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<b>COURT</b>	<b>COURT OF QUEEN'S BENCH OF ALBERTA</b>
<b>JUDICIAL CENTRE</b>	<b>CALGARY</b>
<b>DOCUMENT</b>	<b>FIRST REPORT TO THE CREDITORS OF LUTHERAN CHURCH – CANADA, THE ALBERTA – BRITISH COLUMBIA DISTRICT</b>

**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 28, 2016**

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**SCHEDULES**

Schedule 1	Third Amended District Plan of Compromise and Arrangement, dated March 21, 2016
Schedule 2	Notice of the District Creditors' Meeting
Schedule 3	Order (District Creditors' Meeting), dated March 21, 2016
Schedule 4	NewCo Summary Presentation prepared by the District's Chief Restructuring Officer
Schedule 5	Memorandum prepared by Gowlings WLG (Canada) LLP
Schedule 6	Tax Summary prepared by Deloitte Restructuring Inc.
Schedule 7	Notice of Opting Out
Schedule 8	Election Letter
Schedule 9	Proxy
Schedule 10	Guardian's Acknowledgment of Responsibility

# Introduction and Notice to Reader

## Introduction

1. On January 23, 2015, Lutheran Church – Canada, the Alberta – British Columbia District (the “District”), Encharis Community Housing and Services (“ECHS”), Encharis Management and Support Services (“EMSS”) and Lutheran Church – Canada, the Alberta – British Columbia District Investments Ltd. (“DIL”, collectively the “Applicants” or the “District Group”) obtained an Initial Order (the “Initial Order”) from the Court of Queen’s Bench of Alberta (the “Court”) under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “CCAA”). Deloitte Restructuring Inc. (“Deloitte”) was appointed as Monitor (the “Monitor”) in the CCAA proceedings.
2. For clarity, the District includes the Church Extension Fund (“CEF”), which was originally created to allow District members to loan their money and earn interest in faith-based developments. CEF was operated under the purview of the District’s Department of Stewardship and Financial Ministries and was not created as a separate legal entity. As such, depositors to CEF are creditors of the District (the “District Depositors”). Depositors to DIL will be referred to as the “DIL Depositors”. The District Depositors and the DIL Depositors will collectively be referred to as the “Depositors”.
3. The Initial Order provided for an initial stay of proceedings (the “Stay”) until February 20, 2015. The Court has now granted six extensions of the Stay. The most recent Order was granted at an application on January 20, 2016 and extended the Stay until April 29, 2016.
4. Information on the CCAA proceedings, including all of the Monitor’s reports (the “Monitor’s Reports”), can be accessed on Deloitte’s website at [www.insolvencies.deloitte.ca](http://www.insolvencies.deloitte.ca) under the link entitled “Lutheran Church Canada – The Alberta – British Columbia District et. al.” (the “Monitor’s Website”). The Fourteenth Report of the Monitor dated February 18, 2016 (the “Fourteenth Report”) contains information about the Plan of Compromise and Arrangement dated February 12, 2016 and filed by the District on February 16, 2016 (the “District Plan”). The District Plan was subsequently amended three times with an Amended Plan of Compromise and Arrangement also dated February 12, 2016 being filed on February 22, 2016, a second Amended Plan of Compromise and Arrangement, being dated and filed on March 14, 2016 and a third Amended Plan of Compromise and Arrangement, being dated March 21, 2016 and filed on March 22, 2016. For the purposes of this report, references to the District Plan will include all subsequent amendments.
5. The most recent report filed by the Monitor in these proceedings is the Monitor’s Seventeenth Report, dated March 18, 2016 (the “Seventeenth Report”).

6. This report constitutes the Monitor's First Report to the Creditors of the District (the "Creditors' Report"). The Creditors' Report is being prepared to provide information on the following:
  - 6.1. The District Plan; and
  - 6.2. The Monitor's recommendations.

### Notice to Reader

7. In preparing the Creditors' Report, the Monitor has relied on unaudited financial information, the books and records of the Applicants and discussions with the Applicant's employees, the Applicant's Chief Restructuring Officer (the "CRO"), interested parties and stakeholders. The Monitor has not performed an independent review or audit of the information provided.
8. This report contains estimated realizations that are based on assumptions regarding future events and, as such, will vary and these variances may be material. The Monitor assumes no responsibility or liability for any loss or damage occasioned by any party as a result of the circulation, publication, reproduction, or use of this report.
9. Capitalized terms not otherwise defined herein shall have the meanings given to them in the Monitor's Reports.
10. All amounts included herein are in Canadian dollars unless otherwise stated.

# Court Applications

11. At a hearing on March 21, 2016 (the “March 21 Hearing”), the Court granted an Order in relation to the District (the “Meeting Order”) including the following relief:
  - 11.1. Authorizing the District to file the District Plan, subject to any further amendments being made. The District Plan is to be presented to the Eligible Affected Creditors (as defined below) for their consideration at a meeting (the “District Meeting”) held in accordance with the Meeting Order and the District is to seek approval of the District Plan in the manner set forth in the Meeting Order; and
  - 11.2. Authorizing the District to further vary, amend, modify or supplement the District Plan by way of a supplementary or further amended and restated plan or plans of compromise and arrangement.
12. For clarity, the provisions of the District Plan that allow for the District Plan to be amended are typical in CCAA proceedings. The purpose of these provisions is to allow for amendments that ensure that the District’s Plan’s mechanics and operations are as efficient as possible. No amendments could be made without prior consultation with District Depositors if such amendments substantively changed the District Plan or worsened the treatment of District Depositors under the District Plan. Should further amendments be made to the District Plan ahead of the District Meeting, a summary of these further amendments will be posted to the Monitor’s Website.
13. The Notice of the Creditor’s Meeting is attached as “Schedule 2” hereto. The Meeting Order is attached as “Schedule 3” hereto.
14. As previously detailed in the Monitor’s Reports, on March 3, 2016, the Court heard the District Group’s application for an Order sanctioning the DIL Plan, declaring that the DIL Plan was fair and reasonable and declaring that the DIL Plan and all associated steps, compromises, transactions, arrangements, assignments, releases and reorganizations effected by the DIL Plan were approved, binding and effective upon those creditors affected by the DIL Plan (the “DIL Sanction Application”). On March 9, 2016, the Honourable Justice B.E.C. Romaine deferred the DIL Sanction Application, directing that it be heard at the same time as an application sanctioning the District Plan (the “District Sanction Application”). Both the DIL Plan and the District Plan contain provisions related to a future legal action or actions, which may be undertaken on behalf of DIL Depositors and District Depositors respectively by way of a class proceeding or otherwise (the “Representative Action(s)"). As both the DIL Plan and the District Plan included substantively the same provisions outlining a process whereby the Representative Actions could be advanced, the Court was of the view that the DIL Sanction Application

and the District Sanction Application should both be determined at such time as both plans had been considered and voted on by the respective creditors of each entity. In addition, although the DIL Plan and the District Plan are stand-alone plans, they have both been crafted with a view to restructuring the Applicants' affairs such that the District can continue to provide ministry services. As such, the Court ruled they should be considered simultaneously.

