debtor acknowledges that any payments on or other proceeds of Collateral received by Debtor from Account Debtors, whether before or after notification of this Security Interest to Account Debtors and whether before or after default under this Security Agreement shall be received and held by Debtor in trust for RBC and shall be turned over to RBC upon request.

8. INCOME FROM AND INTEREST ON COLLATERAL

- (a) Until default, Debtor reserves the right to receive any Money constituting income from or interest on Collateral and if RBC receives any such Money prior to default, RBC shall either credit the same against the Indebtedness or pay the same promptly to Debtor.
- (b) After default, Debtor will not request or receive any Money constituting income from or interest on Collateral and if Debtor receives any such Money without any request by it, Debtor will pay the same promptly to RBC.

9. INCREASES, PROFITS, PAYMENTS OR DISTRIBUTIONS

- (a) Whether or not default has occurred, Debtor authorizes RBC:
 - (i) to receive any increase in or profits on Collateral (other than Money) and to hold the same as part of Collateral. Money so received shall be treated as income for the purposes of Clause 8 hereof and dealt with accordingly,
 - (ii) to receive any payment or distribution upon redemption or retirement or upon dissolution and liquidation of the Issuer of Collateral; to surrender such Collateral in exchange therefor; and to hold any such payment or distribution as part of Collateral.
- (b) If Debtor receives any such increase or profits (other than Money) or payments or distributions, Debtor will deliver the same promptly to RBC to be held by RBC as herein provided.

10. DISPOSITION OF MONEY

Subject to any applicable requirements of the P.P.S.A., all Money collected or received by RBC pursuant to or in exercise of any right it possesses with respect to Collateral shall be applied on account of Indebtedness in such manner as RBC deems best or, at the option of RBC, may be held unappropriated in a collateral account or released to Debtor, all without prejudice to the liability of Debtor or the rights of RBC hereunder, and any surplus shall be accounted for as required by law.

11. EVENTS OF DEFAULT

The happening of any of the following events or conditions shall constitute default hereunder which is herein referred to as "default";

- (a) the nonpayment when due, whether by acceleration or otherwise, of any principal or interest forming part of Indebtedness or the failure of Debtor to observe or perform any obligation, covenant, term, provision or condition contained in this Security Agreement or any other agreement between Debtor and RBC;
- (b) the death of or a declaration of incompetency by a court of competent jurisdiction with respect to Debtor, if an individual;
- (c) the bankruptcy or insolvency of Debtor; the filing against Debtor of a petition in bankruptcy; the making of an authorized assignment for the benefit of creditors by Debtor; the appointment of a receiver or trustee for Debtor or for any assets of Debtor or the institution by or against Debtor of any other type of insolvency proceeding under the Bankruptcy Act or otherwise;
- (d) the institution by or against Debtor of any formal or informal proceeding for the dissolution or liquidation of, settlement of claims against or winding up of affairs of Debtor;
- (e) if any Encumbrance affecting Collateral becomes enforceable against Collateral;
- (f) if Debtor ceases or threatens to cease to carry on business or makes or agrees to make a bulk sale of assets without complying with applicable law or commits or threatens to commit an act of bankruptcy;
- (g) if any execution, sequestration, extent or other process of any court becomes enforceable against Debtor or if a distress or analogous process is levied upon the assets of Debtor or any part thereof;
- (h) if any certificate, statement, representation, warranty or audit report heretofore or hereafter furnished by or on behalf of Debtor pursuant to or in connection with this Security Agreement, or otherwise (including, without limitation, the representations and warranties contained herein) or as an inducement to RBC to extend any credit to or to enter into this or any other agreement with Debtor, proves to have been false in any material respect at the time as of which the facts therein set forth were stated or certified, or proves to have omitted any substantial contingent or unliquidated liability or claim against Debtor; or if upon the date of execution of this Security Agreement, there shall have been any material adverse change in any of the facts disclosed by any such certificate, representation, statement, warranty or audit report, which change shall not have been disclosed to RBC at or prior to the time of such execution.

12. ACCELERATION

RBC, in its sole discretion, may declare all or any part of Indebtedness which is not by its terms payable on demand to be immediately due and payable, without demand or notice of any kind, in the event of default, or, if RBC considers itself insecure or that the Collateral is in jeopardy. The provisions of this clause are not intended in any way to affect any rights of RBC with respect to any Indebtedness which may now or hereafter be payable on demand.

