

**Certificate of Arrangement**

**Certificat d'arrangement**

**Canada Business Corporations Act**

**Loi canadienne sur les sociétés par actions**

Village Farms Canada Inc.

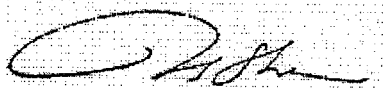
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\_\_\_\_\_  
Name of CBCA corporation(s) involved -  
Dénomination(s) de la (des) société(s)  
L C S A. concernée(s)

\_\_\_\_\_  
Corporation number - Numéro de la société

I hereby certify that the arrangement set out in the attached articles of arrangement, involving the above-referenced corporation(s), has been effected under section 192 of the *Canada Business Corporations Act*.

Je certifie que l'arrangement mentionné dans les clauses d'arrangement annexées, concernant la (les) société(s) susmentionnée(s), a pris effet en vertu de l'article 192 de la *Loi canadienne sur les sociétés par actions*.



\_\_\_\_\_  
Richard G Shaw  
Director - Directeur

**December 30, 2009 / le 30 décembre 2009**

Date of Arrangement - Date de l'arrangement



Industry Canada Industrie Canada  
Canada Business Corporations Act Loi canadienne sur les sociétés par actions

FORM 14.1  
ARTICLES OF ARRANGEMENT  
(SECTION 192)

FORMULAIRE 14.1  
CLAUSES D'ARRANGEMENT  
(ARTICLE 192)

1 - Name of the applicant corporation(s) - Dénomination sociale de la(des) requérante(s) <b>VILLAGE FARMS CANADA INC.</b>	2 - Corporation No.(s) - N°(s) de la(des) société(s) <b>4212347</b>
3 - Name of the corporation(s) the articles of which are amended, if applicable Dénomination sociale de la(des) société(s) dont les statuts sont modifiés, le cas échéant <b>VILLAGE FARMS CANADA INC.</b>	4 - Corporation No.(s) - N°(s) de la(des) société(s) <b>4212347</b>
5 - Name of the corporation(s) created by amalgamation, if applicable Dénomination sociale de la(des) société(s) issue(s) de la(des) fusion(s), le cas échéant <b>Not applicable</b>	6 - Corporation No.(s) - N°(s) de la(des) société(s)
7 - Name of the dissolved corporation(s), if applicable Dénomination sociale de la(des) société(s) dissoute(s), le cas échéant <b>Not applicable</b>	8 - Corporation No.(s) - N°(s) de la(des) société(s)
9 - Name of other corporations involved, if applicable Dénomination sociale des autres sociétés en cause, le cas échéant <b>The annexed Schedule A is incorporated in this form</b>	10 - Corporation No.(s) or Jurisdiction of Incorporation N°(s) de la(des) société(s) ou loi sous le régime de laquelle elle est constituée <b>The annexed Schedule A is incorporated in this form</b>

- 11 - In accordance with the order approving the arrangement - Conformément aux termes de l'ordonnance approuvant l'arrangement
- a.  The articles of the above named corporation(s) are amended in accordance with the attached plan of arrangement  
Les statuts de la(des) société(s) susmentionnée(s) sont modifiés en conformité avec le plan d'arrangement ci-joint
- Village Farms Canada Inc.** is changed to **Village Farms International, Inc.**  
 The name of \_\_\_\_\_ is changed to \_\_\_\_\_  
 La dénomination sociale de \_\_\_\_\_ est modifiée pour \_\_\_\_\_
- b.  The following bodies corporate are amalgamated in accordance with the attached plan of arrangement  
Les personnes morales suivantes sont fusionnées conformément au plan d'arrangement ci-joint
- c.  The above named corporation(s) is/are liquidated and dissolved in accordance with the attached plan of arrangement  
La(des) société(s) susmentionnée(s) est/est(s) liquidée(s) et dissoute(s) conformément au plan d'arrangement ci-joint
- d.  The plan of arrangement attached hereto, involving the above named body(ies), corporate is hereby effected  
Le plan d'arrangement ci-joint portant sur la(des) personne(s) morale(s) susmentionnée(s) prend effet

The annexed Schedule B, which sets out information relating to amendments to the articles, is incorporated in this form.

