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COURT

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

DOCUMENT

AMENDED AMENDED PLAN OF COMPROMISE AND
ARRANGEMENT OF LUTHERAN CHURCH-CANADA, THE
ALBERTA-BRITISH COLUMBIA DISTRICT

IN THE MATTER OF THE *COMPANIES' CREDITORS*
ARRANGEMENT ACT, R.S.C. 1985 c. C-36 AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF LUTHERAN CHURCH – CANADA, THE
ALBERTA – BRITISH COLUMBIA DISTRICT, ENCHARIS
COMMUNITY HOUSING AND SERVICES, ENCHARIS
MANAGEMENT AND SUPPORT SERVICES, AND ,
LUTHERAN CHURCH – CANADA, THE ALBERTA –
BRITISH COLUMBIA DISTRICT INVESTMENTS LTD.

DATED March 44 21, 2016

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT

Bishop & McKenzie LLP
1700-530-8th Avenue SW
Calgary, Alberta T2P 3S8

403-237-5550 (phone)
403-263-3423 (fax)

Attention: Francis N. J. Taman/Ksena J. Court
File No.: 103007-003

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WHEREAS:

- I. Lutheran Church – Canada, the Alberta British Columbia District (defined herein as the “District”), Encharis Community Housing and Services (defined herein as “ECHS”), Encharis Management and Support Services (defined herein as “EMSS”) and Lutheran Church – Canada, the Alberta – British Columbia District Investments Ltd. (defined herein as “District Investments” or “DIL”, collectively, the “Applicants” or the “District Group”) are debtor companies under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (defined herein as the “CCAA”) pursuant to the Initial Order (defined herein as the “Initial Order”) granted by the Honourable Justice K. D. Yamauchi of the Court of Queen’s Bench of Alberta (the “Court”) on January 23, 2015 (defined herein as the “Filing Date”).
- II. Pursuant to the Initial Order, Deloitte Restructuring Inc. was appointed as Monitor (defined herein as the “Monitor”) of the Applicants.
- III. Pursuant to an Order granted on February 20, 2015, the Court approved a process to select creditors’ committees for each of the District and District Investments (respectively defined herein as the “District Committee” and the “DIL Committee”). The District Committee was fully formed on April 22, 2015. The DIL Committee was fully formed on April 20, 2015. Pursuant to an Order granted on March 27, 2015, Kluane Financial Services Inc. was appointed as the Chief Restructuring Officer (defined herein as the “CRO”) of the Applicants.
- IV. Under the supervision of the Monitor and the Court, and in consultation with the District Committee and the CRO, the Applicants have formulated a plan of arrangement (defined herein as the “Plan”) for Affected Creditors (as defined below) of the District.

ARTICLE 1
DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Plan, unless otherwise stated or unless subject matter or context otherwise requires, the following terms are defined as follows:

A

"Administration Charge" means the charge granted pursuant to the Initial Order, and subsequently amended in the Order granted on June 26, 2015, in favour of the Monitor, counsel to the Monitor, the Applicants' Counsel and legal counsel for the District Committee and the DIL Committee as security for the professional fees and disbursements incurred both before and after the granting of the Initial Order, which charge shall not exceed an aggregate amount of \$300,000.

"Affected Claims" means the Claim(s) of Affected Creditors.

"Affected Creditors" means the Trade Creditors, and the District Depositors.

"Agreements" means agreements to which the District is a party.

"Applicable Law" means, with respect to any Person, property, transaction, event or other matter, any law, rule, statute, regulation, order, judgment, decree, treaty or other requirement having the force of law relating or applicable to such Person, property, transaction event or other matter. Applicable Law also includes, where appropriate, any interpretation of the law (or any part) by any Person having jurisdiction over it or charged with its administration or interpretation.

"Applicants" means the District, ECHS, EMSS and District Investments.

"Applicants' Counsel" means Bishop & McKenzie LLP, and such other solicitors as Bishop & McKenzie LLP may directly engage to assist in the CCAA Proceedings.

B

"BIA" means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended.

"Business Day" means a day on which banks are generally open for the transaction of commercial business in Calgary, Alberta, but does not in any event include a Saturday, Sunday or a bank holiday under Applicable Law.

C

"**CCAA**" means *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended.

"**CCAA Proceedings**" mean the proceedings commenced by the Applicants under the CCAA in the Court as Action No. 1501-00955.

"**Cash Distribution**" for each Affected Creditor shall be calculated as the Pro-Rata Cash Portion for that Affected Creditor x ((total amount of the Payment Pool + total amount received by the District Depositors pursuant to the Emergency Fund + the total amount of the Payment Pool that has been previously distributed) – (any amount received by that Affected Creditor from the Emergency Fund + any amount received by that Affected Creditor from the Payment Pool that has been previously distributed)).

"**CEF**" means the Church Extension Fund, a fund that was created and administered by the District for the purpose of allowing Persons to loan money to the District and earn interest in support of faith-based developments.

"**Chair**" means the chair of the Creditors' Meeting.

"**Charge**" means a valid and enforceable security interest (including a lease which creates a security interest as contemplated by the *Personal Property Security Act*, R.S.A. 2000, c. P-7, as amended), lien, charge, pledge, encumbrance, mortgage, hypothec, adverse claim, title retention agreement or trust agreement of any nature or kind (but excluding any statutory deemed or implied charge, condition, claim, trust or lien for or with respect to any taxes or levies), on any assets, property or proceeds of sale of the District.

"**Claim(s)**" means any right or claim of any Person that may be asserted or made in whole or in part against the District at the Claims Bar Date, whether or not asserted or made, in connection with any indebtedness, liability or obligation of any kind whatsoever, and any interest accrued thereon or costs payable in respect thereof, including without limitation, by reason of the commission of a tort (intentional or unintentional), by reason of any breach of contract or other agreement (oral or written), by reason of any breach of duty (including, without limitation, any legal, statutory, equitable or fiduciary duty) or by reason of any right of ownership or title to property or assets or right to a trust or deemed trust (statutory, express, implied, resulting, constructive or otherwise), including without limitation any claim based on adverse possession, and whether or not any indebtedness, liability or obligation is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present or future, known or unknown, by guarantee, surety or otherwise, and whether or not any right or claim is executory or anticipatory in nature including, without limitation, any right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action whether existing at present or commenced in the future based in whole or in part on facts or events which existed prior to or at the Filing Date, together with any other rights or claims of any kind that, is a debt provable within the meaning of Section 2 of the BIA.

"Claims Bar Date" means 4:00 p.m. Mountain Time on April 20, 2015, or such later date on which a Proof of Claim may be accepted for filing by the Applicants and the Monitor or the Court prior to the granting of the Sanction Order.

"Claims Process" means the process for determining the Claims of the Affected Creditors as at the Filing Date, as established in the Claims Process Order.

"Claims Process Order" means the Order of the Court, granted on February 20, 2015, as may be subsequently amended, establishing the Claims Process.

"Completion Date" means the date on which all of the actions required to satisfy the obligations under this Plan have been completed and the Monitor delivers to the District a certificate confirming the same.

"Concentra" means Concentra Trust, who acts as the trustee for the DIL Depositors.

"Convenience Payment" means the payment to Affected Creditors, immediately following the Effective Date, of the lesser of the amount of their Proven Claim or the first \$5,000 of their Proven Claim, which amount shall be paid from the District's assets other than Mission Remittances.

"Court" means the Court of Queen's Bench of Alberta.

"Creditors' Meeting(s)" means the meetings of the Eligible Affected Creditors with voting Claims, which meetings shall be scheduled pursuant to the terms of the Meeting Order and shall be conducted for the purpose of considering and voting upon this Plan, and includes any adjournment of such meeting.

"Creditors' Meeting Order" or "Meeting Order" means the Order in the CCAA Proceedings which, among other things, approves the filing of the Plan and establishes the date, time and location of the Creditors' Meetings, prescribing the process by which Eligible Affected Creditors shall be notified of the Creditors' Meetings and the conduct of such Creditors' Meetings.

"Critical Supplier Charge" means a Charge of up to a maximum of \$100,000 to secure the goods, services and professional fees and disbursements incurred before and after the Filing Date for those Persons designated as critical suppliers under the Initial Order or any subsequent Orders.

"CRO" means the Chief Restructuring Officer, Klucane Financial Services Inc.

"Crown Claims" means Claims of Her Majesty in right of Canada or a province, for all amounts that were outstanding at the Effective Date and are of a kind that could be subject to a demand under:

- a. Subsection 224(1.2) of the *Income Tax Act*, R.S.C. 1985, c. 1 (5th Supp), as amended.
- b. Any provision of the *Canada Pension Plan*, R.S.C. 1985, c. C-8, as amended, or of the *Employment Insurance Act*, S.C. 1996, c. 23, as amended, that refers to subsection 224(1.2) of the *Income Tax Act* and provides for the collection of a contribution, as defined in the *Canada Pension Plan*, or an employee's premium, or employer's premium, as defined in the *Employment Insurance Act*, and of any related interest, penalties or other amounts.

- c. Any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the *Income Tax Act*, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum has been withheld or deducted by a Person from a payment to another Person and is:
- i. In respect of a tax similar in nature to the income tax imposed on individuals under the *Income Tax Act*.
 - ii. Of the same nature as a contribution under the *Canada Pension Plan*, if the province is a "province providing a comprehensive pension plan" as defined in subsection 3(1) of the *Canada Pension Plan* and the provincial legislation establishes a "provincial pension plan" as defined in that subsection.

D

"**DIL Committee**" means the creditors' committee established for the DIL Depositors.

"**DIL Depositor(s)**" means those Persons having accounts in the Registered Plans.

"**DIL – ECHS Mortgages**" means two mortgages granted by ECHS to Concentra, on behalf of the DIL Depositors, which are secured against the Prince of Peace Development.

"**Director(s)**" means the past and present directors of the District.

"**Directors' Charge**" means the provision of the Initial Order providing for a Charge up to a maximum of \$5.0 million for the purpose of indemnifying the Directors of the Applicants against obligations and liabilities that they may incur as Directors of the Applicants after the commencement of the CCAA Proceedings except to the extent that, with respect to any Director, the obligation was incurred as a result of the Director's gross negligence or wilful misconduct. For greater certainty but without limiting the generality of the foregoing, the Directors' Charge shall not be used to indemnify any Directors with respect to any D&O Claim.

"**Discounted Value**" means the fair market value of the ~~Prince of Peace Development~~ NewCo Common Shares as determined by the Monitor less 20%.

"**Disputed Claim**" means the Claim of an Affected Creditor that is subject to a Dispute Notice and is not yet a Proven Claim.

"**Disputed Claim Reserve**" means funds held by the District in a designated trust account in an amount sufficient to pay those Affected Creditors whose Claims are still subject to a Dispute Notice which has not yet been settled or fully adjudicated.

"**Dispute Notice**" means a written notice delivered to the Monitor by a District Depositor who intends to dispute the amount of their Claim or a written notice delivered to the Monitor by an Affected Creditor who

has received a Notice of Revision or Disallowance and who intends to dispute such Notice of Revision or Disallowance.

“District” means Lutheran Church – Canada, the Alberta – British Columbia District.

“District Committee” means the creditors’ committee established for the District Depositors.

“District Depositors” mean depositors who have made loans to the District through CEF.

“District – ECHS Mortgage” means the mortgage held by District, which is secured against some of the Prince of Peace Development.

“District Investments” or “DIL” means Lutheran Church – Canada, the Alberta – British Columbia District Investments Ltd.

“D&O Claim” means (i) any right or claim of any Person that may be asserted or made in whole or in part against one or more of the D&O Parties that relates to a Claim which such D&O Party(ies) is by law liable to pay, whether or not asserted or made, in connection with any indebtedness, liability or obligation of any kind whatsoever, and any interest accrued thereon or costs payable in respect thereof, including by reason of the commission of a tort (intentional or unintentional), by reason of any breach of contract or other agreement (oral or written), by reason of any breach of duty (including any legal, statutory, equitable or fiduciary duty and including, for greater certainty, any right to a trust or deemed trust (statutory, express, implied, resulting, constructive or otherwise)), and whether or not any indebtedness, liability or obligation, and any interest accrued thereon or costs payable in respect thereof, is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present or future, known or unknown, by guarantee, surety or otherwise, and whether or not any right or claim is executory or anticipatory in nature, including any right or ability of any Person to advance a claim for contribution or indemnity from any such D&O Party(ies) or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future, which indebtedness, liability or obligation, and any interest accrued thereon or costs payable in respect thereof (A) is based in whole or in part on facts prior to the Filing Date, or (B) relates to a time period prior to the Filing Date.

“D&O Insurance” means that policy of insurance issued by the D&O Insurers, namely policy number NP-428530, as extended from time to time, by Encon Group Inc., and policy number CBC 1928469 04, as extended from time to time, by Northridge Financial Corporation.

“D&O Insured Claim” means all or that portion of any D&O Claim against any D&O Party that is insured by the D&O Insurer(s) pursuant to the D&O Insurance.

“D&O Insurer(s)” means Encon Group Inc. and Northridge Financial Corporation.

"D&O Party(ies)" means current or former Directors, officers, trustees, employees, volunteers of the District, or members of any duly constituted committee of the District, being parties who are insured parties under the D&O Insurance.

E

"ECHS" means Encharis Community Housing Services.

