

**ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY
(Commercial List)**

THE HONOURABLE) FRIDAY, THE 7TH
JUSTICE OSBORNE) DAY OF OCTOBER, 2022

**IN THE MATTER OF THE PROPOSAL OF 1776690 ONTARIO INC. COB THE
COUNTRY WAY HEALTH FOOD STORE OF THE CITY OF SAULT STE MARIE IN
THE PROVINCE OF ONTARIO**

2655396 ONTARIO INC.

Applicant

**IN THE MATTER OF SECTION 182 OF THE *BUSINESS CORPORATIONS ACT*,
R.S.O. 1990, c. B.16, AS AMENDED, AND IN THE MATTER OF A PROPOSED
ARRANGEMENT OF 2655396 ONTARIO INC. AND INVOLVING 1776690 ONTARIO
INC. COB COUNTRY WAY HEALTH FOOD STORE**

**APPROVAL ORDER
(OBCA Arrangement)**

THIS MOTION made by MNP Ltd. (the “**Proposal Trustee**”) in its capacity as trustee under the proposal of 1776690 Ontario Inc. (“**1776 ON**”) for the approval of an arrangement made by 2655396 Ontario Inc. and involving 1776 ON pursuant to the *Ontario Business Corporations Act*, RSO 1990, c. B-16 (the “**OBCA**”) was heard this day via Zoom.

ON READING the Notice of Motion and the Motion Record, including the Third Report of the Proposal Trustee dated 5 October 2022 the “**Third Report**”), the Interim Order of the Honourable Justice McEwen dated 27 January 2022 and the Order of the Honourable Justice

Kimmel dated 13 April 2022, on hearing the submissions of counsel for the Proposal Trustee, on and being advised that the Director appointed under the OBCA does not consider it necessary to appear on this Motion,

1. **THIS COURT ORDERS** that the arrangement as described in the Amended Proposal and Plan of Arrangement/Reorganization dated 29 January 2022 (the “**Proposal**”) attached as Appendix C to the Third Report and the Plan of Arrangement attached as **Schedule “A”** (the “**Arrangement**”) to this Order be and are hereby approved and directs that the Proposal Trustee take any and all steps necessary or advisable to implement the Arrangement.

2. The Proposal be and is hereby amended to replace Schedule A to the Proposal with the attached Schedule “A”.

3. **THIS COURT ORDERS** that the Proposal Trustee is entitled to: (a) seek to vary this Order upon such terms and upon giving such notice as this Court may direct; (b) seek the advice and directions of this Court as to the implementation of this Order, and (c) apply for such further order or orders as may be appropriate.

SCHEDULE A
PLAN OF ARRANGEMENT

1.0 Definitions.

Defined Terms in this Schedule have the meaning assigned by the Amended Proposal dated January 29, 2022.

1.1 Arrangement.

On the Implementation Date, the following shall occur and be deemed to occur in the following order without any further act or formality with each transaction or event being deemed to occur immediately after the occurrence of the transaction or event immediately preceding it:

- (A) The Articles for the Debtor shall be amended pursuant to sections [168 and 182(1)] of the OBCA to:
 - (i) re-designate the Class A Common Shares of the Debtor as Class A Redeemable Shares, which Class A Redeemable Shares may be redeemed on payment of \$0.01 per share as follows:

1. CLASS A REDEEMABLE SHARES

- (a) The Class A Redeemable Shares shall as a class have attached thereto the following rights, privileges, restrictions, and conditions:
 - (i) the holders of Class A Redeemable Shares shall have the right to vote at all meetings of shareholders, except meetings at which only holders of a specified class of shares are entitled to vote;
 - (ii) the Class A Redeemable shares are redeemable at the option of the Debtor on payment of \$0.01 per share.
- (ii) create a new class of shares consisting of an unlimited number of new Class A Common Shares as follows:

2. CLASS A COMMON SHARES

- (a) The holders of Class A common shares shall be entitled, among other things:
 - (i) to vote at all meetings of shareholders, except meetings at which only holders of a specified class of shares are entitled to vote;
 - (ii) to receive dividends as and when declared by the Board of Directors of the Corporation out of the monies of the Corporation properly applicable to the payment of dividends; and

- (iii) subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of the Corporation, to receive the remaining property of the Corporation upon dissolution.
- (iii) make the Class C Special Shares redeemable at the option of the Debtor on payment of \$0.01 per share as more fully set out in Schedule A as follows:

3. CLASS C SPECIAL SHARES

(a) Definitions

In these share conditions the following words and phrases shall have meaning as follows:

- (i) “Redemption Amount” of each Class C Special Share means the sum of \$0.01; and
- (ii) “Redemption Price” of each Class C Special Share means the redemption amount; and

(b) Voting Rights

The holders of Class C Special Shares shall not be entitled to receive notice of or to vote at any meetings of shareholders.

(c) Redemption by Corporation

Subject to the Act, the Corporation may redeem the whole or any part of the issued Class C Special Shares on payment for each share to be redeemed of the Redemption Price.

- (B) The new Class A Common Shares shall be issued by the Debtor as follows:

- (i) Ryan Saari-100.

- (C) The Class A Redeemable Shares and the Class C Special Shares shall be redeemed and cancelled by the Debtor such that: (i) the existing shareholders of the Debtor shall no longer be a shareholders of the Debtor and shall have no rights as a shareholders except the right to receive the amount payable by the Debtors to redeem the Class A Redeemable Shares and Class C Special Shares, and (ii) there shall be no remaining issued and outstanding shares of any class other than the new Class A Common Shares issued pursuant to paragraph (b);

- (D) The Articles for the Debtor shall be amended to delete all reference to: (i) the Class A Redeemable Shares;

- (E) The Debtor and NumCo shall be amalgamated to create New Country Way as follows:

- (a) The name of New Country Way shall be “[assigned corporate number] Ontario Inc.” and shall carry on business as “THE COUNTRY WAY HEALTH FOOD STORE”;
- (b) The By-laws and Articles for New Country Way shall be the same as the amended Articles for NumCo;

- (c) The issued and outstanding Class A Common Shares of the Debtor shall be cancelled without any repayment of capital in respect thereof; and
- (d) The stated capital of the Debtor shall be added to the stated capital of the NumCo; and
- (F) the Certificates shall be issued to the Unsecured Creditors as provided for by Article 6.1.

1.2 Binding Effect.

This Arrangement will become effective at, and be binding at and after, the Implementation Date without further act or formality required on the part of a Person except as expressly provided herein.

IN THE MATTER OF THE PROPOSAL OF 1776690 ONTARIO INC. COB THE COUNTRY WAY HEALTH FOOD STORE OF THE CITY OF SAULT STE MARIE IN THE PROVINCE OF ONTARIO

IN THE MATTER OF SECTION 182 OF THE BUSINESS CORPORATIONS ACT, R.S.O. 1990, c. B.16, AS AMENDED, AND IN THE MATTER OF A PROPOSED ARRANGEMENT OF 2655396 ONTARIO INC. AND INVOLVING 1776690 ONTARIO INC. COB COUNTRY WAY HEALTH FOOD STORE

**ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY & INSOLVENCY)
(Commercial List)**

(PROCEEDING COMMENCED AT TORONTO)

ORDER

GOWLING WLG (CANADA) LLP
Barristers and Solicitors
1 First Canadian Place
100 King Street West, Suite 1600
Toronto, ON M5X 1G5

E. Patrick Shea (LSO No. 39655K)
Tel: (416) 369-7399 / Fax: (416) 862-7661
Email: patrick.shea@gowlingwlg.com

Lawyers for the Proposal Trustee

53283028\1