Signature <i>Stephen C. Ruffini</i>	Printed Name - Nom en lettres imprimées <b>Stephen C. Ruffini</b>	12 - Capacity of - En qualité de <b>Senior V-P &amp; CFO</b>	13 - Tel. No. - N° de tél. <b>(732) 676-3008</b>
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DEC 30 2009



**SCHEDULE A**

9. Name of other corporations involved, if applicable

<u>Name</u>	<u>Corporation No.</u>
Village Farms Income Fund	N/A
Village Farms Operating Trust	N/A
Village Farms Canada GP Inc.	4370830
Village Farms Canada Limited Partnership	N/A
VF Operations Canada Inc.	4370805
VF U.S. Holdings Inc.	Delaware

## **SCHEDULE B**

The articles of Village Farms Canada Inc. are amended as follows, all in accordance with the plan of arrangement attached herto:

1. to change the name of Village Farms Canada Inc. to Village Farms International, Inc.
2. to delete the rights, privileges, restrictions and conditions attached to the Class C Shares and to provide that Village Farms Canada Inc. shall no longer be authorized to issue such shares.
3. to create a new class of shares, unlimited in number, to be designated as Special Shares and to have attached thereto the rights, privileges, restrictions and conditions set forth in the attached pages 1A to 1C.
4. to create a new class of shares, unlimited in number and issuable in series, to be designated as Preferred Shares and to have attached thereto the rights, privileges, restrictions and conditions set forth in the attached pages 1D to 1F.
5. to delete the rights, privileges, restrictions and conditions attached to the Common Shares and to replace them with those set forth in the attached page 1G.
6. to delete article 4 of the articles of incorporation of Village Farms Canada Inc. and replace it with the term "N/A".
7. to delete paragraph 1 of article 7 of the articles of incorporation of Village Farms Canada Inc.
8. to change the number of directors to a minimum of 3 and a maximum of 10.

**RIGHTS, PRIVILEGES, RESTRICTIONS AND CONDITIONS****ATTACHING TO SPECIAL SHARES**

The Corporation is authorized to issue an unlimited number of Special Shares, which shall have attached thereto the following rights, privileges, restrictions and conditions.

**1. VOTING**

1.1 The holders of the Special Shares shall be entitled to one vote for each Special Share held at all meetings of shareholders of the Corporation, other than meetings at which only the holders of another class of shares are entitled to vote separately as a class; provided that in no event shall the votes attached to the Special Shares exceed 45% of the votes otherwise attached to the Common Shares and the Special Shares then outstanding. Subject to applicable law, with respect to all meetings of the shareholders of the Corporation and with respect to any written consents sought by the Corporation from the shareholders of the Corporation, all shareholders of the Corporation entitled to vote, shall vote together as a single class.

1.2 The holders of the Special Shares shall not be entitled to vote separately as a class, and shall not be entitled to dissent, upon a proposal to amend the articles of the Corporation to:

1.2.1 Increase any maximum number of authorized shares of a class or series of a class having rights or privileges equal or superior to the Special Shares; or

1.2.2 Create a new class or series of a class of shares equal or superior to the Special Shares.

**2. DIVIDENDS**

2.1 The holders of the Special Shares shall not be entitled to receive any dividends.

**3. REDEMPTION**

3.1 The Corporation may, from time to time, upon giving notice as hereinafter provided, redeem the Special Shares where the holders of shares of participating preferred stock of VF U.S. Holdings Inc. ("Participating Preferred Shares") have given notice that they wish to exchange some or all of their Participating Preferred Shares pursuant to the amended and restated securityholders' agreement dated December 31, 2009 among the Corporation, VF Operations Canada Inc. and the VF Owners (as defined therein) (the "Securityholders' Agreement"). The number of Special Shares that the Corporation redeems at that time will be equal to the number of Common Shares issued upon the exchange of the

applicable Participating Preferred Shares. The Special Shares will be redeemed at a price per share equal to \$0.000001 (the "Redemption Amount").