"Effective Date" subject to the satisfaction of the conditions precedent outlined in Article 7.2, means the date the Plan takes effect and shall be the day following the expiry of the appeal period of all sanction orders granted in the CCAA Proceedings or such other date as may be agreed upon in writing between the Monitor and the District.

"Election Letter" means the letter attached hereto as Schedule "B" provided to the Eligible Affected Creditors pursuant to the Meeting Order, whereby they can vote on the Plan.

"Eligible Affected Creditors" means Affected Creditors with Proven Claims, and Affected Creditors with Disputed Claims which have not been settled or adjudicated.

"Emergency Fund" means the fund approved in the Initial Order to allow eligible District Depositors to access sufficient funds to cover their basic necessities.

"EMSS" means Encharis Management and Support Services.

F

"Filing Date" means January 23, 2015, the date on which the Initial Order was granted.

I

"Initial Order" means the Initial Order granted by the Court in the CCAA Proceedings on January 23, 2015.

L

"LCC" means Lutheran Church – Canada.

M

"Mission Remittances" shall mean donations received by the District from congregations, as more fully described in paragraph 63 of the Affidavit of Kurtis Robinson sworn February 13, 2015, together with all other donations received by the District.

"Monitor" means Deloitte Restructuring Inc., in its capacity as proposed CCAA Monitor and as CCAA Monitor.

"Monitor's Legal Counsel" means Gowling Lafleur Henderson LLP.

N

"NewCo" means the new corporation established pursuant to the terms of this Plan, incorporated under the *Alberta Business Corporations' Act*.

"NewCo Common Shares" means the total issued common shares of NewCo.

"NewCo Management" means such management as may be appointed by the directors of NewCo and retained by NewCo to operate NewCo.

"Non-Core Assets" means the loans, mortgages and real properties that are owned by the District, excluding the mortgage held in respect of the Prince of Peace Development, including all proceeds received from the sale of the Non-Core Assets and the Settlements. For greater clarity, the Non-Core Assets shall not include any Mission Remittances.

"Non-Released Person" means any co-obligator or any Person who is not a Released Representative or Partially Released Party and includes any joint obligator or any Person who is jointly or jointly and severally liable with a Released Representative or Partially Released Party.

"Non-Resident Affected Creditor" means an Affected Creditor with a Proven Claim who resides in ~~Quebec~~ or outside of Canada and whose Proven Claim is not fully satisfied by the Convenience Payment.

"Notice of Revision or Disallowance" means the notice referenced in paragraph 19 of the Claims Process Order advising an Affected Creditor that the Monitor disputes the amount of their Claim as set out in a Proof of Claim.

O

"Order" means any order of the Court in the CCAA Proceedings.

P

"Partially Released Parties" means the District, the D&O Party(ies), past and present directors, officers, volunteers and employees of the District, DIL, ECHS, and EMSS, and any past or present independent contractors of the District who are individuals and who were employed three days or more a week on a regular basis.

"Payment Pool" means the pool of funds generated by the sale of the Non-Core Assets.

"Person(s)" is to be broadly interpreted and includes an individual, a corporation, a partnership, a trust, and an unincorporated organization, the government of a country or any political subdivision thereof, or

any agency or department of any such government, and the executors, administrators or other legal representatives of an individual in such capacity.

"Plan(s)" means this plan of arrangement and any other plans of arrangement filed by the District pursuant to the CCAA Proceedings.

"Post-Filing Claim(s)" means any Claim(s) that may be asserted or made in whole or in part against the District in connection with any indebtedness, liability or obligation of any kind which arose in respect of obligations first incurred on or after the Filing Date, other than the Restructuring Claims, and any interest thereon, including any obligations of the District towards Persons, who have supplied or shall supply services, utilities, goods or materials or who have or shall have advanced funds to the District on or after the Filing Date.

"Prince of Peace Development" means the real and personal property that is described in Schedule "A", which includes the church and school facilities known as Prince of Peace Lutheran Church and School and the senior care facilities known as the Manor and the Harbour located in Rocky View County, Alberta, that is owned by ECHS together with the personal property of EMSS, including, without limitation, all contracts and agreements with Alberta Health Services and such contracts with the trade creditors of EMSS and ECHS that NewCo shall elect to assume. For greater clarity, but without limiting the generality of the foregoing, the Prince of Peace Development shall include as of the Effective Date such excess cash held by EMSS and ECHS as the Monitor shall determine is surplus, the working capital, computer hardware, equipment, furniture and fixtures, and a water treatment plant owned by ECHS, and the working capital, furniture and fixtures, computer equipment, medical equipment and a vehicle owned by EMSS..

"Pro-Rata Cash Portion" shall be calculated as (the amount of the Affected Creditor's Proven Claim – the Convenience Payment paid to the Affected Creditor) / (total Proven Claims – total Convenience Payments).

"Pro-Rata Share Portion" shall be calculated as (the amount of the Resident Affected Creditor's Proven Claim – the Convenience Payment paid to the Resident Affected Creditor) / (total Proven Claims of Resident Affected Creditors – total Convenience Payments to Resident Affected Creditors)

"Proportionate Share of Costs" means a District Depositor's proportionate share of the out-of-pocket costs associated with the Representative Action, including any costs that may be incurred by the Representative Counsel, the Monitor or the Monitor's Counsel in relation to the Representative Action together with such additional amount as the Subcommittee, acting reasonably, determines represents a reasonable reserve for the indemnity granted in Article 5.7. For greater clarity, but without otherwise limiting the generality of the foregoing, the proportionate share of the out-of-pocket costs shall be calculated based upon the number of members of the Representative Action Class.

"Proven Claim(s)" means a Claim of an Affected Creditor proven in accordance with the Claims Process Order, which is not the subject of a Dispute Notice or a Notice of Revision or Disallowance, or was the subject of a Dispute Notice or a Notice of Revision or Disallowance, which has been resolved, either before or after the Sanction Order, in accordance with the terms of the Claims Process Order, the Meeting Order and this Plan.

"Proxy" means the form attached hereto as Schedule "C" authorizing a Person to vote on behalf of an Eligible Affected Creditor.

R

"Registered Plans" means those Registered Retirement Savings Plans, Registered Retirement Income Funds and Tax Free Savings Accounts (as those terms are defined in the *Income Tax Act (Canada)*) which were administered by DIL on behalf of Concentra.

"Released Representatives" means the Monitor, the Monitor's Counsel, the Applicants' Counsel, the CRO, legal counsel for the District Committee, and the District Committee members.

"Representative Action" means that legal action or actions undertaken in respect of the Representative Action Claims, which action may be advanced as a class proceeding for the benefit of the Representative Action Class pursuant to the terms of the Plan.

"Representative Action Claim(s)" means any and all potential claims of District Depositors, whether such claims are pursued as part of the Representative Action or not, that seek or could seek, directly or indirectly, to recover the amounts of their Claims not paid under this Plan and are not released by this Plan under Articles 8.1 and 8.3. For greater clarity, such claims or potential claims includes the following claims:

- a. claim(s) related to a contractual right of one or more of the District Depositors entered into personally by a Representative Action Defendant;
- b. claim(s) based on allegations of misrepresentations made by a Representative Action Defendant to District Depositors or of wrongful or oppressive conduct by a Representative Action Defendant;
- c. claim(s) of the District against a Representative Action Defendant, including but not limited to claims for breach of any legal, equitable, contractual or other duty;
- d. claim(s) that are a D&O Claim, including a D&O Insured Claim; and
- e. any claim(s) which one or more of the District Depositors could have pursued in the name of the District, including without limitation, any derivative action (whether statutory or otherwise) or any Claim(s) which could be assigned to a creditor pursuant to s. 38 of the BIA, if such legislation were applicable.

“Representative Action Class” shall mean those District Depositors who are deemed to participate in the Representative Action and who have not opted out of the Representative Action in accordance with the terms of this Plan.

“Representative Action Defendants” means the Partially Released Parties and any other parties against whom Representative Action Claim(s) may be brought, but excludes the Released Representatives except to the extent permitted pursuant to Article 8.2.

“Representative Action Holdback” means an amount withheld from the amounts payable to members of the Representative Action Class pursuant to the Plan to fund the out-of-pocket costs associated with the Representative Action, including any costs that may be incurred by the Monitor or the Monitor’s Counsel in relation to the Representative Action, together with a reasonable reserve to cover the indemnity granted in Article 5.7, the amount of which is to be determined by the Subcommittee once appointed.

“Representative Action Pool” means any pool of funds that is generated by the Representative Action, which will be payable to members of the Representative Action Class and shall be deemed to include any unused portion of the Representative Action Holdback upon the conclusion of the Representative Action.

“Representative Counsel” means legal counsel selected by the Subcommittee to pursue the Representative Action, which shall not be the same lawyer(s) or law firm(s) as the counsel chosen to act for the DIL Depositors in the representative action under the DIL plan of compromise or arrangement.

“Representative Plaintiff(s)” means that District Depositor(s), chosen by the Subcommittee, who agrees to act as representative plaintiff(s) in the Representative Action, provided always that should all or a portion of the causes of action which make up the Representative Action require the District to be a plaintiff in the Representative Action, then the Representative Plaintiff shall be deemed to include the District.

“Required Majority” means an affirmative vote of two-thirds in value and a majority in number of all Proven Claim(s) of Eligible Affected Creditors, who voted in accordance with the voting procedures established under the Meeting Order (whether in person or by Proxy at the Creditors’ Meeting, or by Election Letter).

“Resident Affected Creditor” means an Affected Creditor with a Proven Claim who ~~does not reside in Quebec or outside of~~ in Canada and whose Proven Claim is not fully satisfied by the Convenience Payment.

“Restructuring Claim(s)” means any claims with respect to reasonable fees and disbursements of the CRO, the Monitor, the Monitor’s Counsel, the Applicants’ Counsel and legal counsel for the District Committee.

"Restructuring Holdback" means the amount to be held by the District in an amount sufficient to satisfy the Restructuring Claims.

S

"Sanction Order" means an order or orders of the Court which, among other things, shall approve and sanction this Plan under the CCAA and shall include provisions as may be necessary or appropriate to give effect to this Plan and the plans of compromise and arrangement filed by the other Applicants, including provisions in substance similar to those set out in Article 9.

"Settlements" means the settlement of all matters between the District Committee and the DIL Committee, including but not limited to the priority of District – ECHS Mortgage and the DIL – ECHS Mortgages (as further set out in paragraph 27.3.2 of the First Report of the Monitor dated February 7, 2015), and the enforceability of the Strathmore Mortgage (as further set out in paragraph 24.6.3 of the First Report of the Monitor dated February 17, 2015) as approved by Court Order on January 4, 2016.

"Strathmore Mortgage" means a mortgage held by Concentra on the Strathmore Property.

"Strathmore Property" means a property, of which the District is the registered owner, located in Strathmore, Alberta, which is legally described as Plan 8010862, Block 10, Excepting there out all mines and minerals.

"Subcommittee" means a subcommittee established by the Sanction Order of between three and five individuals who are participating in the Representative Action, may include one or more members of the District Committee, all of whom are elected by the District Committee, which will be established to choose a Representative Counsel and provide direction and instructions to Representative Counsel in the Representative Action, and for greater certainty may include a member of the District Committee appointed pursuant to Article 5.2 of this Plan.

T

"Trade Creditor(s)" means suppliers who have Claim(s) as a result of providing the District with goods and services prior to the Filing Date, and the LCC which has filed a claim for unfunded pension amounts.

U

"Unaffected Creditor(s)" includes Persons with the following Claims:

- a. Crown Claims;
- b. Post- Filing Claims;
- c. Restructuring Claims;
- d. All Claims of current employees, officers and directors for all amounts owing to them in their capacity as such, by statute or otherwise for, or in connection with accrued salary, accrued

wages, accrued bonuses, accrued retention payments, fees and expenses, reimbursement obligations, accrued vacation leave and accrued vacation pay, as applicable, which obligations are prescribed by the *Employment Standards Code*, R.S.A. 2000, c. E-9, and any similar provincial or federal legislation;

- e. Amounts due to Person(s) classified as critical suppliers in the Initial Order or any subsequent Orders;
- f. Claims against Directors excluded from being compromised pursuant to section 5.1(2) of the CCAA;
- g. Claims related to Agreements that have not been disclaimed or resiliated by the District pursuant to this Plan; and
- h. Claims against Representative Action Defendants in the Representative Action.

1.2 Article and Section Reference

The terms “this Plan”, “hereof” and “hereunder”, “herein” and similar expressions refer to this Plan, amendments to this Plan and not to any particular article, section, subsection, paragraph or clause of this Plan and include any instrument supplemental hereto. In this Plan, a reference to an article, section, subsection, clause or paragraph shall, unless otherwise stated, refer to an article, section, subsection, paragraph or clause of this Plan.

1.3 Extended Meanings

In this Plan, where the context so requires, any word importing the singular number shall include the plural and vice-versa; and any word or words importing gender shall include all genders.

1.4 Interpretation Not Affected by Headings

The division of this Plan into articles, sections, subsections, paragraphs and clauses and the insertion of a table of contents and headings are for convenience of reference and shall not affect the construction or interpretation of the Plan.

1.5 Date of any Action

In the event that any date on which any action is required to be taken hereunder by any Person is not a Business Day, such action shall be required to be taken on the next succeeding day that is a Business Day.