# The District's Assets

15. Below is a summary of the book values of the assets held by the District (the "District Assets") as at December 31, 2015. This summary excludes mission remittances which will be used in the District's ongoing operations. A portion of these mission remittances are being held in trust and will be payable to Lutheran Church – Canada ("LCC"). It also excludes pre-paid expenses such as for postage. The Monitor has not released estimated realizable values for those District Assets which are the subject of ongoing collection efforts or where sales have not yet been completed for fear of compromising those collection efforts or future sale processes.

Description	Actual or District book values - December 31, 2015
Cash and marketable securities	\$ 1,366,874
Real properties that have been sold (funds held in trust)	17,306,186
Loans, mortgages and guarantees	11,237,333
Real estate properties	6,401,837
District - ECHS Mortgage	82,095,703
Subtotal	\$ 118,407,933
Add back emergency fund payments	467,279
<b>Grand Total</b>	<b>\$ 118,875,212</b>

- 15.1. Cash and marketable securities of approximately \$1.4 million were being held in the District's operating account as at December 31, 2015. The Monitor notes that the marketable securities held by the District reflect a further investment held with Richardson GMP in the amount of \$674,400, which was not reflected in the Fourteenth Report (as further detailed in the Seventeenth Report). This amount is net of approximately \$4.1 million, which is payable to DIL Depositors pursuant to a settlement between the District's creditors' committee (the "District Committee") and DIL's creditors' committee (the "DIL Committee"), which was approved by an Order granted on January 4, 2016 (the "Settlement").
- 15.2. Cash of approximately \$17.3 million was being held in trust by the District's legal counsel related to the sale of real properties including a condominium located in Richmond, British Columbia, a property located in Revelstoke, British Columbia, lands located in St. Albert, Alberta, vacant school lands located in Edmonton, Alberta, 101 acres of land in Chestermere, Alberta (the "Chestermere Lands") and a settlement between the District and Concordia Lutheran Church.



- 15.3. The District has additional loans, mortgages and guarantees with book values totaling approximately \$11.2 million. This includes two unsecured loans from the Prince of Peace Lutheran Church and School (the “Church and School”, the “Church and School Loans”). The Church and School Loans have a combined outstanding balance of \$10.6 million, which is comprised of two unsecured loans, the first in the amount of approximately \$1.9 million and the second, which the Monitor understands was used to build the Church and School, in the amount of approximately \$8.7 million. As described in the Monitor’s Fifth Report dated August 24, 2015, the Church and School are located on development lands within the Prince of Peace Development, which have yet to be subdivided (the “Development Lands”). The Church and School are claiming an interest in the building that houses the Church and School by way of a trust or other mechanism. As such, a portion of the Church and School Loans may be discharged upon the transfer of ownership of the Development Lands (including the Church and School) pursuant to the District Plan. In addition to the Church and School Loans, the District holds unsecured loans and a mortgage on a property in Fort McMurray, Alberta. Shepherd of the Valley Ministries Ltd., a related entity, also provided a guarantee to the District with respect to any shortfall in the repayment of the District – ECHS Loan, as defined herein.
- 15.4. As at December 31, 2015, the District continued to hold the following four real estate properties:
- 15.4.1. A property located in Strathmore, Alberta, which houses the Trinity Christian Academy (the “Strathmore Property”). The Strathmore Property is currently being marketed by Colliers McCauley Nicholls Inc. at a list price of \$3.9 million. Pursuant to the Settlement, the proceeds from the sale of the Strathmore Property will be split evenly between the District and DIL;
  - 15.4.2. The District Head Office, the sale of which was approved by the Court on November 5, 2015, as amended on February 8, 2016 and has subsequently closed generating net sale proceeds of approximately \$1.5 million;
  - 15.4.3. The Elkford Lands, the sale of which was approved by the Court on February 23, 2016; and
  - 15.4.4. A property in Canmore, Alberta (the “Canmore Lands”), which houses the Shepherd of the Valley Lutheran Church (“Shepherd”). As previously reported, Shepherd has asserted a claim for adverse possession or other interest in the Canmore Lands. As such, it is possible that a settlement will be negotiated between the District and Shepherd, which may or may not involve the sale of the Canmore Lands.

The net proceeds from the sale of the Strathmore Property (half of which will be available to the District), the District Head Office, the Elkford Lands, and any proceeds realized from the Canmore Lands will be held in trust for inclusion in the District Plan.

- 15.5. The assets described in 15.1 to 15.4 above will collectively be referred to as the “Non-Core Assets”.
- 15.6. As previously reported, the District granted a loan to ECHS, which as at the Filing Date, had an outstanding balance of approximately \$82.1 million (the “District – ECHS Loan”). The District – ECHS Loan was secured by a mortgage for \$45 million plus accrued interest (the “District – ECHS Mortgage”) registered against selected properties within the Prince of Peace development, including the lands that house the Harbour and Manor senior’s care facilities, the surrounding expansion lands, the Church and School and the Development Lands (the “Prince of Peace Properties”). The Prince of Peace Properties are not currently fully subdivided. The Monitor notes that the District – ECHS Mortgage was also registered against the Chestermere Lands, which have been sold. The proceeds from the sale of the Chestermere Lands have not been applied against the balance of the District – ECHS Loan reflected above. Pursuant to the District Plan, the Prince of Peace Properties will be transferred into a new company (“NewCo”). As set out in the District Plan, pursuant to a tax structured transaction, shares in NewCo (the “NewCo Shares”) will be distributed to Eligible Affected Creditors (as defined herein).

# Key Elements of the District Plan

## Role of the Monitor

16. The Monitor is not the author of the District Plan. The District Plan has been formulated by the District subject to input from the CRO, the District Committee and the Monitor. The Monitor is an officer of the Court, whose role includes providing creditors of the District, including the District Depositors and the Trades (as subsequently defined), with proven claims or disputed claims that have not been settled or adjudicated (the “Eligible Affected Creditors”) with sufficient information to consider the District Plan and reporting to Eligible Affected Creditors on the Monitor’s view of the reasonableness and fairness of the District Plan.