### 3.2 Redemption Notice

In order to effect the redemption referred to in section 3.1, the Corporation shall send to the holder of the Special Shares to be redeemed a notice in writing of the intention of the Corporation to redeem the Special Shares (the "Redemption Notice"), which shall be sent together with the Exchange Consideration (as defined in the Securityholders' Agreement) pursuant to the procedure set out in the Securityholders' Agreement. Accidental failure or omission to give the Redemption Notice to one or more holders shall not affect the validity of any redemption, but if such failure or omission is discovered, a Redemption Notice shall be given forthwith to such holder or holders and shall have the same force and effect as if given in due time. The Redemption Notice shall set out (i) the aggregate number of redeemed Special Shares, as applicable; (ii) the number of redeemed Special Shares, as applicable, held by the person to whom it is addressed; (iii) the Redemption Amount and the manner in which it was calculated; and (iv) the place or places in Canada at which holders of Special Shares may present and surrender the certificate or certificates representing the Special Shares for redemption.

### 3.3 Method of Redemption

The redemption and cancellation of the redeemed shares will be effective upon the delivery of the Redemption Notice in accordance with Section 3.2 (the "Effective Time"). On and after the Effective Time, the Corporation shall pay or cause to be paid to or to the order of the holders of the redeemed shares the Redemption Amount of such shares on presentation and surrender, at the registered office of the Corporation or any other place or places in Canada specified in the Redemption Notice, of the certificate or certificates representing the redeemed shares. Payment in respect of the redeemed shares shall be made by cheque payable to the respective holders thereof in lawful money of Canada at any branch in Canada of the Corporation's bankers.

From and after the Effective Time, the holders of the redeemed shares shall cease to be entitled to exercise any of their other rights as shareholders in respect thereof.

## 4. LIQUIDATION, DISSOLUTION OR WINDING-UP

4.1 In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or in the event of any other distribution of assets of the Corporation among its

shareholders for the purpose of winding up its affairs, the holders of the Special Shares shall not be entitled to share in any distribution of the property or assets of the Corporation.

**5. SUBDIVISION OR CONSOLIDATION**

5.1 None of the Special Shares will be subdivided, consolidated, reclassified or otherwise changed unless contemporaneously therewith the Common Shares are subdivided, consolidated, reclassified or otherwise changed in the same proportion or the same manner.

**6. MODIFICATION**

6.1 The provisions attached to the Special Shares will not be added to, changed or removed unless the addition, removal or change is first approved by the separate affirmative vote of two-thirds of the votes cast at meetings of the holders of the shares of such class.

## **RIGHTS, PRIVILEGES, RESTRICTIONS AND CONDITIONS**

### **ATTACHING TO PREFERRED SHARES**

The Corporation is authorized to issue an unlimited number of Preferred Shares, which shall have attached thereto the following rights, privileges, restrictions and conditions.

#### **1. DIRECTORS' RIGHT TO ISSUE IN ONE OR MORE SERIES**

1.1 The Preferred Shares may be issued at any time or from time to time in one or more series. Before any shares of a series are issued, the board of directors of the Corporation shall fix the number of shares that will form such series and shall, subject to the limitations set out in the Articles, determine the designation, rights, privileges, restrictions and conditions to be attached to the Preferred Shares of such series, the whole subject to the filing with the Director (as defined in the *Canada Business Corporations Act* (the "Act")) of Articles of Amendment containing a description of such series including the rights, privileges, restrictions and conditions determined by the board of directors of the Corporation.