1.6 Currency

Unless otherwise stated herein, all references to currency in this Plan are to Canadian currency. For the purposes of voting or distribution(s) pursuant to this Plan, a Claim shall be denominated in Canadian Dollars. Any Claim in a currency other than Canadian Dollars must be converted to Canadian Dollars, and such amount shall be regarded as having been converted at the exchange rate quoted by the Bank of Canada for exchanging such currency to Canadian dollars at noon on the Filing Date.

1.7 Statutory References

Any reference in this Plan to a statute includes all regulations made thereunder, all amendments to such statute or regulations in force from time to time and any statute or regulation that supplements or supersedes such statute or regulation.

1.8 Successors and Assigns

This Plan shall be binding upon and shall enure to the benefit of the heirs, administrators, executors, legal and personal representatives, successors and assigns, as the case may be, of any Person named or referred to in this Plan.

1.9 Governing Law

This Plan shall be governed by, and construed in accordance with the laws of Alberta and the federal laws of Canada applicable therein. All questions as to the interpretation or application of this Plan and all proceedings taken in connection with this Plan and its revisions shall be subject to the exclusive jurisdiction of the Court.

ARTICLE 2 PURPOSE OF THE PLAN

2.1 Purpose

The purpose of this Plan is to affect a compromise and settlement of Affected Claims in order to enable the Applicants to restructure their affairs for the benefit of all stakeholders and to maximize the recovery to the Affected Creditors. The successful implementation of the Applicants' plans will provide a greater benefit to all Persons with an economic interest in the Applicants than would result from the bankruptcy of one or more of the Applicants or the immediate forced liquidation of all of the Applicants' assets, including the Prince of Peace Development. Affected Creditors should review this Plan and the Report of the Monitor before voting to accept or reject the Plan. The transactions contemplated by the Plan are to be implemented pursuant to the CCAA Proceedings.

2.2 Affected Creditors

This Plan provides for the compromise and settlement of the Claims of the Affected Creditors. If this Plan is accepted by the Eligible Affected Creditors and approved by the Court, and the transactions set out in this Plan occur, this Plan shall be binding upon each Affected Creditor and its heirs, executors, administrators, legal representatives, successors and assigns.

2.3 Unaffected Creditors

This Plan does not compromise the Claims of Unaffected Creditors.

ARTICLE 3
CLASSIFICATION OF AFFECTED CREDITORS

3.1 Classes of Affected Creditors

For the purpose of considering and voting upon the Plan, Eligible Affected Creditors with Proven Claims shall constitute a single class.

ARTICLE 4
STRUCTURE OF THE PLAN

4.1 Overview

This Plan contemplates a restructuring of the obligations of the District to improve the return to Affected Creditors over that which would result from the bankruptcy of the District or the immediate forced liquidation of the Prince of Peace Development and Non-Core Assets held by the District. As a result of compromising the Claims of the Affected Creditors, it is expected that this Plan will enable the District to continue to operate as a registered charity. Pursuant to this Plan, the Non-Core Assets will be liquidated by the District and the Prince of Peace Development will be transferred from ECHS and EMSS to NewCo with all transactions occurring as set out herein and the ECHS and EMSS plans of compromise and arrangement. NewCo Shares will then be issued to District Depositors. The operations of CEF, which have historically been conducted under the purview of the District's Department of Stewardship and Financial Ministries, will cease with the District's future operations being limited to providing ministry services to its member congregations.

4.2 Treatment of Affected Creditors

Affected Creditors shall receive distributions as set forth below only to the extent that such Claims are Proven Claims and have not been paid, released or otherwise satisfied prior to the Effective Date. Each Affected Creditor will have their Proven Claim compromised as follows:

- a. Upon the Effective Date, each Affected Creditor with a Proven Claim will receive payment from the Payment Pool of the lesser of the amount of their Proven Claim or the first \$5,000 of their Proven Claim (defined above as the Convenience Payment).
- b. Upon the Effective Date, the Monitor will determine the Discounted Value. Each Non-Resident Affected Creditor will receive payment from the Payment Pool the amount of their Pro-Rata Cash Portion of the Discounted Value.
- c. At such time as the Payment Pool is at least \$3.0 million, net of the Representative Action Holdback and the Restructuring Holdback, each Affected Creditor with a Proven Claim that is not fully satisfied by the Convenience Payment will receive a cash payment from the Payment Pool in an amount equal to that Affected Creditor's Cash Distribution amount. Each subsequent time the Payment Pool is at least \$3.0 million, net of any Representative Action Holdback and the

Restructuring Holdback, or upon all of the Non-Core Assets being sold, the District, as directed by the Monitor, will make a further distribution from the Payment Pool, subject to any Representative Action Holdback and the Restructuring Holdback, to the Affected Creditors whose claims were not fully satisfied by the Convenience Payment equal to that Affected Creditor's Cash Distribution.

- d. On the later of the Effective Date or within 7 days of the issuance of the NewCo Common Shares, each Resident Affected Creditor shall receive equity in NewCo in the form of NewCo Common Shares equal to that Resident Affected Creditor's Pro-Rata Share Portion of the NewCo Common Shares.

4.3 Amendment to District Bylaws and Handbook

Notwithstanding Articles 2 and 11 of the District bylaws and the bylaws of Lutheran Church – Canada (the "Synodical Bylaws"), including section 2 of the Synodical Bylaws, the District's bylaws and handbook will be amended upon the Effective Date or such later date that may be established by the Sanction Order, such that the District shall not be able to raise or administer funds through any type of investment vehicle, such as those previously established as CEF and DIL. Notwithstanding the foregoing, the District shall be entitled to continue to own property in its name, sell its property, mortgage or grant security to an arm's length party over its property and otherwise deal with its property in the normal course of its business.

4.4 Timing of Payments to Affected Creditors

- 4.4.1 All Affected Creditors with Proven Claims will receive the Convenience Payment immediately following the Effective Date.
- 4.4.2 All Non-Resident Affected Creditors will receive payment from the Payment Pool in accordance with Article 4.2(b) immediately following the Effective Date and the determination by the Monitor of the Discounted Value.
- 4.4.3 Each Affected Creditor with a Proven Claim that is not fully satisfied by the Convenience Payment will be paid from the Payment Pool in satisfaction of their remaining Proven Claims as funds become available from the sale of the Non-Core Assets. Each time the Payment Pool is at least \$3.0 million, or upon all of the Non-Core Assets being sold, net of the Restructuring Holdback, the District will distribute funds in accordance with Articles 4.2(c), subject to the Representative Action Holdback, which will only be applied to distributions to the Representative Action Class. For greater clarity, all proceeds from the sale of the Non-Core Assets will be paid into the Payment Pool.
- 4.4.4 On the later of the Effective Date or within 7 days of the issuance of the NewCo Common Shares, Resident Affected Creditors will be issued their Pro-Rata Share Portion of the NewCo Common Shares.

4.5 Interest

No interest or penalties shall accrue or be paid on the Proven Claims of Affected Creditors from and after the Filing Date but shall be released in accordance with the Plan.

4.6 Orderly Liquidation of Non-Core Assets

Following the Effective Date, the District will continue its efforts to liquidate the Non-Core Assets, which sales will be subject to the approval of the District Committee and the Monitor. Should either of the District Committee or the Monitor not approve of the District's intentions regarding the sale of one of the Non-Core Assets, or should the District, the Monitor or the District Committee deem it appropriate to do so, the District, the Monitor, or the District Committee may seek the advice and direction of the Court in respect of any such potential sale.

ARTICLE 5 REPRESENTATIVE ACTION

5.1 Representative Action

Pursuant to the Plan and the Sanction Order, the Subcommittee shall be authorized and enabled to take any and all such steps as they deem necessary and desirable to commence and prosecute the Representative Action on behalf of the Representative Action Class. The Representative Action shall be governed by the terms of the Plan and any subsequent Order within the CCAA Proceedings. Except as subsequently ordered by this Court within the CCAA Proceedings and only to the extent so ordered, the Representative Action shall not be governed by the *Class Proceedings Act*, R.S.B.C. 1996, c. 50 (British Columbia) and *Class Proceedings Act*, S.A. 2003, c C-16.5, as amended by the *Class Proceedings Amendment Act, 2010*, c. 15 (Alberta), or any legislation of similar purpose or intent in any Canadian Province or Territory, or State of the United States provided always that should the Representative Action, or in the case that more than one Representative Action is filed by the Representative Counsel, one of the Representative Actions be commenced by the Representative Counsel on behalf of the District Depositors participating in the Representative Action under the *Class Proceedings Act*, R.S.B.C. 1996, c. 50 (British Columbia) and *Class Proceedings Act*, S.A. 2003, c. C-16.5, as amended by the *Class Proceedings Amendment Act, 2010*, c. 15 (Alberta), such legislation shall be deemed to govern such Representative Action except to the extent such legislation is inconsistent with or modified by this Plan or the Sanction Order.

5.2 Establishment of Subcommittee

The Subcommittee shall have between three and five members, which shall be appointed by the District Committee. At least one or more member(s) of the Subcommittee shall be the Representative Plaintiff(s). In the event that any member of the Subcommittee who is to be a Representative Plaintiff is acting as a representative of a congregation, then the Representative Plaintiff shall be the congregation. Persons

who are not currently members of the District Committee may be added to the Subcommittee upon being voted on to the Subcommittee by representatives of the District Committee. Only persons who are participating in the Representative Action shall be eligible to be members of the Subcommittee.

5.3 Responsibilities of Subcommittee

The duties and responsibilities of the Subcommittee shall include but are not limited to the following:

- a. The Subcommittee shall review the qualifications of at least three lawyers who will be considered to act as Representative Counsel, and shall select Representative Counsel on behalf of the Representative Action Class;
- b. The Subcommittee shall, in conjunction with Representative Counsel, identify a Representative Plaintiff willing to serve in such capacity;
- c. The Subcommittee shall remain in place throughout the Representative Action and shall have the mandate, powers and duties described in the Sanction Order, including but not limited to:
 - i. Assisting in maximizing the amount that is ultimately available for distribution to the Representative Action Class pursuant to the Representative Action;
 - ii. Consulting with and instructing the Representative Counsel on behalf of the Representative Action Class, including but not limited to communicating with the Representative Action Class at reasonable intervals, and the power to settle all or a portion of the Representative Action pursuant to the Sanction Order;
 - iii. Replacing Representative Counsel;
 - iv. Serving in a fiduciary capacity in representing the Representative Action Class;
 - v. Establishing the amount of the Representative Action Holdback and directing that the amount of the Representative Action Holdback be paid to the Representative Counsel; and
 - vi. Bringing any matter before the Court by way of application for advice and direction.

5.4 Deemed Election to Participate in Representative Action

District Depositors shall be deemed to have elected to participate in the Representative Action unless and until the District Depositor delivers to Representative Action Counsel, or in the event that there is no Representative Action Counsel retained delivers to the Monitor, a signed Notice of Opting Out in accordance with Article 5.6. Following the selection of Representative Counsel by the Subcommittee, the Monitor will provide to all the District Depositors who have not delivered a Notice of Opting Out in accordance with Article 5.6 with an estimate of the amount of the Representative Action Holdback together with any further information regarding opting out of the Representative Action, the name of Representative Counsel, the deadline for opting out of the Representative Action, and the names of the Subcommittee members.

5.5 No Claims Other than Representative Action

The Representative Action shall represent the sole recourse of any District Depositor with respect to a Representative Action Claim except if such District Depositor is also a DIL Depositor in which case he or she may participate in any representative action commenced pursuant to the DIL plan of compromise and arrangement. No legal proceedings shall be commenced by any District Depositor or any other Person for a claim that is an actual or potential Representative Action Claim except for any representative action commenced pursuant to the DIL plan of compromise and arrangement, if applicable. Without limiting the generality of the foregoing, but for greater clarity, those District Depositors who are deemed to be participating in the Representative Action, or those District Depositors who have elected to opt out of the Representative Action, pursuant to Article 5.6, are not eligible to be members of any "class" for purposes of the *Class Proceedings Act*, R.S.B.C. 1996, c. 50 (British Columbia) and *Class Proceedings Act*, S.A. 2003, c. C-16.5, as amended by the *Class Proceedings Amendment Act, 2010*, c. 15 (Alberta), or any legislation of similar purpose or intent in any Canadian Province or Territory, or State of the United States in any other legal proceeding(s) other than the Representative Action except for any representative action commenced pursuant to the DIL plan of compromise and arrangement, if applicable. Notwithstanding the foregoing, should the DIL plan of compromise and arrangement not be sanctioned by the Court in the CCAA Proceedings, District Depositors who are also DIL Depositors shall be entitled to participate in any legal action which would have constituted a representative action claim (as that term is defined in the DIL plan of compromise and arrangement) under the DIL plan of compromise and arrangement in their capacity as a DIL Depositor.