## Eligible Affected Creditors

17. The District Plan has one class of Eligible Affected Creditors, which includes the following:

- 17.1. Pursuant to the claims process, which was approved pursuant to an Order granted on February 20, 2015 (the “Claims Process”), there were 2,638 District Depositors with proven claims of approximately \$96.7 million. An emergency fund was implemented prior to the Filing Date and approved by the Court as part of the Initial Order (the “Emergency Fund”). The Emergency Fund was established to ensure that District Depositors, many of whom are seniors, would have sufficient funds to cover their basic necessities. Pursuant to the Emergency Fund and for the period ended February 29, 2016, District Depositors had received payments totaling approximately \$525,900. Taking into account payments made pursuant to the Emergency Fund, District Depositors had proven claims of approximately \$96.2 million as at February 29, 2016.
- 17.2. Also pursuant to the Claims Process, the District was determined to have 13 trade creditors (the “Trades”) with proven claims of approximately \$956,700. These include a claim by LCC (the “LCC Claim”) related to an unfunded pension liability in the amount of approximately \$675,500, which was previously disallowed by the Monitor and in respect of which a dispute notice has been filed.
- 17.3. The claims of the Trades also include a claim by Fiserv Solutions Canada Inc. and Open Solutions DTS, Inc. (the “Fiserv Claim”) related to the early termination of a contract between Fiserv and the District in the amount of \$268,200. Following negotiations between the District and Fiserv, the Fiserv Claim has now been settled, subject to Court Approval of the District Plan, such that the Fiserv Claim will be admitted as filed but Fiserv will agree to waive their

entitlement to any distributions in the form of NewCo Shares (as defined below) pursuant to the District Plan (the “Fiserv Settlement”). Pursuant to the Fiserv Settlement, the District will also sign a release in favour of Fiserv with respect to a payment made by the District to Fiserv prior to the Filing Date in the amount of \$210,000 related to an intended software implementation. The Court granted a Consent Order with respect to the Fiserv Settlement at the March 21 Hearing.

### **Treatment of Eligible Affected Creditors**

18. Each Eligible Affected Creditor would be paid the lesser of \$5,000 or the total amount of their claim (the “Convenience Payment(s)”) upon the date that the District Plan would take effect, being the later of the date following the appeal period of an Order sanctioning the District Plan (the “Sanction Order”) or another date that may be agreed in writing by the District and the Monitor (the “Effective Date”). Based on the known claims of the Eligible Affected Creditors, this will result in 1,640 District Depositors (approximately 62% of all District Depositors) and 10 Trades (approximately 77% of all Trades) being paid in full. The Convenience Payments are estimated to total \$6.3 million.
19. The District Plan contemplates the liquidation of the Non-Core Assets. Pursuant to the District Plan, each time the quantum of funds held in trust from the liquidation of the Non-Core Assets, net of the Restructuring Holdback and the Representative Action Holdback (as both terms are defined herein) reaches \$3.0 million, funds would be distributed on a pro-rata basis to the Eligible Affected Creditors, based on their remaining proven claims after deducting the Convenience Payments. In addition, upon the sale of all of the Non-Core Assets, funds would again be distributed on a pro-rata basis to the Eligible Affected Creditors. There are sufficient funds currently held in trust such that there will be a distribution over and above the Convenience Payments immediately following the Effective Date. For clarity, the Representative Action Holdback (as subsequently defined) would only apply to distributions to those District Depositors who participate in the Representative Action. Based on the actual net sale proceeds of those Non-Core Assets for which sales have already been completed, and the estimated net realizations for the remaining Non-Core Assets, the Monitor currently estimates that Eligible Affected Creditors who are not paid in full by the Convenience Payments would receive cash distributions of between approximately 15% and 20% of their remaining proven claims, after deducting the Convenience Payments. The Monitor notes that the estimated realizations are based on assumptions regarding future events and, as such, will vary and these variances could be material.
20. If the District Plan is approved, NewCo would be formed following the Effective Date. The corporate structure of NewCo is further described herein. Pursuant to a tax structured transaction, NewCo would purchase the Prince of Peace Properties from ECHS in exchange for the NewCo Shares. The value of the NewCo Shares is intended to be based on the following:
  - 20.1. The forced sale value of the Harbour and Manor seniors’ care facilities, which will be based on an appraisal of the Harbour and Manor seniors’ care facilities prepared by CWPC Seniors’ Housing Group as at November 30, 2015 (the “CWPC Appraisal”);

- 20.2. The forced sale value of the remaining Prince of Peace Properties, which will be based on an appraisal prepared by Colliers International as at October 15, 2015 (the “Colliers Appraisal”);
  - 20.3. The estimated value of the assets held by ECHS, which would be transferred to NewCo pursuant to the ECHS Plan, which include working capital, computer hardware, equipment, furniture and fixtures and a water treatment plant (the “ECHS Assets”). This will be based on the actual value of cash held by ECHS at the date of transfer and discounted book values for the remaining ECHS Assets; and
  - 20.4. The estimated value of the assets held by EMSS, which would be transferred to NewCo pursuant to the EMSS Plan, which include working capital, furniture and fixtures, computer equipment, medical equipment and a vehicle (the “EMSS Assets”). This will be based on the actual value of cash held by EMSS at the date of transfer and discounted book values for the remaining EMSS Assets.
21. The assets described in 20.1 to 20.4 above will be defined as the “NewCo Assets”.
  22. As previously reported and as further described below, it is possible that Deloitte LLP, a related company to Deloitte, may be named as a defendant in the Representative Action related to prior work that was undertaken as the auditor of the District (between 1990 and 1999) and of DIL (between 1998 and 1999). As the value of the NewCo Shares will determine the shortfall to District Depositors, which will also be the amount that District Depositors can pursue in the Representative Action, Deloitte intends to pursue the following additional process related to the valuation of the NewCo Shares.
    - 22.1. Legal counsel for the District Committee will retain a qualified third party firm to review the proposed valuation of the NewCo Shares. The firm will be provided with the CWPC Appraisal, the Colliers Appraisal and all pertinent information related to the estimated values, which are attributed to the ECHS and the EMSS Assets;
    - 22.2. The third party firm will provide a report to legal counsel for the District Committee with respect to their views on the valuation of the NewCo Shares (the “Third Party Report”); and
    - 22.3. The District Committee will share the results of the Third Party Report with the Monitor, at which point the Monitor may either accept any change to the valuation proposed in the Third Party Report or either the Monitor or the District Committee may seek further advice and direction from the Court.
  23. ECHS would then transfer the NewCo Shares to the District in partial satisfaction of the District – ECHS Mortgage. The NewCo Shares would be distributed by the District to the Eligible Affected Creditors on a pro-rata basis. The Monitor currently estimates that Eligible Affected Creditors will receive NewCo Shares valued at between 53% and 60% of their remaining proven claims, after deducting the Convenience Payments; however, this estimate may vary based on the results of the Third Party Report and this variance may be material.