#### **2. RANKING OF THE PREFERRED SHARES**

2.1 The Preferred Shares of each series shall rank on a parity with the Preferred Shares of every other series with respect to dividends and return of capital in the event of the liquidation, dissolution or winding-up of the Corporation, and shall be entitled to a preference over the Common Shares of the Corporation and over any other shares ranking junior to the Preferred Shares with respect to priority in payment of dividends and in the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs. If any cumulative dividends, whether or not declared, or declared non-cumulative dividends or amounts payable on a return of capital in the event of the liquidation, dissolution or winding-up of the Corporation are not paid in full in respect of any series of the Preferred Shares, the Preferred Shares of all series shall participate rateably in respect of such dividends in accordance with the sums that would be payable on such shares if all such dividends were declared and paid in full, and in respect of such return of capital in accordance with the sums that would be payable on such return of capital if all sums so payable were paid in full; provided, however, that if there are insufficient assets to satisfy in full all such claims as aforesaid, the claims of the holders of the Preferred Shares with respect to return of capital shall be paid and satisfied first and any assets remaining thereafter shall be applied towards the payment and satisfaction of claims in respect of dividends. The Preferred Shares of any series may also be given such other preference not inconsistent with the rights, privileges, restrictions and conditions attached to the Preferred



Shares as a class over the Common Shares of the Corporation and over any other shares ranking junior to the Preferred Shares as may be determined in the case of such series of Preferred Shares.

### **3. VOTING RIGHTS**

3.1 Except as hereinafter referred to or as required by law or unless provision is made in the Articles relating to any series of Preferred Shares that such series is entitled to vote, the holders of the Preferred Shares as a class shall not be entitled as such to receive notice of, to attend or to vote at any meeting of the shareholders of the Corporation. Except as hereinafter provided or as required by law or as provided in the Articles relating to any series of Preferred Shares, the holders of the Preferred Shares shall not be entitled as such to receive notice of, to attend or to vote at any meeting of the shareholders of the Corporation until such time as dividends on any Preferred Shares in an aggregate amount equal to the dividends payable thereon over a two year period have not been paid, whether or not such dividends in arrears are consecutive, whether or not such dividends have been declared and whether or not there are or were any moneys of the Corporation properly applicable to the payment of dividends, and thereafter and so long as any dividends on any of the Preferred Shares remain in arrears, the holders of the Preferred Shares shall be entitled to receive notice of and to attend all meetings of shareholders of the Corporation at which directors are to be elected, other than separate meetings of the holders of another class or series of shares, and to elect, voting separately as a class, two directors of the Corporation. Nothing contained in these provisions shall be deemed or construed to limit the ability of the Corporation from time to time to increase or decrease the number of its directors. Notwithstanding the foregoing, the holders of the Preferred Shares shall be entitled to notice of meetings of shareholders called for the purpose of authorizing the dissolution of the Corporation or the sale, lease or exchange of all or substantially all the property of the Corporation other than in the ordinary course of the business of the Corporation.

### **4. AMENDMENT WITH APPROVAL OF HOLDERS OF THE PREFERRED SHARES**

4.1 The rights, privileges, restrictions and conditions attached to the Preferred Shares as a class may be added to, changed or removed but only with the approval of the holders of the Preferred Shares given as hereinafter specified.

### **5. APPROVAL OF HOLDERS OF THE PREFERRED SHARES**

5.1 The approval of the holders of the Preferred Shares to add to, change or remove any right, privilege, restriction or condition attaching to the Preferred Shares as a class or in respect of any other matter requiring the consent of the holders of the Preferred Shares may be given in such manner as may then be required by law, subject to a minimum requirement that such approval be given by resolution

signed by all the holders of the Preferred Shares or passed by the affirmative vote of at least  $\frac{2}{3}$  of the votes cast at a meeting of the holders of the Preferred Shares duly called for that purpose.

5.2 The formalities to be observed with respect to the giving of notice of any such meeting or any adjourned meeting, the quorum required therefor and the conduct thereof shall be those from time to time prescribed by the by-laws of the Corporation with respect to meetings of shareholders, or if not so prescribed, as required by the Act as in force at the time of the meeting. On every poll taken at every meeting of the holders of the Preferred Shares as a class, or at any joint meeting of the holders of two or more series of Preferred Shares, each holder of Preferred Shares entitled to vote thereat shall have one vote in respect of each \$1.00 of the issue price of each Preferred Share held.