5.6 Opting Out of Representative Action

A District Depositor who is deemed to be participating in the Representative Action may, at any time prior to the commencement of any Representative Action, opt out of the Representative Action by providing notice to the Representative Counsel, or in the event that Representative Counsel has not been retained, to the Monitor. Notice of opting out of the Representative Action must be written, dated, and signed on the Notice of Opting Out form attached hereto as Schedule "D" on or before 5:00 p.m. (Calgary time) on the last Business Day preceding the commencement of the Representative Action. Upon receipt of the Notice of Opting Out form by the Representative Counsel or the Monitor, the District Depositor shall have their status changed from participating in the Representative Action to not participating in the Representative Action. Within a reasonable period of time of receiving the Notice of Opting Out, the Representative Counsel or the Monitor, as the case may be, shall calculate such District Depositor's Proportionate Share of Costs incurred until the Sunday of the week in which the Notice of Opting Out was received by the Representative Counsel or the Monitor, as the case may be. Depending on the arrangement between the Subcommittee and Representative Counsel, should it be determined that costs will be incurred prior to the commencement of the Representative Action, the Monitor will provide further correspondence to depositors advising them that this is the case and advising them of the deadline by

which they must opt-out of the Representative Action if they do not wish to have any amounts withheld pursuant to a Representative Action Holdback.

5.7 Indemnity for Representative Plaintiff

The Representative Plaintiff is entitled to be indemnified for any liability for any costs award issued in any Representative Action from the Representative Action Holdback, up to the maximum amount of funds remaining in the Representative Action Holdback at the time of such costs award.

ARTICLE 6 PROCEDURAL MATTERS

6.1 Creditors' Meeting

The following procedure will be followed at the Creditors' Meeting:

- a. Following the filing of the Plan with the Court, the District will seek the Creditors' Meeting Order authorizing the District to hold the Creditors' Meeting on the date set by the Creditors' Meeting Order at which Eligible Affected Creditors shall consider and vote upon the Plan. The Creditors' Meeting shall be held in accordance with this Plan, the Creditors' Meeting Order and any other applicable Order in respect of the process governing the Creditors' Meeting.
- b. The Creditors' Meeting shall not be recorded by any audio or video recording device, but minutes of the Creditors' Meeting will be taken by the Monitor.
- c. The Monitor or its designee shall preside as the Chair of the Creditors' Meeting and shall decide all matters related to the conduct of the Creditors' Meeting. The only Persons entitled to attend the Creditors' Meeting are Eligible Affected Creditors (including the holders of Proxies), their legal counsel and financial advisors, the Directors, members of the District Committee, the Applicants' Counsel, the Monitor's Counsel and legal counsel for the District Committee and the DIL Committee. Any other Person may be admitted on invitation of the Chair.
- d. The quorum required at any Creditors' Meeting or any adjournment thereof shall be two Eligible Affected Creditors present in person or by Proxy. If the requisite quorum is not present at the Creditors' Meeting or if the Chair determines that the Creditors' Meeting has to be postponed for any reason, then the Creditors' Meeting shall be adjourned by the Chair to such date, time and place as determined by the Chair.
- e. The Monitor may designate Person(s) of their choosing to supervise and tabulate attendance and votes cast at the Creditors' Meeting or to act as the secretary of the Creditors' Meeting.
- f. The entitlement of an Affected Creditor with a Disputed Claim to vote at the Creditors' Meeting shall not be construed as an admission that its Claim is a Proven Claim.

- g. The Monitor shall have the right to seek the assistance of the Court in valuing any Claim for voting purposes in accordance with the Plan and the Meeting Order, if required, and to ascertain the result of any vote on the Plan.

6.2 Voting Procedures

Each Eligible Affected Creditor may vote their Claim in person by attending the Creditors' Meeting, by submitting an Election Letter in the form set out in the Creditors' Meeting Order, or by Proxy by submitting their duly completed Proxy in accordance with the provisions included herein and in the Creditors' Meeting Order. Each Eligible Affected Creditor is entitled to one vote, which vote shall have the value of such Eligible Affected Creditors' Proven Claim as determined in accordance with the Claims Process Order or this Plan. The results of any and all votes conducted at the Creditors' Meeting shall be binding on all Affected Creditors, whether or not any such Affected Creditor is present or voting at the Creditors' Meeting.

6.3 Voting by Election Letter

An Eligible Affected Creditor may vote by filling out the Election Letter attached hereto as Schedule "B", which must be delivered to the Monitor at the address set out in Article 11.8 below. An Election Letter shall be voted in accordance with the instructions stated in the Election Letter notwithstanding any modification of or amendment to the Plan that may be made in accordance with Article 11.7.

Notwithstanding the foregoing, in the event that an amendment is made to the Plan after an Election Letter is received by the Monitor, the Monitor will determine if it remains appropriate to rely upon the Election Letter. If the Monitor determines that it is not appropriate to rely upon the Election Letter, then the Monitor shall take any steps that it deems necessary, which may include seeking advice and direction from the Court.

An Election Letter must be delivered to the Monitor on or before 5:00 p.m. (Calgary time) before the last Business Day preceding the date of the commencement of the Creditors' Meeting or any adjournment thereof.

Failure to deliver such Election Letter as set out herein shall result in the invalidation of such Election Letter.

The Election Letter must be executed by an Eligible Affected Creditor or their duly authorized legal counsel. If the Eligible Affected Creditor is not an individual, the Election Letter must be signed by an authorized officer or director, whose title should be indicated. If a Person is acting in a representative capacity for the Eligible Affected Creditor, the Election Letter must be accompanied by the appropriate instrument evidencing qualification and authority to act unless such instrument had previously been filed with the Monitor. Failure to sign the Election Letter and provide evidence of qualification and authority to act in accordance with this Article shall invalidate such Election Letter.

6.4 Appointment and Revocation of Proxies

An Eligible Affected Creditor may vote in person by attending the Creditors' Meeting. Eligible Affected Creditors may also vote by indicating such Person's name in the blank space provided in the form of Proxy, attached hereto as Schedule "C", which must be delivered to the Monitor at the address set out in Article 11.8 below.

A Proxy must be delivered to the Monitor by email, mail, facsimile transmission or courier on or before 5:00 p.m. (Calgary time) on the last Business Day prior to the date of the Creditors' Meeting or any adjournment thereof, or by hand to the Chair of the Creditors' Meeting prior to the commencement of the Creditors' Meeting or any adjournment thereof.

Failure to sign and deliver the Proxy as set out herein shall result in the invalidation of such Proxy.

An Eligible Affected Creditor who has signed and delivered a Proxy may revoke it (as to any matter on which a vote has not already been cast pursuant to its authority) by an instrument in writing executed by such Eligible Affected Creditor or by its legal counsel, duly authorized in writing, or if an Eligible Affected Creditor is not an individual, by a director, officer or legal counsel thereof duly authorized, and deposited either at the offices of the Monitor above mentioned on or before the last Business Day preceding the date of the meeting or any adjournment thereof, or with the Chair of the Creditors' Meeting prior to the time of commencement of the Creditors' Meeting, or any adjournment thereof. Failure to complete and deliver a revocation of Proxy and provide evidence of qualification and authority as set out herein shall result in the invalidation of such revocation of Proxy.

6.5 Signature on Proxy

The Proxy must be executed by an Eligible Affected Creditor or their duly authorized legal counsel. If the Eligible Affected Creditor is not an individual, the Proxy must be signed in its name by an authorized officer or director whose title should be indicated. If a Person is acting in a representative capacity for the Eligible Affected Creditor, the Proxy must be accompanied by the appropriate instrument evidencing qualification and authority to act unless such instrument had previously been filed with the Monitor. Failure to sign the Proxy in accordance with this Article shall invalidate such Proxy.

6.6 Voting of Proxy

The Person named in the Proxy shall vote on the Claim(s) of the Eligible Affected Creditor(s) in accordance with the direction of the Eligible Affected Creditor appointing them on any ballot that may be called for and where the Eligible Affected Creditor giving the Proxy specifies a choice with respect to any matter to be voted upon, the Claim shall be voted in accordance with the direction of the Eligible Affected Creditor.

6.7 Exercise and Discretion of Proxy

The Proxy confers a discretionary authority upon the Persons named therein with respect to amendments or variations of the matters that are identified at the Creditors' Meeting and in this Plan and with respect to any other matters that may properly come before the Creditors' Meeting.

6.8 Affected Creditors who are Minors

Notwithstanding anything stated in this Plan, in the event that an Affected Creditor is a minor in their Province or State of residence, then the guardian of the property of the minor shall be entitled to take all necessary steps under this Plan on behalf of the minor upon the guardian providing documentation satisfactory to the Monitor that the guardian is the guardian of the property of the minor, and upon the guardian filling out and providing to the Monitor, the ~~Minors' Property Act Regulation~~ forms attached as Schedule "F".

6.9 Disputed Claims

The Monitor shall keep separate records and tabulations of votes cast in respect of: (i) Proven Claims, and (ii) Disputed Claims. If approval or non-approval of this Plan by the Eligible Affected Creditors shall prove to be determined by the votes cast in respect of Disputed Claims, such result shall be reported to the Court as soon as reasonably possible with a request to the Court for directions regarding an expedited determination of any material Disputed Claims and an appropriate deferral of the application for the Sanction Order and any other applicable dates. The fact that a Claim is allowed for voting purposes shall not preclude the Monitor from disputing the Claim for distribution purposes. The Disputed Claims Reserve will be held pending settlement or final determination of the Disputed Claim. To the extent that a final determination or settlement is made in respect of a Disputed Claim in an amount less than the Disputed Claims Reserve, such surplus funds shall be paid into the Payment Pool.

6.10 Acceptance of Plan

Votes cast by Eligible Affected Creditors with Proven Claims or with Disputed Claims which are eventually allowed as Proven Claims shall be binding upon the Affected Creditors and shall be recorded at the time of the Creditors' Meeting. If the Required Majority is achieved, this Plan shall be approved and shall be, subject to Court approval, deemed to have been agreed to, accepted and approved by the Affected Creditors.

6.11 Confirmation of Plan

In the event that this Plan is agreed to, accepted and approved by the Required Majority pursuant to the terms of the Plan, the District shall, within a reasonable period of time, apply to the Court for the Sanction Order.

Subject to the Sanction Order being granted and the satisfaction or waiver of those conditions of this Plan set forth in Article 7.2, this Plan will be implemented in accordance with the terms hereof.

In the event that the Plan is not agreed to, accepted and approved as set out herein, the Sanction Order is not granted or the conditions set forth in Article 7.2 are not satisfied or waived in accordance with the terms of this Plan, this Plan shall automatically terminate and in which case the District shall not be under any further obligation to implement this Plan.

6.12 Court Assistance

The District reserves the right to seek the assistance and/or direction of the Court regarding any matters relating to this Plan, including the resolution of any disputes arising between the Monitor and any other parties.

ARTICLE 7 CONDITIONS PRECEDENT AND PLAN IMPLEMENTATION

7.1 Sequence of Events

Following the Effective Date, the following events will occur in the following sequence:

- a. The District's bylaws and handbook shall be amended in accordance with Article 4.3 and as permitted by the Sanction Order.
- b. The Convenience Payments will be made, as set out herein.
- c. Distributions will be made from the Payment Pool to those Affected Creditors with Proven Claims as set out herein.
- d. NewCo shall be incorporated under the *Alberta Business Corporations Act*. The initial Articles and initial By-Laws of NewCo shall be materially in the form of Articles and By-Laws attached as Schedule "E" with such changes as may be authorized by the District Committee, which state and may include amongst other matters:
 - i. that NewCo cannot incur indebtedness of more than 10% of its net asset value and the assets of NewCo may only be pledged as collateral up to 10% of the fair market value of the assets of NewCo as determined at the Effective Date, subject to amendment by a special resolution of shareholders;
 - ii. that a pro-rata share redemption will be allowed upon the sale of any portion of the property located within the Prince of Peace Development that is over \$5.0 million in net sale proceeds, and that the total value of the share redemption would be 90% of the net sale proceeds of the property;
 - iii. that NewCo will establish a mechanism allowing the sale of the NewCo Common Shares to those other shareholders who wish to purchase them, subject to shareholders conforming to a prospectus exemption contained in National Instrument 45-106 *Prospectus and Registration Exemptions*;

- iv. that a general meeting of shareholders of NewCo will be called no later than 6 months following the Effective Date with the purpose of having a proposed mandate of NewCo voted on by the shareholders, and to discuss the considerations of the board of directors of NewCo regarding their recommendations of the mandate to the shareholders; and
- v. the dissent rights to protect the rights of minority shareholders.

In addition, the Bylaws of NewCo will require that at least 50% of the Board of Directors be District Depositors or their nominees.

Upon the advice of its legal and accounting consultants and with the approval of the Monitor, NewCo may cause a wholly owned subsidiary corporation to be incorporated to carry out the operations of the seniors care facilities on the Prince of Peace Development.

- e. A contractual relationship will be entered into between NewCo and NewCo Management related to the operation of NewCo and the optimization of the value of the Prince of Peace Development. The Prince of Peace Development shall be transferred from ECHS and EMSS to NewCo free and clear of any encumbrances, charges, security interests or Claims and the Registrar of the Alberta Land Titles Office will be directed to cancel the existing certificates of title to the Prince of Peace Development and issue a new certificate of title in the name of Newco.
- f. A tax planned transaction will see, as its end result NewCo Common Shares being distributed to each Resident Affected Creditor in an amount equal to the Resident Affected Creditor's Pro Rata Portion of the NewCo Common Shares.
- g. Upon conclusion of the Representative Action, any funds remaining in the Representative Action Pool following payment from the Representative Action Pool of such amounts payable in accordance with this Plan and the Sanction Order will be distributed on a pro-rata basis to the District Depositors who remain part of the Representative Action Class.