24. As previously described, each Eligible Affected Creditor is currently anticipated to receive the following (for clarity, no Eligible Affected Creditor will be eligible to receive distributions in excess of the total amount of their proven claim):
- 24.1. A Convenience Payment for the lesser of the amount of the Eligible Affected Creditor's proven claim or \$5,000 (net of any payments pursuant to the Emergency Fund);
  - 24.2. An estimated cash distribution from the realization of the Non-Core Assets of between 15% and 20% of each Eligible Affected Creditors' remaining proven claim, after deducting the Convenience Payments (the "Cash Distribution(s)"). The Cash Distributions will be net of any payments pursuant to the Emergency Fund;
  - 24.3. A distribution in the form of NewCo Shares, which are anticipated to be valued at between 53% and 60% of each Eligible Affected Creditors' remaining proven claim, after deducting the Convenience Payments (the "Share Distribution(s)"). The Share Distributions may be adjusted based on any payments pursuant to the Emergency Fund in excess of the Convenience Payment and the Cash Distributions.

The payments in 24.2 and 24.3 are anticipated to provide Eligible Affected Creditors, who are not paid in full by the Convenience Payments, with estimated distributions valued at between 68% and 80% of their remaining proven claims, after deducting the Convenience Payments. As noted above, the estimated realizations are based on assumptions regarding future events, third party appraisals and the Third Party Report and, as such, will vary and these variations could be material. The Monitor assumes no responsibility or liability for any loss or damage occasioned by any party as a result of the circulation, publication, reproduction or use of the estimated realizations.

25. For clarity, due to the issuance of the Convenience Payments, the total pro-rata distributions available to Eligible Affected Creditors will vary. Those Eligible Affected Creditors with claims less than or equal to \$5,000 will be paid in full and those Eligible Affected Creditors with claims over \$5,000 will receive the Convenience Payments and their pro-rata share of the Cash Distributions and the Share Distributions, as described above. Although on a pro-rata basis, Eligible Affected Creditors with claims under or equal to \$5,000 will receive a greater percentage recovery than Eligible Affected Creditors with claims over \$5,000 whose pro-rata distributions, taking into account the Convenience Payments will vary, Eligible Affected Creditors with claims over \$5,000 will receive a corresponding benefit as a result of there being a reduced number of NewCo Shareholders (as subsequently defined), which will provide NewCo with a more manageable corporate governance structure and allow for an improved recovery over time for those Eligible Affected Creditors who receive NewCo Shares than would be available through the immediate liquidation of the NewCo Assets.
26. Those Eligible Affected Creditors who are not paid in full pursuant to the Convenience Payments and who reside outside of Canada (the "Non-Resident Affected Creditors") are not eligible to receive NewCo Shares pursuant to the District Plan. The Monitor notes that the original version of the District Plan and the Fourteenth Report referenced Non-Resident Affected Creditors as including Eligible

Affected Creditors who are not paid in full pursuant to the Convenience Payments and who reside in Quebec, however, this was subsequently amended. The treatment of Non-Resident Affected Creditors is the result of the costs involved with complying with securities legislation outside of Canada and structuring the transaction to make it tax effective both within and outside of Canada. Instead of receiving NewCo Shares, the Non-Resident Affected Creditors will receive a cash distribution equal to the value of their pro-rata share of the NewCo Shares, less a 20% discount, to reflect the fact that the Non-Resident Affected Creditors will be receiving cash ahead of other Eligible Affected Creditors (the “Non-Resident Distribution”). The Monitor notes that, following the Convenience Payments, there continue to be eight Non-Resident Affected Creditors with claims totalling approximately \$258,900. For clarity, the Non-Resident Affected Creditors will be entitled to participate in the Convenience Payments, the Cash Distributions and the Non-Resident Distribution. The Non-Resident Distribution will be paid following the Effective Date upon receipt of the Third Party Report.

27. A reserve from any distributions will be withheld pending the resolution of claims held by Eligible Affected Creditors that are subject to dispute notices and are not yet proven claims.
28. Distributions to Eligible Affected Creditors will be subject to the following two holdbacks:
  - 28.1. To satisfy reasonable fees and expenses of the Monitor, the Monitor’s legal counsel, the CRO, the Applicant’s legal counsel and legal counsel for the District Committee (the “Restructuring Holdback”), which will be determined prior to the date of each distribution based on the estimated professional fees required to complete the administration of the CCAA proceedings; and
  - 28.2. For District Depositors, including Non-Resident Affected Creditors, who elect or are deemed to elect to participate in the Representative Action, an amount sufficient to fund the out-of-pocket costs associated with the Representative Action and to indemnify any District Depositor, who may be appointed as a representative plaintiff in the Representative Action (the “Representative Plaintiff”) for any cost award (the “Representative Action Holdback”). The Representative Action Holdback will be determined prior to the Cash Distributions being completed based on guidance from the Subcommittee and Representative Counsel (as both terms are defined herein).

### **Treatment of Unaffected Creditors**

29. Those creditors with claims that would be unaffected by the District Plan include Crown claims, post-filing claims, claims with respect to reasonable fees and disbursements of the Monitor, the Monitor’s legal counsel, the Applicants’ legal counsel, legal counsel for the District Committee and the CRO, specified claims of current employees, directors and officers, critical suppliers (as set out in the Initial Order and a subsequent Order granted on February 20, 2015), claims against directors that are not released by the CCAA, claims regarding agreements that have not been disclaimed or resiliated and the Representative Action Claims.

30. The Unaffected Creditors are not impacted by the District's Plan and any amounts owing to them will continue to be paid in the ordinary course.

## Other Considerations

31. The District Plan meets the criteria outlined in Section 6 of the CCAA in respect of restrictions on the payment of Crown claims, employees and former employees of the District and prescribed pension plans. The District has advised that there are no outstanding Crown Claims and all employees are paid up to date. The District is a participant in a pension plan sponsored by LCC. The LCC Claim relates to an unfunded pension deficit. As noted above, the Monitor disallowed the LCC Claim and that disallowance has been disputed by LCC. Although negotiations are still ongoing, the Monitor anticipates that a portion or all of the LCC Claim will be allowed as an unsecured claim. The District continues to participate in the LCC Pension Plan and has advised that all remittances following the Filing Date have been paid in full.
32. The District Plan does not contain any restrictions on Eligible Affected Creditors' ability to pursue claims pursuant to Section 36.1 of the CCAA and Sections 38 and 95 to 101 of the *Bankruptcy and Insolvency Act* (the "Preference Sections", the "BIA"). The Preference Sections allow transactions to be challenged that have the effect of preferring one creditor over another where the transactions occur within 3 months (or within one year for "Related Parties", as such term is defined in the BIA). The Monitor did review redemptions by District Depositors during the year preceding the Filing Date, which total approximately \$10.6 million (the "District Redemptions"). Approximately \$792,400 of the District Redemptions may have been redeemed by parties believe to be Related Parties. For the three months leading up to the Filing Date, the District Redemptions total approximately \$2.7 million of which \$62,800 may have been redeemed by parties believed to be Related Parties. The information regarding the District Redemptions was shared with the District Committee.