**RIGHTS, PRIVILEGES, RESTRICTIONS AND CONDITIONS**  
**ATTACHING TO COMMON SHARES**

The Corporation is authorized to issue an unlimited number of Common Shares, which shall have attached thereto the following rights, privileges, restrictions and conditions.

**1. VOTING**

1.1 The holders of the Common Shares shall be entitled to one vote for each Common Share held at all meetings of shareholders of the Corporation, other than meetings at which only the holders of another class of shares are entitled to vote separately as a class. Subject to applicable law, with respect to all meetings of the shareholders of the Corporation and with respect to any written consents sought by the Corporation from the shareholders of the Corporation, all shareholders of the Corporation entitled to vote, shall vote together as a single class.

**2. DIVIDENDS**

2.1 After payment to the holders of the Preferred Shares of the amount or amounts to which they may be entitled, the holders of the Common Shares shall be entitled to receive any dividend declared by the board of directors of the Corporation.

**3. LIQUIDATION, DISSOLUTION OR WINDING-UP**

3.1 In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or in the event of any other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs, after payment to the holders of the Preferred Shares of the amount or amounts to which they may be entitled, the holders of the Common Shares shall be entitled to share *pro rata* in any distribution of the property or assets of the Corporation.

**4. SUBDIVISION OR CONSOLIDATION**

4.1 None of the Common Shares will be subdivided, consolidated, reclassified or otherwise changed unless contemporaneously therewith the Special Shares are subdivided, consolidated, reclassified or otherwise changed in the same proportion or the same manner.

EXHIBIT A

PLAN OF ARRANGEMENT  
UNDER SECTION 192 OF THE  
*CANADA BUSINESS CORPORATIONS ACT*

ARTICLE 1  
INTERPRETATION

1.1 In this Plan of Arrangement, the following terms have the following meanings:

- (a) "Arrangement", "herein", "hereof", "hereto", "hereunder" and similar expressions mean and refer to the arrangement pursuant to Section 192 of the CBCA set forth in this Plan of Arrangement as supplemented, modified or amended, and not to any particular article, section or other portion hereof;
- (b) "Arrangement Agreement" means the agreement dated as of November 2, 2009, among the Fund, VFOT, VF Canada GP, VF Canada LP, VF Opco, U.S. Holdings and ParentCo with respect to the Arrangement and all amendments thereto;
- (c) "Articles of Arrangement" means the articles in respect of the Arrangement required under subsection 192(6) of the CBCA to be filed with the Director after the Final Order has been granted;
- (d) "Attorney" means the attorney of the Fund, currently VF Canada GP;
- (e) "Book Entry System" has the meaning ascribed to it under Section 4.2;
- (f) "Business Day" means a day, other than a Saturday, Sunday or statutory holiday, when banks are generally open for business in the City of Toronto, in the Province of Ontario, for the transaction of banking business;
- (g) "CBCA" means the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended, including the regulations promulgated thereunder;
- (h) "CDS" means CDS Clearing and Depository Services Inc.;
- (i) "CDS Participant" has the meaning ascribed to it under Section 4.2;
- (j) "Certificate" means the certificate which may be issued by the Director pursuant to subsection 192(7) of the CBCA;
- (k) "Class A Unit" means the Class A unit of the Fund;
- (l) "Conversion Resolution" means the special resolution of the Voting Unitholders approving the Arrangement;
- (m) "Court" means the Ontario Superior Court of Justice;
- (n) "Director" means the Director appointed under Section 260 of the CBCA;
- (o) "Effective Date" means the date the Arrangement is effective under the CBCA;
- (p) "Effective Time" means the time at which the Articles of Arrangement and Plan of Arrangement are filed with the Director on the Effective Date;