7.2 Conditions to Implementation of Plan

The implementation of the Plan shall be conditional upon the fulfillment of the following conditions on or prior to the Effective Date, as the case may be:

- a. All applicable governmental, regulatory and judicial consents, orders and any and all filings with all governmental and regulatory authorities having jurisdiction, in each case to the effect deemed necessary or desirable for the completion of the transactions contemplated by the Plan or any aspect thereof shall have been obtained.
- b. The Restructuring Holdback shall have been funded in an amount sufficient to satisfy the Restructuring Costs.
- c. The Representative Action Holdback shall have been established in an amount sufficient to satisfy the anticipated out-of-pocket costs and the indemnity provided in Article 5.7 associated with the Representative Action.

- d. Arrangements for payment of the Unaffected Creditors, excluding any claims against Directors which are excluded from being compromised pursuant to section 5.1(2) of the CCAA and claims against Representative Action Defendants in the Representative Action, shall have been made in a manner satisfactory, to the Courts.
- e. Except for the amendment to the District bylaws and handbook in Article 4.3, which will be applied for at the application for the Sanction Order, the District shall have taken all necessary corporate actions and proceedings to approve this Plan to enable the District to execute, deliver and perform its obligations under this Plan and any agreements, indentures, documents and other instruments to be executed or delivered pursuant to, or required to give effect to, the terms of this Plan.
- f. This Plan shall have been approved by the Required Majority.
- g. The Sanction Order for the District, in form and substance satisfactory to the District and the Monitor, acting reasonably, and the sanction orders for ECHS and EMSS shall have been granted by the Court and all such sanction orders as at the Completion Date shall be in full force and effect, not stayed or amended.
- h. The stay of proceedings under the Initial Order shall have been extended to at least the Completion Date and the Initial Order shall, as at the Completion Date, be in full force and effect, not stayed or amended after the date hereof (except with the consent of the District and the Monitor acting reasonably).

7.3 Certificate

Immediately following the satisfaction of the conditions set out in Article 7.2 and the occurrence of the events set out in Article 7.1, the Monitor shall deliver to the District a certificate stating that the Completion Date has occurred. Following the Completion Date, the Monitor shall file such certificate with the Court.

ARTICLE 8 RELEASES

8.1 General Releases to Released Representatives

Subject to Article 8.2 below, on the Completion Date the Released Representatives (and only the Released Representatives) shall be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, orders, including for injunctive relief or specific performance and compliance orders, expenses, executions, liens and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any Affected Creditor or other Person may be entitled to assert (other than for any Unaffected Creditors), including any and all Claims in respect of any alleged fiduciary or other duty, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising,

based in whole or in part on any act or omission, transaction, duty, responsibility, indebtedness, liability, obligation, dealing or other occurrence existing or taking place prior to the Completion Date in any way relating to, arising out of or in connection with the Claims, the arrangement and restructuring provided for herein or otherwise, the business and affairs of the District (whenever and however conducted) and in connection with the arrangement and restructuring provided for herein, the administration and/or management of this Plan, the CCAA Proceedings, any Claim that has been barred or extinguished by the Claims Procedure Order and all Claims arising out of such actions or omissions shall be forever waived and released, all to the full extent permitted by law. For greater clarity, but without otherwise limiting the generality of the foregoing, the release set out in this Article 8.1 is not intended to release and shall not have the effect of releasing any Non-Released Person and the Affected Creditor or other Person bound by this release (a "Releasing Person") shall retain the right to sue such Non-Released Person for any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, orders, including for injunctive relief or specific performance and compliance orders, expenses, executions, liens and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which the Releasing Person may have had against a Released Representative or Partially Released Party but for this Article 8.1 PROVIDED ALWAYS that this Article 8.1 may be relied upon and raised or pled by a Released Representative in defence or estoppel of or to enjoin any claim, action or proceeding brought by a Non-Released Person respecting any action relating to the Claims released by this Article 8.1.

8.2 Exceptions to Release of Released Representatives

Notwithstanding Article 8.1 of this Plan, the following matters are not released by this Plan as against Released Representatives:

- a. any liability arising out of any fraud, gross negligence or willful misconduct on the part of the Released Representatives; and
- b. any actions or omissions of the Released Representatives which are not directly or indirectly related to the CCAA Proceedings or their commencement.

For greater certainty, the release of Released Representatives pursuant to Article 8.1 of this Plan shall release the Released Representatives from any and all matters that may or could be alleged as against the Released Representatives in the Representative Action Claims advanced pursuant to any Representative Action, save and except for any matters referenced within Article 8.2.

8.3 Releases to Partially Released Parties

Subject to Article 8.4 below, the Partially Released Parties shall be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts,

covenants, damages, judgments, orders, including for injunctive relief or specific performance and compliance orders, expenses, executions, liens and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any Affected Creditor or other Person may be entitled to assert (other than for any Unaffected Creditors), including any and all Claims in respect of any alleged fiduciary or other duty, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any act or omission, transaction, duty, responsibility, indebtedness, liability, obligation, dealing or other occurrence existing or taking place prior to the Completion Date in any way relating to, arising out of or in connection with the Claims, the arrangement and restructuring provided for herein or otherwise, the business and affairs of the District (whenever and however conducted) and in connection with the arrangement and restructuring provided for herein, the administration and/or management of this Plan, the CCAA Proceedings, any Claim that has been barred or extinguished by the Claims Procedure Order and all Claims arising out of such actions or omissions shall be forever waived and released, all to the full extent permitted by law. For greater clarity, but without otherwise limiting the generality of the foregoing, the release set out in this Article 8.3 is not intended to release and shall not have the effect of releasing any co-obligator or any Person who is not a Released Representative or Partially Released Party and specifically shall not release a Non-Released Person and a Releasing Person shall retain the right to sue such Non-Released Person for any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, orders, including for injunctive relief or specific performance and compliance orders, expenses, executions, liens and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which the Releasing Person may have had against a Partially Released Party or Released Representative but for this Article 8.3 PROVIDED ALWAYS that this Article 8.3 may be relied upon and raised or pled by a Partially Released Party in defence or estoppel of or to enjoin any claim, action or proceeding brought by a Non-Released Person respecting any action relating to the Claims released by this Article 8.3.

8.4 Limitations on Releases to Partially Released Parties

Notwithstanding Article 8.3 of this Plan, the following claims as against the Partially Released Parties are not released by this Plan:

- a. claims against the Directors set out in Section 5.1(2) of the CCAA;
- b. claims prosecuted by the Alberta Securities Commission or the British Columbia Securities Commission arising from compliance requirements of the *Securities Act* of Alberta and the *Financial Institutions Act* of British Columbia;
- c. claims made by the Superintendent of Financial Institutions arising from compliance requirements of the *Loan and Trust Corporations Acts* of Alberta and British Columbia;
- d. any Representative Action Claims that are advanced solely as part of the Representative Action;

- e. any D&O Insured Claim that is advanced solely as part of the Representative Action, subject to the following:
 - i. nothing in this Plan shall prejudice, compromise, release or otherwise affect any right or defence of any such insurer in respect of the D&O Insurance; and
 - ii. the District and the D&O Party(ies) shall make all reasonable efforts to meet all obligations under the D&O Insurance. The D&O Insurers shall be obliged to pay any loss payable pursuant to the terms and conditions of the D&O Insurance notwithstanding the releases granted to the Released Representatives and Partially Released Parties (including the District and the D&O Party(ies) under this Plan, and the D&O Insurers shall not rely on any provisions of the D&O Insurance to argue, or otherwise assert, that such releases excuse them from, or relieve them of, the obligation to pay any loss that otherwise would be payable under the terms of the D&O Insurance.

ARTICLE 9

PLAN SANCTION ORDER

If the Required Majority approves the Plan, the District shall apply for the Plan Sanction Order. The Application for the Plan Sanction Order may, among other things request that the Court:

- a. Declare that the Plan is fair and reasonable.
- b. Declare that the District's bylaws and handbook are amended in accordance with Article 4.3.
- c. Declare that as of the Effective Date, the Plan and all associated steps, compromises, transactions, arrangements, assignments, releases and reorganizations effected thereby are approved, binding and effective as set out herein upon the District, all Affected Creditors and all other Persons affected by the Plan.
- d. Declare that the steps to be taken and the compromises and releases to be effected prior to the Completion Date are deemed to occur and be effected in the sequential order contemplated by Article 7.1 of the Plan on the Effective Date.
- e. Declare that, as of the Completion Date, the releases referred to in Articles 8.1 and 8.3 and the other provisions of this Plan shall become effective in accordance with the Plan.
- f. Terminate and discharge the Administration Charge, the Critical Supplier Charge and the Directors' Charge on the Completion Date.
- g. Declare that as of the Completion Date the District has been discharged and released from any and all Affected Claims of any nature in accordance with the Plan, and declare that the ability of any Person to proceed against the District in respect of or relating to any Affected Claims shall be forever discharged and restrained, and all proceedings with respect to, in connection with or relating to such Affected Claims be permanently stayed, subject only to the right of Affected Creditors to receive distributions pursuant to the Plan in respect of their Affected Claims.

- h. Discharge and extinguish all liens, mortgages, charges, security interests and other encumbrances including all security registrations against the District, in favour of any Affected Creditor in respect of an Affected Claim.
- i. Discharge and extinguish all liens, including all security registrations against the District, in favour of any Affected Creditor in respect of a Disputed Claim.
- j. Declare that any Affected Claims, in respect of which a proof of claim has not been filed by the Claims Bar Date shall be forever barred and extinguished.
- k. Declare that the stay of proceedings under the Initial Order is extended in respect of the District to and including the Completion Date.
- l. Authorize the Monitor to perform its functions and fulfil its obligations under the Plan to facilitate the implementation of the Plan.
- m. Declare that, subject to the performance by the District of its obligations under the Plan, all obligations, or Agreements to which the District is a party shall be and remain in full force and effect, unamended, as at the Effective Date, unless repudiated or deemed to be repudiated by the District pursuant to the Initial Order, and no party to any such obligation or agreement shall on or following the Completion Date, accelerate, terminate, refuse to renew, rescind, refuse to perform or to otherwise repudiate its obligations thereunder, or enforce or exercise (or purport to enforce or exercise) any right or remedy under or in respect of any such obligation or agreement, by reason:
 - i. Of any event which occurred prior to, and not continuing after, the Effective Date or which is or continues to be suspended or waived under the Plan, which would have entitled any other party thereto to enforce those rights or remedies.
 - ii. That the District has sought or obtained relief or have taken steps as part of the Plan or under the CCAA.
 - iii. Of any default or event of default arising as a result of the financial condition or insolvency of the District.
 - iv. Of the effect upon the District of the completion of any of the transactions contemplated under the Plan.
 - v. Of any compromises, settlements, restructurings or reorganizations effected pursuant to the Plan.
- n. Declare that upon completion by the Monitor of its duties in respect of the District pursuant to the CCAA and the Orders, including, without limitation, the Monitor's duties in respect of the Claims Process and the distributions made by the District in accordance with this Plan, the Monitor may file with the Court following the Completion Date a certificate of Plan termination stating that all of its duties in respect of the District have been completed and thereupon the Monitor shall be deemed to be discharged from its duties as Monitor of the District.

- o. Declare that the District and the Monitor may apply to the Court for advice and direction in respect of any matter arising from or under the Plan.

ARTICLE 10
PROCEDURE FOR RESOLVING DISTRIBUTIONS TO
AFFECTED CREDITORS WITH DISPUTED CLAIMS

10.1 No Distributions Pending Allowance

Notwithstanding any other provision of the Plan, no payments or distributions shall be made with respect to all or any portion of a Disputed Claim unless and to the extent it has become a Proven Claim.

10.2 Disputed Claims Reserve

On the Effective Date, the District will hold those funds required to establish the Disputed Claims Reserve in a separate trust account until the Disputed Claims have either been admitted or finally disallowed.

10.3 Distributions after Disputed Claims Resolved

Affected Creditors with Disputed Claims shall complete Election Letters and deliver such Election Letters to the Monitor (as required) prior to the Creditors' Meeting or attend the Creditors' Meeting and vote in person or by Proxy, and upon resolution of the Disputed Claims, the District shall make distributions from the Disputed Claim Reserve to each holder of a Disputed Claim which has become a Proven Claim in accordance with the provisions of the Plan. The District shall not be required, however, to make or authorize, as the case may be, distributions more frequently than as required under the terms of this Plan.

10.4 Balance of Reserves and Holdbacks

Any balance of the Disputed Claims Reserve after the resolution of the Disputed Claims will be paid to and form part of the Payment Pool. Any balance of the Restructuring Holdback after payment of the Restructuring Claims will be paid to and form part of the Payment Pool.

ARTICLE 11
GENERAL PROVISIONS

11.1 Further Assurances

Notwithstanding that the transactions and events set out in this Plan may be deemed to occur without any additional act of formality other than as may be expressly set out herein, each of the Persons affected hereto shall make, do, execute or cause to be made, all such further acts, deeds, agreements, assignments, transfers, conveyances, discharges, discontinuances of any suit or proceeding, assurances, instruments, documents, elections, consents or filings as may be reasonably required by the District to implement the Plan.

