

COURT FILE NUMBER

1501-00955

COURT

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

DOCUMENT

**AMENDED PLAN OF COMPROMISE AND ARRANGEMENT
OF ENCHARIS COMMUNITY HOUSING AND SERVICES**

**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 October 30, 2015

**ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT**

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**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 (the “CCAA”) pursuant to the Initial Order (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. Subsequently, 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 CRO, the Applicants have formulated a plan of arrangement (defined herein as the “Plan”) for Affected Creditors (as defined below) of ECHS.

ARTICLE 1
DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Plan, unless otherwise stated or unless subject matter of 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, 2016, in favour of the Monitor, counsel to the Monitor, the Applicant's 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 Life Lease Residents.

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

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

"Assumed Trade Creditor Contracts" means all contracts with Trade Creditors that NewCo will assume as part of its acquisition of the Core Assets.

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.

"**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 ECHS.

"**Claim(s)**" means any right or claim of any Person that may be asserted or made in whole or in part against ECHS 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 exist 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 ECHS a certificate confirming the same.

"Concentra" means Concentra Trust.

"Core Assets" means the real and personal property within the Prince of Peace Development that is described in Schedule "A" that is owned by ECHS, ~~and over which the District and Concentra have registered security.~~

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

"Creditor Classes" means the following two classes into which Affected Creditors will be divided for voting and distribution purposes:

- a. The Trade Creditors; and
- b. The Life Lease Residents.

"Creditors' Meeting" means the meeting of the Eligible Affected Creditors with voting Claims to be held on Friday, December 11, 2015 at 11:00 A.M. Mountain Time 1600-421-7th Avenue S.W., Calgary, Alberta, as set out in the Meeting Order 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' Meeting, prescribing the process by which Eligible Affected Creditors shall be notified of the Creditors' Meeting and the conduct of such Creditors' Meeting.

"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 Parties designated as critical suppliers under the Initial Order or any subsequent Orders.

"CRO" means the Chief Restructuring Officer, Kluane 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 DIL Depositors.

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

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

"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.

"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 Monitor 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 Trade Creditor or a Related 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 Depositor(s)" mean depositors who have made loans to District through CEF.

“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 in such capacity, 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. For clarity, the Directors’ Charge shall not be used to pay any D&O Claims.

“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 ECHS, or members of any duly constituted committee of ECHS.

E

“ECHS” means Encharis Community Housing Services.

“Effective Date” subject to the satisfaction of the conditions precedent outlined in Article 6.2 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 ECHS.

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

“EMSS” means Encharis Management and Support Services.

“EMSS Assets” means all of EMSS’ personal property, including, for greater clarity, all contracts which EMSS has the benefit of including, that are to be transferred to NewCo pursuant to the plan of compromise and arrangement of EMSS.

F

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

G

“Grant Agreements” means the Rural Affordable Supportive Living Program Grant Funding Agreement and the Affordable Supportive Living Initiative Grant Funding Agreement between ECHS and the Government of Alberta with respect to the Core Assets.

“Government of Alberta” means Her Majesty the Queen in Right of Alberta as represented by her Minister of Seniors or such successor ministry as may be appointed by Her Majesty’s government from time to time.

I

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

L

“Leases” means obligations, agreements or leases to which ECHS is a Party.

“Life Leases” means those leases with respect to the Life Lease Condominiums.

“Life Lease Condominiums” means those condominium units within the Prince of Peace Village as further described in Schedule “B”.

“Life Lease Pool” means the total funds paid by the Life Lease Residents pursuant to this Plan.

“Life Lease Residents” means Persons who are lessees under the Life Leases.

M

"Monitor" means Deloitte Restructuring Inc., the Court-appointed Monitor.

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

N

"NewCo" means the new corporation established pursuant to the terms of the District's plan of compromise and arrangement, incorporated under the *Alberta Business Corporations Act*.

"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

"Operational Reserve" means that sum of money set by the Monitor to provide ECHS with sufficient funds to satisfy its Post-Filing Claims until such time as it has completed its duties under this Plan, at which time ECHS' operations will cease.