- (q) "Final Order" means the final order of the Court approving this Arrangement pursuant to subsection 192(4) of the CBCA, as such order may be affirmed, amended or modified by any court of competent jurisdiction;
- (r) "Fund" means Village Farms Income Fund;
- (s) "Information Circular" means the management information circular of the Fund dated on or about November 10, 2009, together with all appendices thereto, and forwarded as part of the proxy solicitation materials to Voting Unitholders in respect of the Meeting;
- (t) "Interim Order" means the interim order of the Court under subsection 192(4) of the CBCA containing declarations and directions with respect to this Arrangement, as such order may be affirmed, amended or modified by any court of competent jurisdiction;
- (u) "Letter of Transmittal" means the letter of transmittal sent by the Fund to CDS & Co., as the sole registered holder of Units;
- (v) "Meeting" means the special meeting of Voting Unitholders scheduled to be held on December 9, 2009 to consider the Arrangement and related matters, and any adjournment thereof;
- (w) "Non-Resident" means: (i) a Person who for the purposes of the Tax Act is neither a resident nor deemed to be resident in Canada (including as a consequence of an applicable income tax treaty or convention); or (ii) a partnership that is not a Canadian partnership for the purposes of the Tax Act;
- (x) "ParentCo" means Village Farms Canada Inc., a corporation incorporated under the CBCA and, prior to the completion of the Arrangement, a wholly owned subsidiary of the Fund;
- (y) "Participating Preferred Shares" means the participating preferred shares of U.S. Holdings;
- (z) "Second Amended and Restated Declaration of Trust" means the declaration of trust dated November 10, 2003, as amended and restated on December 19, 2003 and as further amended and restated on October 18, 2006, pursuant to which the Fund was created, as the same may be amended or restated from time to time;
- (aa) "Shares" means the common shares in the capital of ParentCo;
- (bb) "Special Shares" means the special voting shares in the capital of ParentCo;
- (cc) "Subsidiary" means, with respect to any Person, a subsidiary (as that term is defined in the CBCA) for such purposes, if such person is not a corporation, as if such person were a corporation of such Person and includes any limited partnership, joint venture, trust, limited liability company, unlimited liability company or other entity, whether or not having legal status, that would constitute a subsidiary (as described above) if such entity were a corporation;
- (dd) "Tax Act" means the *Income Tax Act*, R.S.C. 1985, c. 1. (5th Supp), as amended, including the regulations promulgated thereunder;
- (ee) "Trust Units" means, collectively, the Units and the Class A Unit;
- (ff) "Units" means the ordinary trust units of the Fund;
- (gg) "U.S. Holdings" means VF U.S. Holdings Inc.;
- (hh) "VF Canada GP" means Village Farms Canada GP Inc.;

- (ii) "VF Canada LP" means Village Farms Canada Limited Partnership;
- (jj) "VF Opco" means Village Farms Operations Canada Inc.;
- (kk) "VFOT" means Village Farms Operating Trust; and
- (ll) "Voting Unitholders" means the holders of the Trust Units.

1.2 The division of this Plan of Arrangement into articles and sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement.

1.3 Unless reference is specifically made to some other document or instrument, all references herein to articles and sections are to articles and sections of this Plan of Arrangement.

1.4 Unless the context otherwise requires, words importing the singular number shall include the plural and vice versa; words importing any gender shall include all genders; and words importing persons shall include individuals, partnerships, associations, corporations, funds, unincorporated organizations, governments, regulatory authorities, and other entities.

1.5 In the event that the date on which any action is required to be taken hereunder by any of the parties is not a Business Day in the place where the action is required to be taken, such action shall be required to be taken on the next succeeding day which is a Business Day in such place.

1.6 References in this Plan of Arrangement to any statute or sections thereof shall include such statute as amended or substituted and any regulations promulgated thereunder from time to time in effect.

## ARTICLE 2 ARRANGEMENT AGREEMENT

2.1 This Plan of Arrangement is made pursuant to, and is subject to the provisions of, and forms part of, the Arrangement Agreement.

2.1 This Plan of Arrangement, upon the filing of the Articles of Arrangement and the issue of the Certificate, if any, shall become effective on, and be binding on and after, the Effective Time on: (i) Voting Unitholders; (ii) the Fund; (iii) VFOT; (iv) VF Canada GP; (v) VF Canada LP; (vi) VF Opco; (vii) U.S. Holdings; and (viii) ParentCo.