11.2 Paramountcy

Without limiting any other provision hereof, from and after the Effective Date, in the event of any conflict between this Plan and the covenants, warranties, representations, terms, conditions, provisions or obligations, expressed or implied, of any contract, mortgage, security agreement, indenture, trust indenture, loan agreement, commitment letter, agreement for sale, lease or other agreement, written or oral and any and all amendments or supplements thereto existing between any Affected Creditor or other Persons affected by the Plan, and the District as at the Effective Date, the terms, conditions and provisions of this Plan shall govern and take precedence and priority.

11.3 Waiver of Defaults

From and after the Effective Date, all Persons shall be deemed to have waived any and all defaults by the District arising on or prior to the Effective Date in respect of any covenant, warranty, representation, term, provision, condition or obligation, express or implied, in every contract, agreement, mortgage, security agreement, indenture, trust indenture, loan agreement, commitment letter, agreement for sale, lease or other agreement, written or oral (except any defaults comprising or related to the unreleased claims described in Articles 8.2 and 8.4 of this Plan). Any and all notices of default, acceleration of payments and demands for payment under any instrument, or notices given under the CCAA, including without limitation, any notices of intention to proceed to enforce security, shall be deemed to have been rescinded and withdrawn.

11.4 Binding Effect

On the Effective Date, this Plan will become effective and be binding on and enure to the benefit of the District, all Affected Creditors, the Directors and all other Persons named or referred to in, or subject to, this Plan and their respective heirs, executors, administrators and other legal representatives, successors and assigns. Each Affected Creditor will be deemed to have consented and agreed to all of the provisions of this Plan, in its entirety.

11.5 Compromise Effective for all Purposes

The payment, compromise or satisfaction of any Claim under this Plan, if sanctioned and approved by the Court, shall be binding upon the Affected Creditors and each of their heirs, executors, administrators, legal and personal representatives, successors and assigns, as the case may be, for all purposes.

11.6 Payment of Taxes

Notwithstanding any provisions of this Plan, each Affected Creditor that is to receive a distribution pursuant to the Plan shall have sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any governmental authority, including, without limitation of the foregoing, income, withholding and other tax obligations, on account of such distribution.

11.7 Modification of the Plan

Subject to the consent of the Monitor, the District reserves the right to file any modification of or amendment to this Plan by way of a supplementary plan or plans of compromise or arrangement, or both, filed with the Court at any time or from time to time prior to the Creditors' Meeting, in which case any such supplementary plan or plans of compromise or arrangement, or both, shall, for all purposes, be and be deemed to be a part of and incorporated into this Plan provided no such amendment or modification that materially and adversely affects the rights or treatment hereunder of the Affected Creditors shall be so filed without first obtaining the approval of the Court. The District shall give notice by publication on the Monitor's website, or otherwise, to all Affected Creditors with details of any modifications or amendments prior to the vote being taken to approve this Plan, as modified or amended. Subject to the foregoing proviso, the District may propose an alteration or modification to the Plan at the Creditors' Meeting. After the Creditors' Meeting, the District may at any time and from time to time vary, amend, modify or supplement the Plan if the Court determines that such variation, amendment, modification or supplement is of a minor, immaterial or technical nature that would not be materially prejudicial to the interest of any of the Affected Creditors and is necessary in order to give effect to the substance of the Plan or the Sanction Order.

11.8 Notices

Any notice of other communication to be delivered hereunder must be in writing and reference this Plan and may, subject as hereinafter provided, be made or given by personal delivery, ordinary mail, facsimile or email addressed to the respective parties as follows:

a. If to the District:

Bishop & McKenzie LLP
1700, 530 8th Avenue SW
Calgary, AB T2P 3S8
Attention: Francis Taman/Ksena Court
Fax: 403-263-3423
Email: Francis Taman FTaman@bmlp.ca
Ksena Court KCourt@bmlp.ca

b. If to an Affected Creditor, to the last known address (including fax number or email address) for such Affected Creditor specified in the Proof of Claim filed by such Affected Creditor, or in the absence of such Proof of Claim, to the last known address for such Affected Creditor set out in the books and records of the District or such other address as the Affected Creditor may from time to time provide to the Monitor in accordance with this Article.

c. If to the Monitor:

Deloitte Restructuring Inc.
700 Bankers Court
850 2nd Street SW
Calgary, AB T2P 0R8
Attention: Vanessa Allen
Fax: 403-718-3681
Email: vanallen@deloitte.ca

Copy to:
Gowling Lafleur Henderson LLP
1600 421 7th Avenue SW
Calgary, AB T2P 4K9
Attention: Jeffrey Oliver
Fax: 403-695-3558
Email: jeffrey.oliver@gowlings.com

or to such other address as any party may from time to time notify the others in accordance with this Article. All such notices and communications which are delivered will be deemed to have been received on the date of delivery. All such notices and communications which are faxed or emailed will be deemed to be received on the date faxed or emailed if sent before 5:00 p.m. Calgary time on a Business Day and otherwise will be deemed to be received on the Business Day next following the day upon which such fax or email was sent. Any notice of other communication sent by mail will be deemed to have been received on the third Business Day after the date of mailing.

11.9 Severability of Plan Provisions

If, prior to the date of the Sanction Order, any term or provision of the Plan is held by the Court to be invalid, void or unenforceable, the Court, 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. In the event that any term or provision of the Plan is held by the Court to be invalid, void or unenforceable, then at the election of the District, notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of the Plan shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such holding, alteration or interpretation.

11.10 Non-Consummation

If the Sanction Order is not issued in respect of this Plan and the plans of arrangement filed by ECHS and EMSS, and the conditions in Article 7.2 are not satisfied by December 31, 2017, this Plan shall be null and void in all respects, including (i) any settlement or compromise embodied in the Plan including the fixing

or limiting of an amount and any document or agreement executed pursuant to the Plan shall be deemed null and void, and (ii) nothing contained in the Plan, and no acts taken in preparation for consummation of the Plan, shall (a) constitute or be deemed to constitute a waiver or release of any Claims by or against the District or any other Person; (b) prejudice in any manner the rights of the District in any further proceedings involving the District, including without limitation the right to assert any facts or defences it might otherwise have; or (c) constitute an admission of any sort by the District or any other Person.

11.11 Different Capacities

Persons who are affected by this Plan may be affected in more than one capacity. Unless expressly provided herein to the contrary, a Person will be entitled to participate hereunder in each such capacity. Any action taken by a Person in one capacity will not affect such Person in any other capacity, unless expressly agreed by the Person in writing or unless their Claims overlap or are otherwise duplicative.

ARTICLE 12 EXECUTION

12.1 Execution

This Plan has been executed by the District in the City of Calgary in the Province of Alberta effective February 12, 2016 and is binding and effective on the District.

Kluane Financial Services Inc.

Per 

Cameron Sherban, Chief Restructuring Officer
for Lutheran Church – Canada, the Alberta – British
Columbia District, and the Applicants

**Schedule "A" – Legal Description of real property and personal property to be transferred to
NewCo as part of the Prince of Peace Development**

Development, Church and School, Harbour and Expansion Lands

PLAN 9712096

BLOCK 1

CONTAINING 22.29 HECTARES (55.08 ACRES) MORE OR LESS

EXCEPTING THEREOUT: SUBDIVISION 0311251

AREA: 1.90 HECTARES (4.70 ACRES)

EXCEPTING THEREOUT ALL MINES AND MINERALS

Excluding any portable owned by Rocky View School division

Manor

PLAN 0311251

BLOCK 4

LOT 1

EXCEPTING THEREOUT ALL MINES AND MINERALS

AREA: 1.9 HECTARES (4.7 ACRES) MORE OR LESS

Lake and Green Space

PLAN 9712096

BLOCK 2

EXCEPTING THEREOUT ALL MINES AND MINERALS

AREA: 12.88 HECTARES (31.83 ACRES) MORE OR LESS

and, for certainty, the real property described herein includes all buildings, structures and fixtures attached to the lands described above

Personal Property

- subject to any Court Order, excess cash held by EMSS and ECHS as the Monitor shall determine is surplus
- the working capital, computer hardware, equipment, furniture and fixtures, and a water treatment plant owned by ECHS
- the working capital, furniture and fixtures, computer equipment, medical equipment and a vehicle owned by EMSS

Schedule "B" – Election Letter

COURT FILE NUMBER 1501-00955
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
DOCUMENT ELECTION LETTER
APPLICANTS LUTHERAN CHURCH – CANADA, THE ALBERTA –
BRITISH COLUMBIA DISTRICT, ENCHARIS COMMUNITY
HOUSING AND SERVICES, ENCHARIS MANAGEMENT
AND SUPPORT SERVICES, AND LUTHERAN CHURCH –
CANADA, THE ALBERTA – BRITISH COLUMBIA DISTRICT
INVESTMENTS LTD.

THIS ELECTION LETTER SHALL BE VOTED IN ACCORDANCE WITH THE INSTRUCTIONS STATED BELOW EVEN THOUGH THE PLAN PRESENTED BY THE DISTRICT MAY BE MODIFIED OR AMENDED IN ACCORDANCE WITH THE TERMS OF THE DISTRICT PLAN BEFORE OR AT THE CREDITORS' MEETING, OR AFTER THE CREDITORS' MEETING WITH THE APPROVAL OF THE COURT PROVIDED THAT SUCH MODIFICATION OR AMENDMENT IS HELD BY THE MONITOR, IN ITS DISCRETION, TO BE NON-SUBSTANTIVE.

Voting

I, _____ a creditor (or I _____, representative of _____, a creditor), in the above matter for the sum of \$ _____

hereby request the Monitor to record my vote respecting the District Plan as made on the April 30, 2016 as follows:

(mark one only):

- Vote **FOR** approval of the resolution to accept the Plan; or
 Vote **AGAINST** approval of the resolution to accept the Plan.

**IF A BOX IS NOT MARKED AS A VOTE FOR OR AGAINST APPROVAL OF THE PLAN,
YOUR VOTE SHALL BE A VOTE FOR APPROVAL OF THE PLAN.**

Dated at _____ this _____ day of _____,
201____.

Witness

Individual Creditor

Witness

Name of Corporate Creditor

Name and Title of Signing Officer

Return to:
Deloitte Restructuring Inc., Monitor
700 Bankers Court, 850 – 2nd Street SW
Calgary, AB T2P 0R8
Phone: (403) 267-1777 Fax: (403) 718-3681
Email: CalgaryRestructuring@deloitte.ca

Schedule "C" – Form of Proxy

COURT FILE NUMBER 1501-00955
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
DOCUMENT PROXY FOR THE DISTRICT PLAN
APPLICANTS LUTHERAN CHURCH – CANADA, THE ALBERTA – BRITISH COLUMBIA DISTRICT, ENCHARIS COMMUNITY HOUSING AND SERVICES, ENCHARIS MANAGEMENT AND SUPPORT SERVICES, AND LUTHERAN CHURCH – CANADA, THE ALBERTA – BRITISH COLUMBIA DISTRICT INVESTMENTS LTD.

I, _____ of _____, a creditor in the above matter, hereby appoint _____ of _____, (person you want to appoint) to be my proxyholder in the above matter, except as to the receipt of any distributions pursuant to the District Plan (with or without) power to appoint another proxyholder in his or her place.

The above named proxyholder shall attend on behalf of and act for me at the Creditors' Meeting to be held in connection with the District Plan and at any and all adjournments, postponements or other rescheduling of the Creditors' Meeting, and vote the amount of my Claim(s) as follows:

(A) (mark one only):

- Vote **FOR** approval of the resolution to accept the Plan; or
 Vote **AGAINST** approval of the resolution to accept the Plan.

IF A BOX IS NOT MARKED AS A VOTE FOR OR AGAINST APPROVAL OF THE PLAN, THEN THE PROXYHOLDER SHALL VOTE AT HIS/HER DISCRETION.

and

(B) Vote at his/her discretion and otherwise act for and on behalf of me with respect to any amendments or variations to the matters identified in the notice of the Creditors' Meeting and in this Plan, and with respect to other matters that may properly come before the Creditors' Meeting.

THIS PROXY, ONCE DULY COMPLETED, DATED AND SIGNED, MUST BE SENT TO THE MONITOR BY EMAIL, MAIL, FACSIMILE TRANSMISSION OR COURIER, AND RECEIVED BY THE MONITOR BY NO LATER THAN 5:00 P.M. (CALGARY TIME) ON _____, 201__ OR SUCH LATER DATE AS MAY BE THE LAST BUSINESS DAY PRIOR TO THE DATE THE CREDITORS' MEETING HAS BEEN ADJOURNED TO, OR DELIVERED BY HAND TO THE CHAIR OF THE CREDITORS' MEETING PRIOR THE COMMENCEMENT OF THE CREDITORS' MEETING. AFTER

COMMENCEMENT OF THE CREDITORS' MEETING (OR ANY ADJOURNMENT THEREOF), NO PROXIES CAN BE ACCEPTED BY THE MONITOR.

Dated at _____ this _____ day of _____,
201__.

Witness

Individual Creditor

Witness

Name of Corporate Creditor

Name and Title of Signing Officer

Return to:
Deloitte Restructuring Inc., Monitor
700 Bankers Court, 850 – 2nd Street SW
Calgary, AB T2P 0R8
Phone: (403) 267-1777 Fax: (403) 718-3681
Email: CalgaryRestructuring@deloitte.ca

Schedule "D" – Notice of Opting Out

COURT FILE NUMBER 1501-00955
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
DOCUMENT NOTICE OF OPTING OUT
APPLICANTS LUTHERAN CHURCH – CANADA, THE ALBERTA – BRITISH COLUMBIA DISTRICT, ENCHARIS COMMUNITY HOUSING AND SERVICES, ENCHARIS MANAGEMENT AND SUPPORT SERVICES, AND LUTHERAN CHURCH – CANADA, THE ALBERTA – BRITISH COLUMBIA DISTRICT INVESTMENTS LTD.