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

P

"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 ECHS pursuant to the CCAA Proceedings.

"Plan Payments" means those payments to be made by the Monitor pursuant to this Plan.

"Post-Filing Claim(s)" means any Claim(s) that may be asserted or made in whole or in part against ECHS 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 ECHS towards Persons, who have supplied or shall supply services, utilities, goods or materials or who have or shall have advanced funds to ECHS on or after the Filing Date.

"Prince of Peace Development" means the properties located in Rocky View County, Alberta as further described in Schedule "A" to this Plan.

"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 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.

"Related Creditor(s)" means Persons who meet the definition of Related Person(s) set out in Section 4(2) of the BIA.

"Related Creditor Claims" means the Proven Claims filed by the other Applicants against ECHS pursuant to the Claims Process, which include the following:

- a. The secured and unsecured claims of the District for \$82,095,702.57 dollars plus accrued interest related to a mortgage against various real properties within the Prince of Peace Development and for District's unsecured deficiency claim;
- b. The claim of DIL for \$3,981,261.70 related to a mortgage against various real properties within the Prince of Peace Development;
- c. The claim of DIL for \$3,740,739.29 related to a mortgage against various real properties within the Prince of Peace Development; and
- d. The claim of ECHS against EMSS in the amount of \$2,113,869.97.

"Released Parties" means the Monitor, the Monitor's Counsel, the Applicants' Counsel, the CRO, ECHS, and the Directors of ECHS, officers, volunteers, and employees of ECHS, and any independent contractors of ECHS who are individuals and who were employed three days or more a week on a regular basis.

"Representative Action" means that legal action or actions undertaken in respect of the Representative Action Claims, as that term is defined in the plans of compromise and arrangement for the District and DIL, which action may be advanced as a class proceeding for those Depositors, who elect to participate in accordance with the terms of the plans of compromise and arrangement for the District and DIL.

"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).

"Residential Lot" means the lot owned by ECHS which is legally described as Condominium Plan 9812469, Unit 39 and 1 undivided one ten thousandth shares in the common property, excepting thereout all mines and minerals.

"Restructuring Claim(s)" means any claims with respect to reasonable fees and disbursements of the Monitor, the Monitor's Counsel or the Applicants' Counsel.

"Restructuring Holdback" means the amount to be held by ECHS 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 and the plans of compromise and arrangement filed by the other Applicants 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 8.

T

"Trade Creditor(s)" means suppliers who have Claim(s) as a result of providing ECHS with goods and services prior to the Filing Date.

"Trade Creditor Pool" means the amount to be held by the Applicants' Counsel equal to the sum of all of the Proven Claims of the Trade Creditors.

U

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

- a. Crown Claims;
- b. Post- Filing Claims;
- c. Government of Alberta;
- d. Restructuring Claims;
- e. The Related Creditor Claims;
- f. All Claims of current employees, officers and directors of ECHS 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;

- g. Amounts due to Person(s) classified as critical suppliers in the Initial Order or any subsequent Orders;
- h. Claims against Directors excluded from being compromised pursuant to section 5.1(2) of the CCAA; and
- i. Claims related to Leases that have not been disclaimed or resiliated by ECHS pursuant to this Plan.
- j. Claims by the Life Lease Residents, in the event that a Required Majority in that Creditor Class does not vote for the acceptance of the Plan.

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 ensure 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 District Group to restructure its 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 greater benefits to all Persons with an economic interest in the District Group than would result from the bankruptcy of some or all of the District Group or the immediate forced liquidation of all of the District Group's assets, including the Core Assets. Affected Creditors should review this Plan and the Seventh 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. If this Plan is accepted by the Eligible Trade Creditors but not by the Life Lease Residents and approved by the Court, and the transactions set out in this Plan occur, this Plan shall be binding upon each Trade Creditor and their respective heirs, executors, administrators, legal representatives, successors and assigns but the Life Lease Residents shall thereafter be deemed to be Unaffected Creditors for all other purposes under this Plan.