2.3 The Articles of Arrangement and Certificate shall be filed and issued, respectively, with respect to this Arrangement in its entirety. The Certificate shall be conclusive evidence that the Arrangement has become effective and that each of the provisions of Article 3 has become effective in the sequence and at the times set out therein. If no Certificate is required to be issued by the Director pursuant to section 192 of the CBCA, the Arrangement shall become effective on the date the Articles of Arrangement are filed with the Director pursuant to subsection 192(6) of the CBCA.

2.4 Other than as expressly provided for herein, no portion of this Plan of Arrangement shall take effect with respect to any party or Person until the Effective Time. Furthermore, each of the events listed in Article 3 shall be, without affecting the timing set out in Article 3, mutually conditional, such that no event described in said Article 3 may occur without all steps occurring, and those events shall effect the integrated transaction which constitutes the Arrangement.

## ARTICLE 3 ARRANGEMENT

3.1 Commencing at the Effective Time, each of the events set out below shall occur and shall be deemed to occur in the following order without any further act or formality except as otherwise provided herein:

**Amendment of ParentCo's Articles of Incorporation**

- (a) ParentCo shall amend its constating documents to the extent necessary to facilitate the Arrangement and, in connection therewith, will change its name to Village Farms International, Inc.;

**Redemption of the Class A Unit**

- (b) the Class A Unit held by U.S. Holdings shall be redeemed by the Fund for \$10 in cash;

**Subscription for Special Shares**

- (c) U.S. Holdings shall subscribe for 25,267,000 Special Shares (representing the number of Units for which the issued and outstanding Participating Preferred Shares are exchangeable at the date of this Agreement, subject to any changes as a result of exchanges prior to the Effective Date) for \$10 in cash;

**Exchange of Units for Shares**

- (d) the Units held by the Unitholders shall be transferred to ParentCo in consideration for Shares on the basis of one Share for each Unit so transferred;

**Cancellation of the Common Shares of ParentCo**

- (e) the issued and outstanding Shares of ParentCo held by the Fund shall be purchased for cancellation by ParentCo for nominal consideration, and shall be cancelled;

**Dissolution of VFOT**

- (f) VFOT will be dissolved in accordance with the VFOT Declaration of Trust and its assets and liabilities shall be distributed to, or assumed by, the Fund;

**Dissolution of the Fund**

- (g) the Fund will be dissolved in accordance with the Second Amended and Restated Declaration of Trust and its assets and liabilities shall be distributed to, or assumed by, ParentCo;

**Reduction of Stated Capital**

- (h) there shall have been added to the stated capital account maintained for the Shares an amount determined by the directors in accordance with Section 25 of the CBCA in respect of the Shares issued in consideration for Units, and ParentCo shall be authorized to reduce its stated capital in an amount determined by the directors, in accordance with Section 38(1) of the CBCA.

3.2 Upon the exchange at the Effective Time of Units for Shares pursuant to Section 3.1:

- (i) each former holder of Units shall cease to be the holder of the Units so exchanged and the name of each such holder shall be removed from the register of holders of Units;
- (ii) each such holder of Units shall become the holder of the Shares exchanged for the Units by such holder and shall be added to the register of holders of Shares in respect thereof;
- (iii) ParentCo shall become the holder of the Units so exchanged and shall be added to the register of holders of Units in respect thereof; and
- (iv) ParentCo shall issue 25,267,000 Special Shares in connection with the subscription by U.S. Holdings, and such Special Shares shall be added to the register of holders.