## Key Elements of the District Plan

33. The key elements of the District Plan are as follows:
  - 33.1. The District Plan would only become effective at such time as the Sanction Order has been granted in respect of the District Plan and the corresponding appeal period has expired;
  - 33.2. The District would continue its efforts to realize on the Non-Core Assets as further described herein. The Convenience Payments and the proceeds from the realization of the Non-Core Assets will be distributed to the Eligible Affected Creditors, as set out herein;
  - 33.3. Pursuant to a tax structured transaction, NewCo would be established, the NewCo Assets would be transferred into NewCo and the NewCo Shares would be distributed to the Eligible Affected Creditors on a pro-rata basis, as set out herein;



- 33.4. The District would continue to operate but the District's bylaws and handbook would be amended such that the District would no longer be able to raise or administer funds through any type of investment vehicle such as CEF; and
- 33.5. District Depositors would have access to a streamlined process (the "Representative Action Process") whereby the Representative Action can be undertaken on their behalf, as further described herein.

# NewCo

34. NewCo would be formed as a private Alberta corporation immediately following the Effective Date. As described above, pursuant to the District Plan, the NewCo Assets would be transferred to NewCo. NewCo would continue to operate the Harbour and Manor seniors' care facilities.
35. Eligible Affected Creditors, with the exception of the Non-Resident Affected Creditors, who are not paid in full pursuant to the Convenience Payments would receive 100% of the NewCo Shares on a pro-rata basis based on the amount of their remaining proven claims after deducting the Convenience Payments. For greater clarity, this means that Eligible Affected Creditors would become owners of NewCo with the NewCo Shares representing that ownership interest.

## Bylaws and Articles

36. As proposed by the District Committee, NewCo's bylaws would include a clause reflecting that at least 50% of the board of directors (the "NewCo Board") must be comprised of District Depositors or their nominees. Although NewCo is being created with the purpose of allowing the NewCo Assets to be placed in the hands of a professional management team with appropriate business and real estate expertise, the District Committee wanted to ensure that Eligible Affected Creditors would have representation equal to that of the professional management team on the NewCo Board. The CRO has indicated that they have made arrangements for these positions to be filled by Elmer Ray, Sandra Jory (also a member of the District Committee) and Stephen Nielson, whose qualifications, together with those of the other proposed members of the NewCo Board, including Lisa Van Hemert, and NewCo's professional management team ("NewCo Management") have been provided by the CRO and included in the Newco Summary Presentation prepared by the CRO, which is attached hereto as "Schedule 4". The Monitor notes that the members of the NewCo Board may change prior to NewCo being formed, subject to District Committee approval. Subsequent changes to the NewCo Board, if desired, can be voted on at future shareholder meetings.
37. In addition, following negotiations between the District, the District Committee and the Monitor, the bylaws and articles of incorporation for NewCo (the "NewCo Articles") were created, which are attached as "Schedule E" to the District Plan. The NewCo Articles can only be amended upon a resolution being approved by two-thirds of the shareholders of NewCo (the "NewCo Shareholders"), who are voting on the resolution. The NewCo Articles were created including the following provisions, which are intended to provide additional protection for the NewCo Shareholders:

- 37.1. NewCo cannot incur indebtedness for more than 10% of the net value of the NewCo Assets, subject to an amendment by a special resolution of the NewCo Shareholders;
- 37.2. A redemption of a pro-rata portion of the NewCo Shares would be allowed upon the sale of any portion of the NewCo Assets that generates net sale proceeds of over \$5.0 million, subject to NewCo meeting the solvency test;
- 37.3. NewCo would establish a secure database whereby NewCo Shareholders wishing to sell their shares to other existing NewCo Shareholders can disclose that they wish to sell their shares subject to the prospectus exemption contained in National Instrument 45-106 Prospectus and Registration Exemptions. For clarity, any transfer of NewCo Shares is subject to NewCo Board approval;
- 37.4. A general meeting of the NewCo Shareholders would be called no later than six months following the Effective Date for the purpose of having NewCo Shareholders vote on a proposed mandate for NewCo, which may include the expansion of the Harbour and Manor seniors' care facilities, the subdivision and orderly liquidation or all or a portion of the NewCo Assets, a joint venture to further develop the NewCo Assets and/ or other options (the "NewCo Shareholder Meeting"); and
- 37.5. To provide dissent rights to minority NewCo Shareholders.

## **NewCo Management**

38. Following the Effective Date, NewCo Management, which is anticipated to include Scott McCorquodale who has over 20 years of commercial real estate experience, Monica Kohlhammer who has over 25 years of experience in board governance, strategic planning, evaluation and administration in both the public and private sector, and Tony Chin, who has expertise in accounting, tax and financing for private companies, will be formed. NewCo Management's qualifications are further detailed in "Schedule 4". As with the members of the NewCo Board, NewCo Management may change prior to NewCo being formed, subject to District Committee approval. All compensation for NewCo Management will be set by the NewCo Board. NewCo Management's initial focus will be to investigate and report to the NewCo Shareholders regarding the possible mandates available to NewCo.
39. NewCo Management would also be tasked with providing regular financial reporting, including quarterly statements and annual reports with management discussion and analysis.