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, Affected Creditors with Proven Claims will be divided into the Creditor Classes.

ARTICLE 4

STRUCTURE OF THE PLAN

4.1 Overview

The Applicants' Plans contemplate the following:

- a. The transfer of the Core Assets and the EMSS Assets to NewCo pursuant to the Applicants' plans of compromise and arrangement;
- b. NewCo's management of the ongoing operations of the Manor and the Harbour as going concerns, thereby protecting the interests of the residents of the Manor and the Harbour and permitting the Harbour and the Manor to continue to provide care for the aged and those struggling with dementia;
- c. The Residential Lot being sold or exchanged for other lands which could be included as part of the Core Assets. The net sale proceeds from the sale of the Residential Lot shall be paid to DIL and dealt with in the DIL plan of compromise and arrangement or, in the case of a land exchange, otherwise settled between the District Committee and the DIL Committee;
- d. ECHS' operations being discontinued upon
 - i. the transfer of the Core Assets and the Life Lease Condominiums; and
 - ii. the Residential Lot being sold;
- e. All employees of ECHS being terminated by ECHS on the Effective Date. All current employees, officers and directors of ECHS are Unaffected Creditors for the purpose of this Plan.
- f. The Claims of the Affected Creditors being compromised as follows:
 - i. The Trade Creditors will be paid in full upon the Effective Date of the ECHS Plan; and
 - ii. Provided that the Required Majority is obtained in the Life Lease Residents' Creditor Class, the Life Lease Residents' leasehold interest in the Life Lease Condominiums will be converted from a leasehold interest to a fee simple interest as set out herein.

- g. The A tax planned transaction will see, as its end result, a portion of the Related Creditor Claims of the District being deemed paid upon the transfer of the Core Assets to NewCo and shares in NewCo being issued to the District Depositors.
- h. The Affected Creditors of the Applicants receiving an improved recovery compared to what would result from the bankruptcy of ECHS or the immediate forced liquidation of the Core Assets, the Residential Lot, and the EMSS Assets.

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 Trade Creditor will receive payment of 100% of their Proven Claim from the Trade Creditor Pool;
- b. The Post-Filing Claims relating to the Assumed Trade Creditor Contracts will be assumed by NewCo upon the transfer of the Assumed Trade Creditor Contracts to NewCo;
- c. The A tax planned transaction will see, as its end result, a portion of the Related Creditor Claims of the District being deemed paid upon the transfer of the Core Assets to NewCo and shares in NewCo being issued to the District Depositors;
- d. With respect to the claims of Life Lease Residents:
 - i. The Life Lease Residents' leasehold interest in the Life Lease Condominiums shall be converted from a leasehold interest to a fee simple interest as follows. Upon the Effective Date, the Life Lease Residents shall pay \$3,000.00 per Life Lease Condominium to DIL into the Life Lease Pool for the benefit of the DIL Depositors. Until such time as the said payment is made, the Life Lease for the said Life Lease Condominium shall be in full force and effect;
 - ii. Upon the receipt by DIL of the \$3,000.00 payment referenced in subparagraph (i) above in relation to a particular Life Lease Condominium, ECHS shall forthwith execute all necessary documents to enable the conversion of each Life Lease Resident's leasehold interest to fee simple and the discharge of any mortgage or caveat registration held by any of the Applicants or Concentra against the said Life Lease Condominium. All such documents shall be prepared, and all related registrations and discharges shall be administered by counsel to the Life Lease Residents, at the sole cost and expense of the Life Lease Residents;
 - iii. The Life Lease Pool shall be paid to DIL;
- ~~e. NewCo will assume the obligations of ECHS under the Grant Agreements following which ECHS will be released from the claims by the Government of Alberta under the Grant Agreements.~~

4.3 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.