13. REMEDIES

(a) Upon default, RBC may appoint or reappoint by instrument in writing, any person or persons, whether an officer or officers or an employee or employees of RBC or not, to be a receiver or receivers (hereinafter called a "Receiver", which term when used herein shall include a receiver and manager) of Collateral (including any interest, income or profits therefrom) and may remove any Receiver so appointed and appoint another in his stead. Any such Receiver shall, so far as concerns responsibility for his acts, be deemed the agent of Debtor and not RBC, and RBC shall not be in any way responsible for any misconduct, negligence or non-feasance on the part of any such Receiver, his servants, agents or employees. Subject to the provisions of the instrument appointing him, any such Receiver shall have power to take possession of Collateral, to preserve Collateral or its value, to carry on or concur in carrying on all or any part of the business of Debtor and to sell, lease or otherwise dispose of or concur in selling, leasing or otherwise disposing of Collateral. To facilitate the foregoing powers, any such Receiver may, to the exclusion of all others, including Debtor, enter upon, use and occupy all premises owned or occupied by Debtor wherein Collateral may be situated, maintain Collateral upon such premises, borrow money on a secured or unsecured basis and use Collateral directly in carrying on Debtor's business or as security for loans or advances to enable the Receiver to carry on Debtor's business or otherwise, as such Receiver shall, in its discretion, determine. Except as may be otherwise directed by RBC, all money received from time to time by such Receiver in carrying out his appointment shall be received in trust for and paid over to RBC. Every such Receiver may, in the discretion of RBC, be vested with all or any of the rights and powers of RBC.

(b) Upon default, RBC may, either directly or through its agents or nominees, exercise any or all of the powers and rights given to a Receiver by virtue of the foregoing sub-clause (a).

(c) RBC may take possession of, collect, demand, sue on, enforce, recover and receive Collateral and give valid and binding receipts and discharges therefor and in respect thereof and, upon default, RBC may sell, lease or otherwise dispose of Collateral in such manner, at such time or times and place or places, for such consideration and upon such terms and conditions as to RBC may seem reasonable.

(d) In addition to those rights granted herein and in any other agreement now or hereafter in effect between Debtor and RBC and in addition to any other rights RBC may have at law or in equity, RBC shall have, both before and after default, all rights and remedies of a secured party under the P.P.S.A. Provided always, that RBC shall not be liable or accountable for any failure to exercise its remedies, take possession of, collect, enforce, realize, sell, lease or otherwise dispose of Collateral or to institute any proceedings for such purposes. Furthermore, RBC shall have no obligation to take any steps to preserve rights against prior parties to any Instrument or Chattel Paper whether Collateral or proceeds and whether or not in RBC's possession and shall not be liable or accountable for failure to do so.

(e) Debtor acknowledges that RBC or any Receiver appointed by it may take possession of Collateral wherever it may be located and by any method permitted by law and Debtor agrees upon request from RBC or any such Receiver to assemble and deliver possession of Collateral at such place or places as directed.

(f) Debtor agrees to be liable for and to pay all costs, charges and expenses reasonably incurred by RBC or any Receiver appointed by it, whether directly or for services rendered (including reasonable solicitors and auditors costs and other legal expenses and Receiver remuneration), in operating Debtor's accounts, in preparing or enforcing this Security Agreement, taking and maintaining custody of, preserving, repairing, processing, preparing amounts owing as a result of any borrowing by RBC or any Receiver appointed by it, as permitted hereby, shall be a first charge on the proceeds of realization, collection or disposition of Collateral and shall be secured hereby.

(g) RBC will give Debtor such notice, if any, of the date, time and place of any public sale or of the date after which any private disposition of Collateral is to be made as may be required by the P.P.S.A.

14. MISCELLANEOUS

(a) Debtor hereby authorizes RBC to file such financing statements, financing change statements and other documents and do such acts, matters and things (including completing and adding schedules hereto identifying Collateral or any permitted Encumbrances affecting Collateral or identifying the locations at which Debtor's business is carried on and Collateral and records relating thereto are situated) as RBC may deem appropriate to perfect on an ongoing basis and continue the Security Interest, to protect and preserve Collateral and to realize upon the Security Interest and Debtor hereby irrevocably constitutes and appoints the Manager or Acting Manager from time to time of the herein mentioned branch of RBC the true and lawful attorney of Debtor, with full power of substitution, to do any of the foregoing in the name of Debtor whenever and wherever it may be deemed necessary or expedient.

(b) Without limiting any other right of RBC, whenever Indebtedness is immediately due and payable or RBC has the right to declare Indebtedness to be immediately due and payable (whether or not it has so declared), RBC may, in its sole discretion, set off against Indebtedness

any and all amounts then owed to Debtor by RBC in any capacity; whether or not due, and RBC shall be deemed to have exercised such right to set off immediately at the time of making its decision to do so even though any charge therefor is made or entered on RBC's records subsequent thereto.