## **The NewCo Shareholders Meeting**

40. At the NewCo Shareholder Meeting, NewCo Shareholders would have the opportunity to consider and vote on their preferred mandate for NewCo, taking into account NewCo Management's recommendations. As noted above, the NewCo Shareholder Meeting must be held within six months

of the Effective Date. The Monitor is supportive of the formation of NewCo as set out in the District Plan for the following reasons:

- 40.1. Following the issuance of the Convenience Payments, and taking into account the Non-Resident Affected Creditors, only 993 Eligible Affected Creditors would continue to have outstanding proven claims and would become NewCo Shareholders. The implementation of the District Plan ahead of the NewCo Shareholder Meeting would provide Eligible Affected Creditors with clarity as to their recovery pursuant to the District Plan and the amount of their ownership interest in NewCo prior to voting on their preferred mandate for NewCo.
- 40.2. Although the time between the Effective Date and the NewCo Shareholder Meeting could provide an additional period of uncertainty for the Eligible Affected Creditors, it would also allow NewCo Shareholders the benefit of professional management advice prior to voting on their preferred mandate for NewCo.
- 40.3. The Monitor has consulted with Deloitte's real estate advisory group ("Deloitte Real Estate") with respect to the Prince of Peace Properties. Deloitte Real Estate has advised that the Alberta real estate market is changing rapidly with compression on property values being reflected within most areas of the commercial market and financing becoming more difficult to obtain. As such, although the Prince of Peace Properties, and in particular the Harbour and Manor seniors' care facilities, are considered to be desirable properties, waiting for more favourable conditions in the Alberta real estate market could result in improved realizations for the Prince of Peace Properties as compared to an immediate liquidation.
- 40.4. The issuance of the NewCo Shares pursuant to the District Plan allows District Depositors to benefit from the ability to liquidate the Prince of Peace Properties at a time when market conditions are more favourable or the ability to benefit from other potential upside opportunities that may be available such as through the further expansion of the Harbour and Manor senior's care facilities, through a joint venture to further develop the Prince of Peace Properties or through other options.

## Liquidity

41. As NewCo Shareholders, Eligible Affected Creditors may receive cash recoveries over time, through mechanisms that may include the following:
  - 41.1. Eligible Affected Creditor's may be able to sell their NewCo Shares. All such sales would be subject to the trading restrictions under applicable securities legislation. The Monitor notes that the NewCo Shares will likely have limited liquidity immediately upon being issued; however, this liquidity may improve over time depending on the mandate established for NewCo and NewCo's operating results. Securities legislation contain limitations on who can purchase shares. The District has confirmed that they are exempt from filing a prospectus pursuant to National Instrument 45-106 Prospectus and Registration Exemptions in relation to the issuance

- of NewCo Shares pursuant to the District Plan. Further trades of NewCo Shares, however, may not be subject to such an exemption.
- 41.2. Should NewCo's operations be profitable, dividends may be paid to NewCo Shareholders. For greater clarity, this represents money paid to the NewCo Shareholders from NewCo's profits; and
- 41.3. As reported above, a pro-rata portion of the NewCo Shares may be redeemed upon the sale of any portion of the NewCo Assets that generates net sale proceeds of over \$5.0 million subject to NewCo meeting the solvency test. Should NewCo Shareholders vote in favour of a mandate for NewCo that includes the orderly liquidation of all of the NewCo Assets, then the recovery to Eligible Affected Creditors may be paid in the form of share redemptions as the NewCo Assets are liquidated.

## Risks

42. Although not required under applicable securities legislation, the Monitor wishes to advise the NewCo Shareholders that all investments are subject to various risk factors and should any of these risks actually occur, NewCo's business, operating results, financial condition or asset values could be materially adversely affected. In that event, the value of the NewCo Shares could decline and Eligible Affected Creditors could lose part or all of their investment in NewCo. Additional risk and uncertainties presently unknown to the Monitor may also have a material effect on NewCo's business, operating results, and financial condition or asset values and could negatively affect the value of the NewCo Shares.
43. NewCo is also subject to general business risks, which include, among others, the following:
- 43.1. Changes in government regulation and oversight;
  - 43.2. Management's ability to work within a prescribed framework and deliver results;
  - 43.3. Rezoning challenges with regional government bodies;
  - 43.4. Fluctuations in occupancy levels and business volumes;
  - 43.5. Changes in the level of approved government funding;
  - 43.6. Increased labour costs or other operational costs;
  - 43.7. Future changes in labour relations;
  - 43.8. Changes in the condition of the location or other general economic conditions;
  - 43.9. Health related risks;
  - 43.10. Changes in accounting principles and policies;
  - 43.11. The imposition of increased taxes or new taxes;
  - 43.12. Increased maintenance costs or capital expenditures; and

43.13. Changes in financial markets/ landscape.

Any one or a combination of these factors may adversely affect the business, operating results and financial condition of Newco. Also, as noted above, the potential liquidity of the NewCo Shares is also unknown and there may be situations where NewCo Shareholders cannot sell their NewCo Shares as desired or at all.

# Tax Implications

44. The Trustee's legal counsel, Gowling WLG (Canada) LLP ("Gowlings"), prepared a memorandum with respect to the tax implications of the District Plan for District Depositors (the "Tax Opinion"). The Tax Opinion is attached hereto as "Schedule 5". The Tax Opinion is only applicable to District Depositors who are or are deemed to be Canadian residents, who deal at arm's length and are not affiliated with the District and NewCo, who hold NewCo Shares, and who have not entered into a "derivative forward agreement" (as defined in the *Income Tax Act (Canada)* and regulations thereto). Where District Depositors are congregations, the Tax Opinion only applies to those congregations that are either registered charities or non-profit organizations. A hand-out (the "Tax Summary") summarizing the findings from the Tax Opinion is attached as "Schedule 6" and will be provided to District Depositors in conjunction with the Information Package (as defined herein). The Monitor notes that the Tax Summary was previously attached to T5s that were mailed by the District. At the time that the T5s were mailed, it was believed that the District Plan and all related information would be provided to District Depositors very shortly.
45. The Tax Summary provides guidance for District Depositors on the following issues:
  - 45.1. Reporting interest on investments for which T5s were issued for 2014 and 2015;
  - 45.2. Reporting gains or losses on the exchange of proven claims for cash and/or NewCo Shares pursuant to the District Plan;
  - 45.3. Reporting future dividends from NewCo;
  - 45.4. Reporting gains or losses on the disposition of NewCo Shares; and
  - 45.5. Reporting any recoveries in the Representative Action.
46. As outlined therein, the Tax Opinion, and by extension the Tax Summary, are of a general nature only and are not, and are not intended to be, legal or tax advice to any particular District Depositor. They are not exhaustive of all Canadian federal income tax considerations. Accordingly, District Depositors should consult their own tax advisors having regard to their own particular circumstances and Gowlings takes no responsibility for parties that rely on the Tax Opinion.

# The Representative Action

## The Representative Action Claims

47. In addition to setting out how the distributions pursuant to the District Plan will be paid, the District Plan establishes the Representative Action Process whereby a future legal action or actions, which may be undertaken as a class proceeding (defined above as the “Representative Action”) could be undertaken for the benefit of those District Depositors who are deemed to elect to participate (the “Representative Class”). For clarity, the Representative Action would include only claims by District Depositors that are not paid under the District Plan or released by the District Plan and specifically includes the following:
- 47.1. Claims related to a contractual right of one or more of the District Depositors;
  - 47.2. Claims based on allegations of misrepresentation or wrongful or oppressive conduct;
  - 47.3. Claims for breach of any legal, equitable, contractual or other duty;
  - 47.4. Claims pursuant to which the District has coverage under the Applicant’s directors’ and officers’ liability insurance; and
  - 47.5. Claims to be pursued in the District’s name, including any derivative action (whether statutory or otherwise) or any claims that could be assigned to a creditor pursuant to Section 38 of the BIA, if such legislation were applicable (claims listed in 47.1 to 47.5 will collectively be referred to as the “Representative Action Claims”).
48. For greater clarity, Trade Creditors are not eligible to participate in the Representative Action.