ARTICLE 5

PROCEDURAL MATTERS

5.1 Creditors' Meeting

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

- a. Following the filing of the Plan with the Court, ECHS will seek the Creditors' Meeting Order authorizing ECHS 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 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, 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.
- c. 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.
- d. 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.
- e. The entitlement of an Affected Creditor who's Claim is not a Proven Claim to vote at the Creditors' Meeting shall not be construed as an admission that its Claim is a Proven Claim.
- f. 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.

5.2 Voting Procedures

Each Eligible Affected Creditor may vote their Claim in person by attending the Creditors' Meeting 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.

5.3 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 10.8 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 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.

5.4 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.

5.5 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. In the absence of any such direction, the Claim(s) of the Eligible Affected Creditors will be voted in the affirmative.~~

5.6 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.

5.7 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 in any class 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 returned to NewCo.

5.8 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. The Eligible Affected Creditors will vote as part of their Creditor Class. If the Required Majority is achieved in the Creditor Class for the Trade Creditors, 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. If the Required Majority is not achieved in the Creditor Class for the Life Lease Residents, the Life Lease Residents will be unaffected by this Plan.

5.9 Confirmation of Plan

In the event that this Plan is agreed to, accepted and approved by the Required Majority at the Creditor's Meeting pursuant to the terms of the Plan, ECHS 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 6.2, 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 6.2 are not satisfied or waived in accordance with the

terms of this Plan, this Plan shall automatically terminate and in which case ECHS shall not be under any further obligation to implement this Plan.

5.10 Court Assistance

ECHS reserves the right to seek the assistance and/or direction of the Court regarding any matters arising from or under the Plan.

ARTICLE 6

CONDITIONS PRECEDENT AND PLAN IMPLEMENTATION

6.1 Sequence of Events

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

- a. All of the Applicants' plans of compromise and arrangement will have been sanctioned by the Court and all appeal periods of the Orders sanctioning the Applicants' plans of compromise and arrangement shall have expired.
- b. NewCo shall be incorporated under the *Alberta Business Corporations Act*.
- c. ~~The Core Assets shall be transferred from ECHS to NewCo free and clear of any encumbrances, charges, security interests or Claims except for those contractual obligations which this Plan contemplates NewCo assuming as part of the implementation of the Plan and the Registrar of the Alberta Land Titles Office will be directed to cancel the existing certificates of title to the Core Assets and issue a new certificate of title in the name of NewCo~~A tax planned transaction will see, as its end result, a portion of the Related Creditor Claims of District being deemed paid upon the transfer of the Core Assets to NewCo and shares in NewCo being issued to the District Depositors.
- d. NewCo shall assume the obligations of ECHS under the Grant Agreements following which ECHS will be released from the claims by the Government of Alberta under the Grant Agreements.
- e. NewCo shall assume the Assumed Trade Creditor Contracts.
- f. If the Required Majority of the Life Lease Residents' Creditor Class is obtained, then ECHS shall transfer its fee simple interest of the Life Lease Condominiums to the Life Lease Residents upon payment being made by the Life Lease Residents in accordance with Article 4.2.
- g. If not already sold by the time that the Plan is approved, upon ECHS, acting reasonably, determines it is appropriate to do so, ECHS shall sell the Residential Lot or exchange it for other lands which could be included as part of the Core Assets. The net sale proceeds from the sale of the Residential Lot shall be paid to DIL and dealt with in the DIL plan of compromise and arrangement or, in the case of a land exchange, otherwise settled between the District Committee and the DIL Committee.

- i. ECHS shall cease doing business unless the Plan is not approved by the Required Majority of the Life Lease Residents' Creditor Class or the Residential Lot has not been sold.
- j. The Monitor will pay any cash in excess of the amounts of the Disputed Claim Reserve, the Operational Reserve and the Restructuring Holdback to NewCo.

