

This motion by the Applicants for an approval and vesting order proceeded before me by Zoom today. The names of the attendees are listed on the attached counsel slip.

The Applicants seek approval of the transaction whereby Wayne Patrick Consumer Products Ltd (the Purchaser) will acquire the operating business of the Applicants. The structure of the transaction is partly by share sale and partly by asset sale. The reason for the structure is to accommodate the licensing requirements of Health Canada. The order is structured as a reverse vesting order, in which excluded liabilities and assets will be transferred to “Residualco”, which will then become one of the Applicants in the CCAA proceeding. Reverse vesting orders have been approved by the courts in other cases: see *Re Stornaway Diamond Corporation et al*, Court File No. 500-11-057094- 191 (<https://www.insolvencies.deloitte.ca/en>) and *Re Wayland Group Corp.* et al, Court File No. CV-19-00632079-CL (https://pwc.com/ca/en/car/wayland/assets/wayland-094_042120)

The transaction is the culmination of a stalking horse sales process approved by the court. The motion is unopposed. The Monitor recommends and supports the transaction in its Fourth Report. In particular, the Monitor states that the proposed transaction is economically superior to the estimated liquidation value of the Beleave Group’s assets and operations, will allow the Purchaser to maintain operations and use of the Cannabis licenses and will provide for continued employment for a majority of the existing employees. In my view, the transaction satisfies both s. 36(3) of the CCAA and the *Soundair* test and should be approved.

The proposed order contains a release of all claims (except pursuant to s. 5.1(2)) of the CCAA) of the Applicants’ current directors, officers, employees, legal counsel and advisors and of the Monitor and its legal counsel. I note that the release applies only to the current directors and officers, not the former ones who are the subject of litigation in British Columbia. I am satisfied that the releases are reasonably connected to the proposed restructuring and are necessary for the successful restructuring of the Applicants. The release has been specifically disclosed in the motion materials and there has been no objection to same.

There is an additional release as between the Applicants and the “117 Parties” that has been included on consent now that the dispute between them has been resolved.

The proposed order further extends the existing stay to November 30, 2020, which is acceptable.

Finally, counsel for the plaintiffs in the BC action advised that the parties are working on and are close to a resolution in that litigation. I have scheduled a motion for **October 1, 2020 before me – 30 minutes starting at 1 p.m. (confirmed with the CL office)** to address the status of that litigation and make whatever orders are appropriate at that time.

I have signed the AVO and attached it to this email. The order is effective from today’s date and is enforceable without the need for entry and filing.

A handwritten signature in blue ink, appearing to read "Conway J.", is written over a faint, larger blue signature that is partially visible in the background.

Superior Court of Justice (Toronto)