## The Representative Action Process

49. The Monitor notes as follows with respect to the Representative Action Process:
- 49.1. District Depositors would have the ability to opt-out of the Representative Action using a Notice of Opting Out attached hereto as “Schedule 7”. Those District Depositors who did not submit a Notice of Opting Out would be deemed to have opted-in to the Representative Action. Those District Depositors who have been deemed to opt-in will constitute the Representative Class. Those District Depositors who explicitly opt-out of the Representative Action would be forever barred from participating in the Representative Action, including receiving any proceeds that may become payable pursuant to the Representative Action. For clarity, opting out of the Representative Action does not affect a District Depositor’s distribution under the District Plan; and



49.2. Those District Depositors who elect to participate in the Representative Action would have a portion of their cash distributions from the sale of the Non-Core Assets withheld to fund the Representative Action Holdback. It would only be possible to estimate the value of the Representative Action Holdback once legal counsel for the Representative Class (the “Representative Counsel”) has been retained. As such, upon the Representative Counsel being retained, the Monitor would send further correspondence to the Representative Class, providing District Depositors with additional information including the names of the members of the Subcommittee (as defined herein), the name of the Representative Counsel, the estimated amount of the Representative Action Holdback (including a range of the anticipated holdback for individual District Depositors), the commencement date of the Representative Action, the deadline for opting-out of the Representative Action and instructions on how to opt-out of the Representative Action should they choose to do so. Depending on the arrangement between the Subcommittee (as defined herein) and Representative Counsel, should it be determined that costs will be incurred prior to the commencement of the Representative Action, the Monitor would provide further correspondence to District 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.

## The Subcommittee

50. A subcommittee would be established to choose the Representative Counsel and provide direction and instructions to the Representative Counsel in the Representative Action (the “Subcommittee”). The Subcommittee would include between three and five individuals and all members of the Subcommittee would be appointed by the District Committee. The Subcommittee is not anticipated to include a member of the District Committee, however, some members of the District Committee have indicated that they are willing to meet with the Subcommittee to assist in providing them with background information on the CCAA proceedings. The mandate, duties and responsibilities of the Subcommittee are set out in the District Plan and will be further set out in an order appointing the Subcommittee (the “Subcommittee Order”) to be sought in conjunction with an Order sanctioning the District Plan and a corresponding charter (the “Subcommittee Charter”). The Subcommittee Order and the Subcommittee Charter to be sought for the District will mirror those sought for DIL.

51. As will be further set out in the Subcommittee Order and the Subcommittee Charter, in order to act on the Subcommittee, an individual must meet the following criteria:

- 51.1. Be a District Depositor or a committee, trustee or personal representative of a District Depositor;
- 51.2. Not be in a conflict of interest with respect to the Representative Action;
- 51.3. Not have opted-out of the Representative Action; and
- 51.4. Not be a Partially Released Party.

52. The mandate of the Subcommittee will include the following:
  - 52.1. Taking reasonable steps to maximize the amount of funds that are ultimately available for distribution to the Representative Class under the Representative Action;
  - 52.2. Conducting themselves substantially in accordance with the principles laid out in the Subcommittee Charter; and
  - 52.3. Serving in a fiduciary capacity to all the Representative Class with respect to the Representative Action.
  
53. The duties and responsibilities of the Subcommittee would include the following:
  - 53.1. Choosing a Chairman;
  - 53.2. Reviewing the qualifications of at least three lawyers and selecting one lawyer to act as Representative Counsel;
  - 53.3. Providing instructions to Representative Counsel;
  - 53.4. Ensuring that the legal documents and records regarding the Representative Action have been properly prepared, maintained and stored;
  - 53.5. Acting honestly in good faith, with a view to the best interests of the Representative Class;
  - 53.6. Ensuring that each member of the Subcommittee disclose all actual or potential conflicts of interest and recuses themselves from discussions and voting, as required;
  - 53.7. Committing the time and energy necessary to properly carry out their duties on the Subcommittee;
  - 53.8. Adequately preparing for and attending all regularly scheduled Subcommittee meetings;
  - 53.9. Reviewing the Subcommittee's strategies and their implementation;
  - 53.10. Making independent determinations and conclusions regarding the Representative action;
  - 53.11. With the assistance of Representative Counsel, identifying a party(ies) willing to act as the Representative Plaintiff;
  - 53.12. Working with the Representative Counsel and the Monitor to establish the amount of the Representative Action Holdback;
  - 53.13. Reporting at reasonable intervals to the Representative Class on the status of the Representative Action and the Representative Action Holdback;
  - 53.14. Prior to the commencement of the Representative Action, working with Representative Counsel, in consultation with the Monitor, to provide such information to the Representative Class, as they deem necessary or desirable to permit the members of the Representative Class to determine if they wish to participate in the Representative Action;

- 53.15. Providing information and updates with respect to the Representative Action to the Representative Class on a regular basis; and
- 53.16. Doing such other acts and things as they consider necessary and advisable to carry out their duties and responsibilities.
54. The following additional responsibilities of the Subcommittee related to monitoring, reporting and communication would be further set out in the Subcommittee Order:
- 54.1. Monitoring the Subcommittee's progress towards its goals and objectives and revising and altering its direction in response to changing circumstances;
- 54.2. Ensuring and making regular assessments that the Subcommittee has implemented adequate internal control and information systems;
- 54.3. Developing appropriate measures for feedback from the Representative Class;
- 54.4. Taking action when performance falls short of its goals and objectives or when other special circumstances warrant;
- 54.5. Ensuring the timely reporting of any developments that have a significant and material impact on the Representative Class in conjunction with the Representative Counsel; and
- 54.6. Reporting the Subcommittee's finding and conclusions to the Representative Class in a manner and at such times as the Representative Counsel shall determine is consistent with the duties of the Subcommittee.
55. The Monitor would not have an ongoing role in the Subcommittee beyond providing assistance related to the formation of the Subcommittee, facilitating the review of the qualifications of legal counsel who wish to act as Representative Counsel (for clarity, the Monitor will not participate in the selection of Representative Counsel) and reporting to the Representative Class on the Representative Action Holdback (as further described in paragraph 49.2 above). Although the Monitor would report to the Representative Class on the Representative Action Holdback prior to the commencement of the Representative Action, this information will be subject to review by the Subcommittee. For clarity, the Monitor would not be subject to any privileged information related to the Representative Action, including any information regarding the defendants to be named in the Representative Action or the claims to be pursued in the Representative Action.