6.2 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 Completion 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. 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, shall have been made in a manner satisfactory, to the Courts.
- d. ECHS shall have taken all necessary corporate actions and proceedings to approve this Plan to enable ECHS 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.
- e. Any requisite consents to the assumption of any of the Assumed Trade Creditors' Contracts have been obtained or NewCo has amended its election to exclude from the list of Assumed Trade Creditors' Contracts those contracts for which such requisite consents have not been obtained.
- f. The Government of Alberta has provided written consent to the assumption of the Grant Agreements.
- g. This Plan shall have been approved by the Required Majority in the Creditor Class for the Trade Creditors.
- h. The Sanction Order, in form and substance satisfactory to ECHS and the Monitor, acting reasonably, and the sanction orders for the other Applicants 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.
- i. 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 ECHS and the Monitor acting reasonably).

6.3 Certificate

Immediately following the satisfaction of the conditions set out in Article 6.2 and the occurrence of the events set out in Article 6.1, the Monitor shall deliver to ECHS a certificate stating that the Completion Date has occurred. Following the Completion Date, the Monitor shall file such certificate with the Court.

ARTICLE 7 RELEASES

7.1 General Releases

Subject to Section 7.2 below, on the Completion Date the Released Parties (and only the 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 ECHS (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 Section 7.1 is not intended to release and shall not have the effect of releasing any co-obligator or any Person who is not a Released Party and specifically shall not release any joint obligator or any Person who is jointly or jointly and severally liable with a Released Party (a "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 Party but for this Section 7.1 PROVIDED ALWAYS that this Section 7.1 may be relied upon and raised or pled by a 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 the Claims released by this Section 7.1.

7.2 Limitations on Releases

Notwithstanding Article 7.1 of this Plan, the following Claims 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; and
- d. Any Claims that are advanced solely as part of the Representative Action provided that with respect to any D&O Insured Claims:
 - 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. ECHS 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 Parties (including ECHS 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.

Notwithstanding the foregoing and for greater certainty, to the extent that they are not released, any Claims of the District Depositors and the DIL Depositors respecting the Directors shall be advanced pursuant to the Representative Action as specifically set out in the District's plan of compromise and arrangement and DIL's plan of compromise and arrangement.

7.3 Sections That Do Not Apply

Pursuant to section 36.1 of the CCAA, sections 38 and 95 to 101 of the BIA shall not apply to ECHS.

ARTICLE 8

PLAN SANCTION ORDER

If the Required Majority of Trade Creditors approves the Plan, ECHS shall apply for the Plan Sanction Order. The Plan Sanction Order shall, among other things:

- a. Declare that the Plan is fair and reasonable.
- b. 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 herein set out upon ECHS, all Affected Creditors and all other Persons affected by the Plan.

- c. 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 affected in the sequential order contemplated by Article 6.1 of the Plan on the Effective Date.
- d. Declare that, as of the Completion Date, the releases referred to in Article 7 and the other provisions of this Plan shall become effective in accordance with the Plan.
- e. Terminate and discharge the Administration Charge, the Critical Supplier Charge and the Directors' Charge on the Completion Date.
- f. Declare that as of the Completion Date ECHS 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 ECHS 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.
- g. Discharge and extinguish all liens, mortgages, charges, security interests and other encumbrances including all security registrations against ECHS, in favour of any Affected Creditor in respect of an Affected Claim.
- h. Discharge and extinguish all liens, including all security registrations against ECHS, in favour of any Affected Creditor in respect of a Disputed Claim.
- i. 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.
- j. Declare that the stay of proceedings under the Initial Order is extended in respect of ECHS to and including the Completion Date.
- k. Authorize the Monitor to perform its functions and fulfil its obligations under the Plan to facilitate the implementation of the Plan.
- l. Declare that, subject to the performance by ECHS of its obligations under the Plan, all obligations, agreements or leases to which ECHS 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 ECHS 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 ECHS 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 ECHS.
 - iv. Of the effect upon ECHS 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.
- m. Declare that upon completion by the Monitor of its duties in respect of ECHS 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 Monitor 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 ECHS have been completed and thereupon the Monitor shall be deemed to be discharged from its duties as Monitor of ECHS.
- n. Declare that ECHS and the Monitor may apply to the Court for advice and direction in respect of any matter arising from or under the Plan.