(c) Upon Debtor's failure to perform any of its duties hereunder, RBC may, but shall not be obligated to, perform any or all of such duties, and Debtor shall pay to RBC, forthwith upon written demand therefor, an amount equal to the expense incurred by RBC in so doing plus interest thereon from the date such expense is incurred until it is paid at the rate of 15% per annum.

(d) RBC may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges and otherwise deal with Debtor, debtors of Debtor, sureties and others and with Collateral and other security as RBC may see fit without prejudice to the liability of Debtor or RBC's right to hold and realize the Security Interest. Furthermore, RBC may demand, collect and sue on Collateral in either Debtor's or RBC's name, at RBC's option, and may endorse Debtor's name on any and all cheques, commercial paper, and any other instruments pertaining to or constituting Collateral.

(e) No delay or omission by RBC in exercising any right or remedy hereunder or with respect to any indebtedness shall operate as a waiver thereof or of any other right or remedy, and no single or partial exercise thereof shall preclude any other or further exercise thereof or the exercise of any other right or remedy. Furthermore, RBC may remedy any default by Debtor hereunder or with respect to any indebtedness in any reasonable manner without waiving the default remedied and without waiving any other prior or subsequent default by Debtor. All rights and remedies of RBC granted or recognized herein are cumulative and may be exercised at any time and from time to time independently or in combination.

(f) Debtor waives protest of any instrument constituting Collateral at any time held by RBC on which Debtor is in any way liable and, subject to Clause 13 (g) hereof, notice of any other action taken by RBC.

(g) This Security Agreement shall ensure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns. In any action brought by an assignee of this Security Agreement and the Security Interest or any part thereof to enforce any rights hereunder, Debtor shall not assert against the assignee any claim or defence which Debtor now has or hereafter may have against RBC. If more than one Debtor executes this Security Agreement the obligations of such Debtors hereunder shall be joint and several.

(h) Save for any schedules which may be added hereto pursuant to the provisions hereof, no modification, variation or amendment of any provision of this Security Agreement shall be made except by a written agreement, executed by the parties hereto and no waiver of any provision hereof shall be effective unless in writing.

(i) Subject to the requirements of Clauses 13 (g) and 14 (j) hereof, whenever either party hereto is required or entitled to notify or direct the other or to make a demand or request upon the other, such notice, direction, demand or request shall be in writing and shall be sufficiently given, in the case of RBC, if delivered to it or sent by prepaid registered mail addressed to it at its address herein set forth or as changed pursuant hereto and, in the case of Debtor, if delivered to it or if sent by prepaid registered mail addressed to it at its last address known to RBC. Either party may notify the other pursuant hereto of any change in such party's principal address to be used for the purposes hereof.

(j) This Security Agreement and the security afforded hereby is in addition to and not in substitution for any other security now or hereafter held by RBC and is, and is intended to be a continuing Security Agreement and shall remain in full force and effect until the Manager or Acting Manager from time to time of the herein mentioned branch of RBC shall actually receive written notice of its discontinuance; and, notwithstanding such notice, shall remain in full force and effect thereafter until all indebtedness contracted for or created before the receipt of such notice by RBC, and any extensions or renewals thereof (whether made before or after receipt of such notice) together with interest accruing thereon after such notice, shall be paid in full.

(k) The headings used in this Security Agreement are for convenience only and are not to be considered a part of this Security Agreement and do not in any way limit or amplify the terms and provisions of this Security Agreement.

(l) When the context so requires, the singular number shall be read as if the plural were expressed and the provisions hereof shall be read with all grammatical changes necessary dependent upon the person referred to being a male, female, firm or corporation.

(m) In the event any provisions of this Security Agreement, as amended from time to time, shall be deemed invalid or void, in whole or in part, by any Court of competent jurisdiction, the remaining terms and provisions of this Security Agreement shall remain in full force and effect.

(n) Nothing herein contained shall in any way obligate RBC to grant, continue, renew, extend time for payment of or accept anything which constitutes or would constitute indebtedness.

(o) The Security Interest created hereby is intended to attach when this Security Agreement is signed by Debtor and delivered to RBC.

(p) Debtor acknowledges and agrees that in the event it amalgamates with any other company or companies it is the intention of the parties hereto that the term "Debtor" when used herein shall apply to each of the amalgamating companies and to the amalgamated company, such that the Security Interest granted hereby

(i) shall extend to "Collateral" (as that term is herein defined) owned by each of the amalgamating companies and the amalgamated company at the time of amalgamation and to any "Collateral" thereafter owned or acquired by the amalgamated company, and

(ii) shall secure the "indebtedness" (as that term is herein defined) of each of the amalgamating companies and the amalgamated company to RBC at the time of amalgamation and any "indebtedness" of the amalgamated company to RBC thereafter arising. The Security Interest shall attach to "Collateral" owned by each company amalgamating with Debtor, and by the amalgamated company, at the time of amalgamation, and shall attach to any "Collateral" thereafter owned or acquired by the amalgamated company when such becomes owned or is acquired.