I, _____ a creditor (or I _____, representative of _____, a creditor), in the above matter hereby request Representative Counsel (or in the event that Representative Counsel is not retained, the Monitor) take notice that I shall not or no longer participate in the Representative Action.

I acknowledge that by signing this document, I am:

- a. waiving all rights as a participant within the Representative Action Claim(s);
- b. to be removed from the members of the Representative Action Class;
- c. not entitled to any further notice of or information regarding the Representative Action, save what is available on the public record;
- d. forever barred from participating in the Representative Action;
- e. not entitled to receive any recovery of any kind, including but not limited to a dividend or distribution under the Plan, that is payable out of proceeds recovered pursuant to the Representative Action; and
- f. not eligible to be a member of any "class" pursuant to the *Class Proceedings Act*, R.S.B.C. 1996, c. 50 (British Columbia) and *Class Proceedings Act*, S.A. 2003, c. C-16.5, as amended by the *Class Proceedings Amendment Act, 2010*, c. 15 (Alberta), or any legislation of similar purpose or intent in any Canadian Province or Territory, or State of the United States except for any representative action commenced pursuant to the DIL plan of compromise and arrangement, if applicable.

THIS NOTICE, ONCE DULY COMPLETED, DATED AND SIGNED, MUST BE SENT TO THE REPRESENTATIVE COUNSEL, OR IF THERE IS NO REPRESENTATIVE COUNSEL THEN TO THE MONITOR, BY MAIL, FACSIMILE TRANSMISSION OR COURIER, AND UPON THE DATE OF RECEIPT SHALL BE DEEMED ACCEPTED AND ENFORCEABLE.

Dated at _____ this _____ day of _____,
20____.

Witness

Individual Creditor

Witness

Name of Corporate Creditor

Name and Title of Signing Officer

Return to:
Representative Counsel

Or:
Deloitte Restructuring Inc., Monitor
700 Bankers Court, 850 – 2nd Street SW
Calgary, AB T2P 0R8
Phone: (403) 267-1777 Fax: (403) 718-3681
Email: CalgaryRestructuring@deloitte.ca

Schedule "E" - Initial Articles of NewCo

Alberta

Articles of Incorporation

1. Name of Corporation

2. The classes of shares, and any maximum number of shares that the corporation is authorized to issue:

The attached Schedule of Share Capital is incorporated into and forms part of this form.

3. Restrictions on share transfers (if any):

None.

4. Number, or minimum and maximum number, of directors that the corporation may have:

6 directors

5. If the corporation is restricted FROM carrying on a certain business, or restricted TO carrying on a certain business, specify the restriction(s):

The attached Schedule of Restrictions on Business.

6. Other rules or provisions (if any):

The attached Schedule of Other Provisions is incorporated into and forms part of this form.

7. Dated: [●], 2015

Incorporators

<u>Name of Person Authorizing (please print)</u>	<u>Address: (including postal code)</u>	<u>Signature</u>

SCHEDULE OF SHARE CAPITAL

The Corporation is authorized to issue one class of shares, to be designated as "Class A Common Shares", in an unlimited number; and such shares having attached thereto the following rights, privileges, restrictions and conditions:

1. Class A Common Shares

The Class A Common Shares shall have attached thereto the following rights, privileges, restrictions and conditions:

- a) *Voting.* The holders of the Class A Common Shares shall be entitled to receive notice of and to attend any meeting of the shareholders of the Corporation and shall be entitled to one vote for each Class A Common Share held.
- b) *Dividends.* The holders of the Class A Common Shares shall be entitled to receive dividends at such times and in such amounts as the directors of the Corporation may in their discretion from time to time declare.
- c) *Dissolution.* Subject to the prior rights and privileges attaching to any other class of shares of the Corporation, the right to receive the remaining property and assets of the Corporation upon liquidation, dissolution or winding up of the Corporation or any other distribution by way of return of capital.
- d) *Redemption Right of the Shareholders:*
 - i. Subject to the provisions of the *Business Corporations Act* (Alberta) ("ABCA"), after the closing of the sale of any property owned by the Corporation in the Prince of Peace development that is sold for more than \$5,000,000 (an "Eligible Sale"), each holder of Class A Common Shares shall have the right, exercisable in accordance with this Section 1(d), to require the Corporation to redeem its Pro Rata Redemption Shares (defined below) in exchange for the Corporation paying such holder the Final Fair Value (defined below) of a Class A Common Shares for each for each Pro Rata Redemption Share (the "**Redemption Price**"), together with all dividends and distributions declared and remaining unpaid on such Class A Common Shares up to and including the Redemption Date (as defined herein) (collectively, the "**Redemption Amount**"). If only some of the then outstanding Class A Common Shares are to be redeemed at any time, then such Class A Common Shares shall be redeemed *pro rata* disregarding fractions and the board of directors of the Corporation may make such adjustments as may be necessary to avoid the redemption of fractional parts of shares.
 - ii. Within ten (10) days after the closing of the sale of an Eligible Sale, the board of directors of the Corporation shall:
 - a. by applying the valuation principals set out in Section 5 hereof, determine and prepare a valuation report on the fair value of the Class A Common Shares as at the date of the Eligible Sale, which report sets out the major assumptions, judgments and the framework for valuation calculations (the "**Proposed Fair Value Report**"); and
 - b. deliver written notice to the holders of Class A Common shares ("**Notice of Sale and Proposed Redemption Price**") which: (i) states that the Corporation has closed an Eligible Sale; (ii) indicates the net sale price of the property sold pursuant to the Eligible Sale; (iii) indicates the fair value of a Class A Common

Share as at the date of the Eligible Sale, as determined by the board of directors of the Corporation (the "Proposed Fair Value"), and encloses a copy of the Proposed Fair Value Report; (iv) indicates the proposed percentage of the total number Class A Common Shares that each holder of Class A Common Shares would have the right to require the Corporation to redeem, based on a quotient, the numerator of which is Net Sale Price (defined below) divided by the Proposed Fair Value of a Class A Common Share minus any dividends and distributions declared and remaining unpaid on such Class A Common Shares up to and including the Redemption Date and the denominator of which is the total number of issued and outstanding Class A Common Shares immediately prior to the redemption; and (v) indicates that the holders of Class A Common Shares have ten (10) days from the date of receipt of the Notice of Sale and Proposed Redemption Price to deliver an Objection Notice.

- iii. Each holders of Class A Common Shares shall have ten (10) days from the date it receives the Notice of Sale and Proposed Redemption Price to inform the Corporation in writing of any disagreement with the Proposed Fair Value ("Objection Notice"). If the Corporation does not receive Objection Notices within such 10 day period from holders of Class A Common Shares that hold ~~25%~~ or more of the issued and outstanding Class A Common Shares, the Proposed Fair Value contained in the Notice of Sale and Proposed Redemption Price shall become final and binding on all of the holders of Class A Common Shares. If the Corporation receives Objection Notices within such 10 day period from holders of Class A Common Shares that hold ~~25%~~ or more of the issued and outstanding Class A Common Shares, the fair value of the Class A Common Shares shall be determined as follows:
- a. within five days after the expiry of such ten (10) day period, the board of the directors of the Corporation shall engage the auditors of the Corporation (the "Auditors") to determine and prepare, within thirty (30) days after their engagement, a valuation report on the fair value of the Class A Common Shares as at the date of the Eligible Sale, which report sets out the major assumptions, judgments, the framework for valuation calculations and complies with the level of valuation requested by the board of directors of the Corporation (the "Auditor Fair Value Report") and, for greater certainty, the board of directors of the Corporation shall select the level of valuation giving consideration to, *inter alia*, the recommendations of The Canadian Institute of Chartered Business Valuators;
 - b. in making the determination of the fair value of the Class A Common Shares as at the date of the Eligible Sale, the Auditors will apply the valuation principles set out in Section 5 hereof and the board of directors of the Corporation and the holders of Class A Common Shares will cooperate fully with the Auditors;
 - c. the preparation of the Auditor Fair Value Report will be conducted as an expert determination, solely on the basis of the Auditors' own experience, and will not be an arbitration;
 - d. the amount of the fair value of the Class A Common Shares as at the date of the Eligible Sale determined by the Auditors (the "Fair Value") will, absent manifest error, be final and binding on all the holders of Class A Common Shares, and there will be no appeal or review of that determination on any grounds. If the Fair Value is expressed by the Auditors as a range, the mid-point of the range will be the Fair Value; and
 - e. the Corporation will pay the cost of the determination of the Fair Value in accordance with this Section 1(d)(iii).

- f. After the Proposed Fair Value becomes final and binding or the Fair Value determined by the Auditors becomes final and binding (in either case, the "Final Fair Value"), the Corporation shall deliver written notice to the holders of Class A Common Shares ("Notice of Redemption") which indicates that, in connection with the Eligible Sale: (i) the holders of Class A Common Shares have the right to require the Corporation to redeem Class A Common Shares in a number equal to the Net Sale Price (defined below) divided by the Final Fair Value of a Class A Common Share minus any dividends and distributions declared and remaining unpaid on such Class A Common Shares up to and including the Redemption Date (the "Redemption Shares"); (ii) each holder of Class A Common Shares has the right to require the Corporation to redeem such holder's *pro rata* share of the Redemption Shares (the "Pro Rata Redemption Shares"), which is the number equal to (z) the total number of Class A Common Shares held by such holder on the Redemption Date (immediately prior to the redemption) multiplied by (y) a quotient (the "Pro Rata Quotient"), the numerator of which is the total number of Redemption Shares and the denominator of which is the total number of issued and outstanding Class A Common Shares on the Redemption Date (immediately prior to the redemption); provided, however, that such redemption shall not include a fraction of a Class A Common Share, and any such fraction shall be rounded down to the next whole number; (iii) the purchase price payable by the Corporation for each Pro Rata Redemption Share shall be the Final Fair Value of a Class A Common Share and, if the Final Fair Value was determined by the Auditors, a copy of the Auditor Fair Value Report shall be enclosed with the Notice of Redemption; (iv) the date on which the redemption shall take place (the "Redemption Date"), which shall be not more than sixty (60) days after the date the Notice of Redemption was delivered to holders of the Class A Common Shares; and (v) each holder of Class A Common Shares has thirty (30) days from the date of receipt of the Notice of Redemption to exercise such right pursuant to Section 1(d)(iv) hereof.
- iv. Each holder of Class A Common Shares shall have the option, exercisable at any time within thirty (30) days of receipt of the Notice of Redemption, by delivering written notice of redemption to the Corporation (the "Redemption Acceptance Notice") confirming the holder's intention to require the Corporation to redeem all but not less than all of its Pro Rata Redemption Shares as set out in the Notice of Redemption.
- v. The maximum amount of the aggregate Pro Rata Redemption of all holders of Class A Common Shares shall be based on the net sale price minus ten percent (10%) of the relevant property (the "Net Sale Price").
- vi. The Corporation shall have no obligation to redeem any Class A Common Shares forming part of the Redemption Shares if no Redemption Acceptance Notice has been received by the Corporation for such Class A Common Shares within such thirty (30) day period.
- vii. From and after the Redemption Date, the Class A Common Shares to be redeemed shall cease to be entitled to dividends and distributions, and the holders thereof shall not be entitled to exercise any of their rights as holders of Class A Common Shares in respect thereof, except to receive the Redemption Amount. On the Redemption Date, the Corporation shall pay to or to the order of the registered holder of the Class A Common Shares to be redeemed, for each Class A Common Share to be redeemed, the Redemption Amount, provided that, if a certificate or certificates have been issued for such Class A Common Shares, then the holder shall present and surrender to the Corporation the certificate or certificates representing the Class A Common Shares issued in their name.

In that event, if any holder of Class A Common Shares has not surrendered the certificate for any Class A Common Shares to be redeemed, then the Corporation may pay the Repurchase Amount for such Class A Common Shares to an account in any chartered bank in Canada (and the Corporation shall notify such holder accordingly) to be paid without interest to or to the order of such holder when such holder presents and surrenders the certificate representing such holder's Class A Common Shares to be redeemed to such bank, and upon depositing such Repurchase Amount, the Class A Common Shares in respect of which such Repurchase Amount has been paid shall be deemed to have been redeemed on the date on which such deposit is made or the Redemption Date, whichever is later, and the rights of the holder thereof shall thereafter be limited to receiving without interest such holder's Repurchase Amount so deposited upon presenting and surrendering the certificates representing such holder's shares.

viii. In the event that the Corporation fails (for any reason) to make unconditionally available the Repurchase Amount in full (except for failure of a holder of the Class A Common Shares to surrender its certificate(s) therefor as required hereunder), the subject Class A Common Shares shall remain issued and outstanding and the holder thereof shall continue to be entitled to receive all dividends and distributions declared on the Class A Common Shares until such failure has been rectified in full, and the Repurchase Amount shall be deemed to be amended to include such additional dividends and distributions.

e) *Dissent Rights.* Without limiting the rights of the holders of Class A Common Shares under the ABCA, the holders of Class A Common Shares shall be entitled, in accordance with and subject to the provisions of the ABCA, to dissent if the Corporation resolves to:

- i. amend its articles to add, change or remove any provisions restricting or constraining the issue or transfer of shares of that class;
- ii. amend its articles to add, change or remove any restrictions on the business or businesses that the corporation may carry on;
- iii. amend its articles to add or remove an express statement establishing the unlimited liability of shareholders as set out in section 15.2(1) of the ABCA;
- iv. amalgamate with another corporation, otherwise than under Section 184 or 187 of the ABCA;
- v. be continued under the laws of another jurisdiction; or
- vi. sell, lease or exchange all or substantially all its property
(each, a "Trigger Resolution").