ARTICLE 9

PROCEDURE FOR RESOLVING DISTRIBUTIONS TO AFFECTED CREDITORS WITH DISPUTED CLAIMS

9.1 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.

9.2 Disputed Claims Reserve

On the Effective Date, ECHS will pay to the Monitor those funds required to establish the Disputed Claims Reserve, which funds will be held by the Monitor until the Disputed Claims have either been admitted or finally disallowed.

9.3 Distributions After Disputed Claims Resolved

Affected Creditors with Disputed Claims shall attend the Creditors' Meeting and vote in person or by Proxy, and upon resolution of the Disputed Claims, the Monitor, 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. ECHS shall not be required, however, to make distributions more frequently than as required under the terms of this Plan.

9.4 Balance of Reserves and Holdbacks

Any balance of the following will be paid to NewCo:

- a. Disputed Claims Reserve after the resolution of the Disputed Claims;
- b. Restructuring Holdback after payment of the Restructuring Claims; and
- c. Operational Reserve after ECHS ceases operations.

ARTICLE 10 GENERAL PROVISIONS

10.1 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 ECHS to implement the Plan.

10.2 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 ECHS as at the Effective Date, the terms, conditions and provisions of this Plan shall govern and take precedence and priority.

10.3 Waiver of Defaults

From and after the Effective Date, all Persons shall be deemed to have waived any and all defaults by ECHS 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 Article 7.2 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.

10.4 Binding Effect

On the Effective Date, this Plan will become effective and be binding on and enure to the benefit of ECHS, 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.

10.5 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.

10.6 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.

10.7 Modification of the Plan

Subject to the consent of the Monitor, ECHS 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. ECHS 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, ECHS may propose an alteration or modification to the Plan at the Creditors' Meeting. After the Creditors' Meeting, ECHS 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.

10.8 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 ECHS:

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, or such other address as the Affected Creditor may from time to time provide to the Monitor in accordance with this section.

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.

10.9 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 ECHS, 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.

10.10 Non-Consummation

If the Sanction Order is not issued in respect of this Plan or the plans of arrangement filed by the other Applicants, 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 ECHS or any other Person; (b) prejudice in any manner the rights of ECHS in any further proceedings involving ECHS, including without limitation the right to assert any facts or defences it might otherwise have; or (c) constitute an admission of any sort by ECHS or any other Person.

10.11 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 11
EXECUTION**

11.1 Execution

This Plan has been executed by ECHS in the City of Calgary in the Province of Alberta on October 30, 2015 and is binding and effective on ECHS.

Rev. Dr. Glenn E. Schaeffer

Legal representative of ECHS

District President - ABC District

Name and title of legal representative of ECHS

**Schedule "A" – Legal Description of Prince of Peace Development to be transferred to NewCo as
Core Assets**

Development, 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

Manor

PLAN 0311251

BLOCK 4

LOT 1

EXCEPTING THEREOUT ALL MINES AND MINERALS

AREA: 1.9 HECTARES (4.7 ACRES) MORE OF 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

Schedule "B" – Legal Description of the Life Lease Condominiums

CONDOMINIUM PLAN 9812469

UNITS 3, 5, 7, 9, 11, 12, 15, 17, 18, 19, 20, 21, 23, 28, 29, 30, 33, 35

CONDOMINIUM PLAN 0011410

UNITS 41, 43, 47, 48, 49, 50, 51, 52, 54, 55, 56, 58

CONDOMINIUM PLAN 0013287

UNITS 64, 68, 69, 70, 74, 77, 78, 79, 80

CONDOMINIUM PLAN 0111629

UNITS 87, 88, 89, 92, 93, 99, 100, 102, 103, 104

CONDOMINIUM PLAN 0113520

UNITS 109, 117, 121, 122, 126, 127, 135, 143, 148,

CONDOMINIUM PLAN 0310076

UNITS 163, 183

Schedule "C" – Form of Proxy

COURT FILE NUMBER 1501-00955
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
DOCUMENT PROXY
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 this 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 ECHS 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:

1. (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

2. 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 _____, 2015 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 _____, 2015.

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