(q) In the event that Debtor is a body corporate, it is hereby agreed that The Limitation of Civil Rights Act of the Province of Saskatchewan, or any provision thereof, shall have no application to this Security Agreement or any agreement or instrument renewing or extending or collateral to this Security Agreement. In the event that Debtor is an agricultural corporation within the meaning of The Saskatchewan Farm Security Act, Debtor agrees with RBC that all of Part IV (other than Section 46) of that Act shall not apply to Debtor.

(r) This security agreement and the transactions evidenced hereby shall be governed by and construed in accordance with the laws of the province of Ontario as the same may from time to time be in effect, including, where applicable, the P.P.S.A.

* Insert appropriate province

15. COPY OF AGREEMENT

(a) Debtor hereby acknowledges receipt of a copy of this Security Agreement.

(b) Debtor waives Debtor's right to receive a copy of any financing statement or financing change statement registered by RBC. (Applies only in Alberta and British Columbia).

16. Debtor represents and warrants that the following information is accurate:


INDIVIDUAL DEBTOR


SURNAME (LAST NAME)	FIRST NAME	SECOND NAME	BIRTH DATE YEAR MONTH DAY		
ADDRESS OF INDIVIDUAL DEBTOR	CITY		PROVINCE	POSTAL CODE	
SURNAME (LAST NAME)	FIRST NAME	SECOND NAME	BIRTH DATE YEAR MONTH DAY		
ADDRESS OF INDIVIDUAL DEBTOR	CITY		PROVINCE	POSTAL CODE	

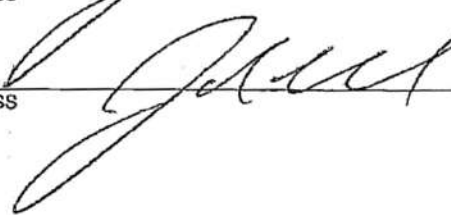
BUSINESS DEBTOR


NAME OF BUSINESS DEBTOR GREEN EARTH ENVIRONMENTAL PRODUCTS			
ADDRESS OF BUSINESS DEBTOR 355 Wellington St.	CITY London	PROVINCE Ontario	POSTAL CODE N 6 A 3 N 7

IN WITNESS WHEREOF Debtor has executed this Security Agreement this 25 day of October 19 98.
GREEN EARTH ENVIRONMENTAL PRODUCTS


 WITNESS _____ (Seal)


 _____ (Seal)


 WITNESS _____



~~Carrying on Business as~~

(Principal Address)

(City, Town, etc. & Province)

BRANCH ADDRESS Regional Business Banking Centre, 383 Richmond St., Ste 701, London, Ontario
--

(**Strike out where inapplicable.)

SCHEDULE "A"
(ENCUMBRANCES AFFECTING COLLATERAL)

SCHEDULE B

1) LOCATIONS OF DEBTOR'S BUSINESS OPERATIONS

AS PER ATTACHED LISTING

2) LOCATIONS OF RECORDS RELATING TO COLLATERAL

452 NEWBOLD ST
LONDON
ON N6E 1K3

3) LOCATIONS OF COLLATERAL

AS PER ATTACHED LISTING

COMPANY NUMBERS AND ADDRESSES FOR GREEN EARTH

STORES

Devonshire Mall
3100 Howard Ave.,
Windsor, Ontario
N8X 3Y8

Downtown Chatham Centre
100 King St. West
Chatham, Ontario
N7M 6A9

Masonville Place
1680 Richmond St. North
London, Ontario
N6G

Galleria London
355 Wellington St.
London, Ontario
N6A 3M7

White Oaks Mall
1105 Wellington Rd. South
London, Ontario
N6E 1V4

Office & Warehouse
452 Newbold St.
London, Ontario
N6E 1K3.

Pen Centre Mall
221 Glendale Ave.
St. Catharines, Ontario
L2T 2K9

Scarborough Town Centre
300 Borough Drive
Scarborough, Ontario
M1P 4P5

Hillcrest Mall
8350 Yonge St.
Richmond Hill, Ontario
L4C 5G2

Georgian Mall
509 Bayfield St.
Barrie, Ontario
L4M 4Z8

Fairview Park Mall
Unit C4
2960 Kingsway Drive
Kitchener, Ontario
N2C 1X1

Square One Shopping Centre
Unit #2 - 304
100 City Centre Drive
Mississauga ON L5B 2C9

Erin Mills Town Centre
Store # R158
5100 Erin Mills Parkway
Mississauga ON L5M 4Z5