2. Dividends

The holders of the Class A Common Shares shall rank equally and be treated equally in the declaration or payment of dividends. All dividends paid on the Class A Common Shares shall be paid in proportion to the aggregate number of shares that are held by each shareholder.

3. Pari Passu

The Class A Common shall rank *pari passu* with respect to the right to receive the remaining property and assets of the Corporation upon liquidation, dissolution or winding up of the Corporation or any other distribution by way of return of capital.

4. Contravention of ABCA

In the event that any redemption of Class A Common Shares specified for redemption under Section 1(d) cannot be completed without the Corporation contravening some provision of the ABCA, then:

- a) the Corporation shall nonetheless redeem, in the aggregate, the maximum number of Redemption Shares that can be redeemed without causing such contravention (the "Revised Redemption Shares");
- b) each holders of Class A Common Shares shall have the right to require the Corporation to redeem such holder's *pro rata* share of the such maximum number of Redemption Shares, which is the number equal to the (z) the total number of Class A Common Shares held by such holder on the Redemption Date (immediately prior to the redemption) multiplied by (y) a quotient, the numerator of which is the total number of such maximum number of Redemption Shares and the denominator of which is the total number of issued and outstanding Class A Common Shares on the Redemption Date (immediately prior to the redemption);
- c) such redemption shall not include a fraction of a Class A Common Share, any such fraction to be rounded down to the next whole number; and
- d) the balance of the Redemption Shares shall be offered to the holders of Class A Common Shares for redemption by the Corporation so soon thereafter as the Corporation is capable of doing so without causing a contravention of such legislation and the process contemplated by this Section 4 shall be applied, *mutatis mutandis*, until all of the Redemption Shares have been so offered for redemption.

5. Determination of Fair Value for Retraction of Class A Common Shares under Section 1(d)

a) Calculation of Fair Value

- i. The fair value (the "Fair Value") of Class A Common Shares will be calculated as at the time immediately before the occurrence of the event that gave rise to the requirement to make the calculation, and will be:
 - a. calculated on an en bloc basis, attributing neither a premium to, nor a discount from, the value of the Class A Common Shares;
 - b. the highest price, expressed in money, available in an open and unrestricted market between informed and willing parties acting at arm's length (as defined in the *Income Tax Act* (Canada)) and under no compulsion to act; and
 - c. determined on a going concern basis, unless inappropriate in light of circumstances.

6. Dissent Rights

Dissent rights contemplated above shall be governed by the following provisions:

- a) In addition to any other rights a holder of Class A Common Shares (a “Class A Holder”) may have, but subject to paragraph (r) below, a Class A Holder who is entitled to dissent in the event of a Trigger Resolution and who complies with the provisions set out below is entitled to be paid by the Corporation fair value of the Class A Common Shares held by the Class A Holder in respect of which the Class A Holder dissents, determined as of the close of business on the last business day before the day on which the Trigger Resolution from which the Class A Holder dissents was adopted.
- b) A dissenting Class A Holder may only claim under these provisions with respect to all the Class A Common Shares held by the Class A Holder or on behalf of any one beneficial owner and registered in the name of the dissenting Class A Holder.
- c) A dissenting Class A Holder shall send to the Corporation a written objection to a Trigger Resolution:
- (i) at or before any meeting of Class A Holders at which the Trigger Resolution is to be voted on; or
 - (ii) if the Corporation did not send notice to the Class A Holder of the purpose of the meeting or of the Class A Holder’s right to dissent, within a reasonable time, which shall be not greater than thirty (30) days after the Class A Holder learns that the Trigger Resolution was adopted and of the Class A Holder’s right to dissent.
- d) An application may be made to the Court of Queen’s Bench of Alberta (the “Court”) after the adoption of a Trigger Resolution:
- (i) by the Corporation; or
 - (ii) by a Class A Holder if the Class A Holder has sent an objection to the Corporation under paragraph (c),
- to fix the fair value in accordance with paragraph (a) of the Class A Common Shares of a Class A Holder who dissents under these provisions.
- e) If an application is made under paragraph (d), the Corporation shall, unless the Court otherwise orders, send to each dissenting Class A Holder a written offer to pay the Class A Holder an amount considered by the directors to be the fair value of the shares.
- f) Unless the Court otherwise orders, an offer referred to in paragraph (e) shall be sent to each dissenting Class A Holder:
- (i) at least 10 days before the date on which the application is returnable, if the Corporation is the applicant; or
 - (ii) within 10 days after the Corporation is served with a copy of the application, if a Class A Holder is the applicant.
- g) Every offer made under paragraph (e) shall:
- (i) be made on the same terms; and
 - (ii) contain or be accompanied with a statement showing how the fair value was determined.
- h) A dissenting Class A Holder may make an agreement with the Corporation for the purchase of the Class A Holder’s Class A Common Shares by the Corporation, in the amount of the

Corporation's offer under paragraph (e) or otherwise, at any time before the Court pronounces an order fixing the fair value of the shares.

- i) A dissenting Class A Holder:
 - (i) is not required to give security for costs in respect of an application under paragraph (d); and
 - (ii) except in special circumstances must not be required to pay the costs of the application or appraisal.

- j) In connection with an application under paragraph (d), the Court may give directions for:
 - (i) joining as parties all dissenting Class A Holders whose shares have not been purchased by the Corporation and for the representation of dissenting Class A Holders who, in the opinion of the Court, are in need of representation;
 - (ii) the trial of issues and interlocutory matters, including pleadings and questioning under Part 5 of the *Alberta Rules of Court*;
 - (iii) the payment to the Class A Holder of all or part of the sum offered by the Corporation for the shares;
 - (iv) the deposit of the share certificates with the Court or with the Corporation or its transfer agent;
 - (v) the appointment and payment of independent appraisers, and the procedures to be followed by them;
 - (vi) the service of documents; and
 - (vii) the burden of proof on the parties.

- k) On an application under paragraph (d), the Court shall make an order:
 - (i) fixing the fair value of the shares in accordance with paragraph (a) of all dissenting Class A Holders who are parties to the application;
 - (ii) giving judgment in that amount against the Corporation and in favour of each of those dissenting Class A Holders; and
 - (iii) fixing the time within which the Corporation must pay that amount to a Class A Holder.

- l) On:
 - (i) the action approved by the Trigger Resolution from which the Class A Holder dissents becoming effective;
 - (ii) the making of an agreement under paragraph (h) between the Corporation and the dissenting Class A Holder as to the payment to be made by the Corporation for the Class A Holder's Class A Common Shares, whether by the acceptance of the Corporation's offer under paragraph (e) or otherwise; or
 - (iii) the pronouncement of an order under paragraph (k).

whichever first occurs, the Class A Holder ceases to have any rights as a Class A Holder other than the right to be paid the fair value of the Class A Holder's Class A Common Shares in the amount agreed to between the Corporation and the Class A Holder or in the amount of the judgment, as the case may be.

- m) Paragraph (l)(i) does not apply to a Class A Holder referred to in paragraph (c)(ii).
- n) Until one of the events mentioned in paragraph (l) occurs:
 - (i) the Class A Holder may withdraw the Class A Holder's dissent; or
 - (ii) the Corporation may rescind the Trigger Resolution.

and in either event proceedings under this section shall be discontinued.
- o) The Court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting Class A Holder, from the date on which the Class A Holder ceases to have any rights as a Class A Holder by reason of paragraph (l) until the date of payment.
- p) If paragraph (r) applies, the Corporation shall, within 10 days after:
 - (i) the pronouncement of an order under paragraph (k); or
 - (ii) the making of an agreement between the Class A Holder and the Corporation as to the payment to be made for the Class A Holder's shares.

notify each dissenting Class A Holder that it is unable lawfully to pay dissenting Class A Holders for their shares.
- q) Notwithstanding that a judgment has been given in favour of a dissenting Class A Holder under paragraph (k)(ii), if paragraph (r) applies, the dissenting Class A Holder, by written notice delivered to the Corporation within 30 days after receiving the notice under paragraph (p), may withdraw the Class A Holder's notice of objection, in which case the Corporation is deemed to consent to the withdrawal and the Class A Holder is reinstated to the Class A Holder's full rights as a Class A Holder, failing which the Class A Holder retains a status as a claimant against the Corporation, to be paid as soon as the Corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the Corporation but in priority to its Class A Holders and holders of Class B Common Shares.
- r) A Corporation shall not make a payment to a dissenting Class A Holder under these provisions if there are reasonable grounds for believing that:
 - (i) the Corporation is or would after the payment be unable to pay its liabilities as they become due; or
 - (ii) the realizable value of the Corporation's assets would by reason of the payment be less than the aggregate of its liabilities.

SCHEDULE OF RESTRICTIONS ON BUSINESS

1. The business of the Corporation shall be to maximize the value of the assets comprising the Prince of Peace Development for the benefit of the holders of Class A Common Shares (the "Corporation's Business").
2. Any changes to the Corporation's Business shall require consent of the holders of not less than two thirds of all of the then outstanding Class A Common Shares present in person or by proxy and voting at a special meeting called for such purpose.

SCHEDULE OF OTHER PROVISIONS

1. Other than pursuant to the plan of compromise and arrangement of Lutheran Church-Canada, the Alberta-British Columbia District, as amended, any invitation to any person who is not a shareholder of the Corporation to subscribe for securities of the Corporation from treasury is prohibited.
2. The Corporation has a lien on the shares of a shareholder or his legal representative for a debt of that shareholder to the Corporation
3. The right to transfer securities of the Corporation, other than non-convertible debt securities, is restricted in that no securityholder shall be entitled to transfer any securities of the Corporation to any person unless the transfer has been approved by the board of directors of the Corporation.
4. In addition to any other consent required by law, consent of the holders of not less than two thirds of all of the then outstanding Class A Common Shares present in person or by proxy and voting at a special meeting called for such purpose, will be required for the Corporation to incur indebtedness with a value of more than ten percent (10%) of the net asset value of the Corporation.
5. Any meeting of shareholders of the Corporation may be held in any place either within or out of Alberta as selected by the directors of the Corporation in accordance with applicable corporate legislation.
6. Notwithstanding anything to the contrary in Section 102 of the ABCA, any proposed adoption or creation of any By-law or any amendment to the By-laws, whether by way of an addition, amendment or deletion of any provision thereto or the repeal of all or part of same (the "Proposed By-law Change"), shall require a resolution that is either (i) signed in writing by all of the Directors of the Corporation, or (ii) passed at a meeting of the Directors by a majority of the votes cast at such meeting by the Directors. In addition, the confirmation, rejection or amendment of the Proposed By-law by the shareholders of the Corporation at the next meeting of the shareholders at which the Directors have submitted such Proposed By-law Change shall require consent of the holders of not less than two thirds of all of the then outstanding Class A Common Shares present in person or by proxy and voting at a special meeting called for such purpose. A bylaw, or an amendment or a repeal of a bylaw, is effective from the date of the resolution of shareholders, if confirmed or confirmed as amended by the shareholders, and in the form in which it was so confirmed.

Schedule "F" - Minors' Property Act Regulation Forms Acknowledgment of Responsibility

Guardian's Acknowledgment of Responsibility

(Minors' Property Act (section 8))

This acknowledgment of responsibility is given by

Name _____
Address _____

1 This acknowledgment of responsibility relates to the minor,
_____ (name of minor) _____, who was born on
_____ (day, month, year) _____.

2 I am the minor's guardian because I am

- the minor's mother or father
- appointed guardian by the deed or will of the minor's parent,
_____ (name of parent) _____, who is now deceased
- appointed guardian by a court order dated _____ (date of
guardianship order) _____.

3 I have the power and responsibility to make day-to-day decisions affecting the minor.

4 I request the _____ (name of person or organization) _____ to deliver to
me, to hold as trustee for the minor, money or other property of a total value of
\$ _____ that _____ (name of person or organization) _____ is
holding for the minor.

~~5 I will use or expend the money or other property only for the minor's benefit.~~

~~6 When the minor reaches the age of 18 years I will account to the minor and transfer the balance of
the money or other property remaining at that time to the minor.~~

Date _____
Guardian's Signature _____
Witness _____

Minor's Acknowledgment

(Minors' Property Act (section 8(2)(a)(i)))

This acknowledgment of responsibility is given by

Name _____
Address _____

~~1 I was born on _____ (date of birth) _____ and am _____ (age in years) _____ years old.~~

2. I have a legal duty to support _____ (name(s) , who is (are)
my _____ (relationship to minor) .

3. I acknowledge receipt of _____ (describe
property or state amount of money) from _____ (name of
person or organization delivering the property or money to minor) .

Date _____

Minor's Signature _____

Witness _____