#### ARTICLE 4 OUTSTANDING CERTIFICATES

- 4.1 Any certificates formerly representing Units that are not deposited, together with a duly completed Letter of Transmittal (where applicable) and any other documents as may reasonably be required shall, from and after the Effective Date, represent only the right to receive Shares in respect thereof. If certificates formerly representing Units have not been so deposited on or before the sixth anniversary of the Effective Date, such certificates shall cease to represent a right or claim of any kind or nature and the right of the holder of the Units previously represented thereby to receive Shares shall be deemed to be surrendered to ParentCo, together with all interest or distributions thereon held for such holder.
- 4.2 Registration of interests in and transfers of the Shares will be made through a book-based system (the "Book Entry System") administered by CDS. On or about the Effective Date, ParentCo will deliver to CDS one or more certificates evidencing the aggregate number of Shares issued in connection with the Arrangement.
- 4.3 Shares may be purchased, transferred or surrendered for redemption through a participant in the CDS depository service (a "CDS Participant"). All rights of holders of Shares may be exercised through, and all payments or other property to which such holder is entitled, may be made or delivered by CDS or the CDS Participant through which the holder holds such Shares. Upon purchase of such Shares, the holders will receive only a customer confirmation from the registered dealer which is a CDS Participant and from or through which the Shares are purchased.
- 4.4 ParentCo may issue certificates representing Shares to one or more shareholders, where such issuances is warranted in the opinion of ParentCo. ParentCo also has the option to terminate registration of the Shares through the Book Entry System, in which case certificates for the Shares in fully registered form would be issued to beneficial owners of such Shares or their nominees.
- 4.5 If any certificate which immediately prior to the Effective Time represented an interest in outstanding Units that were transferred pursuant to subsections 4.1 hereof has been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming such certificate to have been lost, stolen or destroyed, the registered holder thereof in the Unit Register shall, as a condition precedent to the receipt of any Shares to be issued to such person, provide to ParentCo a bond, in form and substance satisfactory to ParentCo, or otherwise indemnify ParentCo to its satisfaction, in its sole and absolute discretion, against any claim that may be made against them with respect to the certificate alleged to have been lost, stolen or destroyed.

#### ARTICLE 5 AMENDMENTS

- 5.1 The Fund, VFOI, VF Canada GP, VF Canada LP, VF Opco, U.S. Holdings and ParentCo may amend this Plan of Arrangement at any time and from time to time prior to the Effective Time, provided that each such amendment must be: (i) set out in writing; (ii) approved by the other parties; and (iii) filed with the Court.
- 5.2 Any amendment, modification or supplement to this Plan of Arrangement may be made prior to the Effective Date by the Fund, VFOT, VF Canada GP, VF Canada LP, VF Opco, U.S. Holdings and ParentCo (or, if following the Arrangement, ParentCo) without the approval of the Court or the Voting Unitholders, provided that it concerns a matter which, in the reasonable opinion of the Fund, VFOT, VF Canada GP, VF Canada LP, VF Opco, U.S. Holdings and ParentCo (or, if following the Arrangement, ParentCo), is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement or is not adverse to the financial or economic interests of any former holder of Trust Units.
- 5.3 Subject to Section 6.2, any amendment to this Plan of Arrangement may be proposed by the Fund, VFOI, VF Canada GP, VF Canada LP, VF Opco, U.S. Holdings and ParentCo at any time prior to or at the Meeting (provided that the other parties shall have consented thereto) with or without any other prior notice or communication to Voting Unitholders, and if so proposed and accepted by the persons voting at the Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes



5.4 Subject to Section 6.2, the Fund, VFOT, VF Canada GP, VF Canada LP, VF Opco, U.S. Holdings and ParentCo may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time after the Meeting and prior to the Effective Time with the approval of the Court and, if and as required by the Court, after communication to Voting Unitholders.

**ARTICLE 6  
GENERAL**

6.1 Notwithstanding that the transactions and events set out herein shall occur and be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of the parties to the Arrangement Agreement shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them in order to further document or evidence any of the transactions or events set out herein.

6.2 If, prior to the Effective Date, any term or provision of this Plan of Arrangement is held by the Court to be invalid, void or unenforceable, the Court, at the request of any parties, shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of this Plan of Arrangement shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such holding, alteration or interpretation.

This Plan of Arrangement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Any questions as to the interpretation or application of this Plan of Arrangement and all proceedings taken in connection with this Plan of Arrangement and its provisions shall be subject to the exclusive jurisdiction of the Court.