### **The Representative Counsel**

56. The Representative Counsel would be a lawyer who specializes in class action proceedings or other forms of litigation. The Subcommittee would likely consider multiple factors in choosing the Representative Counsel, including each candidate's experience, fee arrangements (including legal counsel's willingness to act on a contingency basis) and litigation strategy. For clarity, although the Representative Actions for each of the District and DIL will likely be closely aligned, different legal

counsel will be chosen to act as Representative Counsel for the District Depositors and the DIL Depositors pursuant to their respective Representative Actions.

57. The duties and responsibilities of the Representative Counsel would be set out in the Subcommittee Order and would be anticipated to include the following:
  - 57.1. Assisting the Subcommittee in appointing one or more Representative Plaintiffs;
  - 57.2. Assisting the Subcommittee in determining the amount of the Representative Action Holdback;
  - 57.3. Prosecuting the Representative Action on behalf of the Representative Class;
  - 57.4. Advising the Subcommittee with respect to any and all alternatives, including, without limitation, settlement and mediation and other forms of alternative dispute resolution;
  - 57.5. Taking instructions with respect to the Representative Action from the Subcommittee; and
  - 57.6. Doing all other things that legal counsel should do to advance the cause of their clients.

### **The Representative Plaintiffs**

58. In order to be a Representative Plaintiff, an individual must meet the following criteria:
  - 58.1. Be a District Depositor;
  - 58.2. Not be in a conflict of interest with respect to the Representative Action;
  - 58.3. Not have opted out of the Representative Action; and
  - 58.4. Not be a Partially Released Party.

### **Monitor's Views on the Representative Action Process**

59. The Representative Action would represent the sole recourse available to District Depositors with respect to the Representative Action Claims. Should they desire, interested parties may submit name(s) of individuals, who may wish to act on the Subcommittee or, where they have consulted with legal counsel, have their legal counsel put forward as one of the legal counsel to be considered by the Subcommittee to act as Representative Counsel.
60. The Monitor is of the view that the inclusion of the Representative Action Process in the District Plan is beneficial to District Depositors for the following reasons:
  - 60.1. It provides a streamlined process for the establishment of the Representative Class and the funding of the Representative Action;
  - 60.2. It prevents a situation where District Depositors are being contacted by multiple groups seeking to represent them in a class action or otherwise;
  - 60.3. Increased recoveries may be achieved in settling the Representative Action Claims on the basis that such settlements will be a resolution of any and all claims of District Depositors; and

- 60.4. Selected District Depositors have indicated that they view any involvement in litigation as inconsistent with their personal religious beliefs. The Representative Action Process allows District Depositors to opt-out of the Representative Action before litigation is ever commenced, should that be their preference.
61. For clarity, the DIL Plan approved by the DIL Depositors provided for substantially the same Representative Action Process as is set out in the District Plan.

### **The Sugden Action and the Garber Action**

62. As previously detailed in the Monitor's Reports, the following two groups previously attempted to undertake class proceedings in relation to the Representative Action Claims:
- 62.1. Errin Poyner of Sugden McFee and Roos LLP ("Sugden") filed a statement of claim on behalf of her clients Randall Kellen and Elvira Kroeger (the "Sugden Plaintiffs") pursuant to the Class Proceedings Act, R.S.B.C 1996, c. 50 (British Columbia) on February 23, 2016 (the "Sugden Action"); and
- 62.2. Allen Garber of Allen Garber Professional Corporation ("Garber") filed a statement of claim on behalf of his clients Sharon Sherman and Marilyn Huber (the "Garber Plaintiffs") pursuant to the Class Proceedings Act, 2003, S.A., 2003 c.C – 16.5 on February 22, 2016 (the "Garber Action"). The Sugden Action and the Garber Action will collectively be referred to as the "AB-BC Proceedings".
63. On March 9, 2016, the Court granted an Order extending the Stay to the AB-BC Proceedings as well as all proceedings related to any and all potential claims of Depositors that seek or could seek, directly or indirectly, to recover the amounts of the claims of Depositors, including but not limited to any claims as against any auditors or legal counsel of DIL or the District and any derivative claims relating to DIL or the District. The expansion of the Stay permits the District Depositors to have the opportunity to consider and vote on the District Plan, including the Representative Action.
64. Both of the statements of claim (the "Statements of Claim") filed in the AB – BC Proceedings named the following defendants:
- 64.1. Lutheran Church – Canada;
- 64.2. Lutheran Church – Canada Financial Ministries;
- 64.3. Bishop & McKenzie LLP ("Bishop"), who acts as legal counsel for the Applicants and Mr. Francis Taman, who is a partner at Bishop and acts as the Applicant's lead counsel in the CCAA proceedings;
- 64.4. Prowse Chowne LLP ("Prowse"), who formerly acted as legal counsel for the District and DIL and Mr. Ronald Chowne and Mr. John Williams, who are partners at Prowse;
- 64.5. Concentra Trust, who acts as the bare trustee for DIL; and

- 64.6. Shepherd Village Ministries Ltd., an entity related to the Applicants, which is not subject to the CCAA proceedings.
65. In addition to commencing the AB – BC Proceedings, Sugden and Garber issued correspondence to the District on March 4, 2016 (the “Sugden – Garber Correspondence”) demanding on behalf of the Sugden Plaintiffs and the Garber Plaintiffs, that the District commence legal proceedings in negligence against the auditors who provided audit opinions to the District between 1993 and 2012, which would include Deloitte LLP, a related company to Deloitte. As previously reported, Deloitte LLP acted as the auditor of the District between 1990 and 1999 and as the auditor of DIL between 1998 and 1999.
66. Sugden and Garber have previously represented that, in their view, the Monitor had a conflict in assessing the merits of the Representative Action on the basis that Deloitte LLP had previously acted as auditor of the District and, as such, may be named as a defendant in the Representative Action. On March 9, 2016, the Honourable Justice B.E.C. Romaine expressed the view that the prior engagement of Deloitte LLP as the auditor for the District was properly disclosed by the Monitor, there was no relevant or material information that was not disclosed at the DIL meeting and she had no additional concerns in relation to the Monitor. In addition, the releases included in the District Plan are limited and, in the view of the Monitor, do not preclude the pursuit of any Representative Action Claims, including as against Deloitte LLP.
67. The Monitor notes that the suggestion has been made that class action proceedings advanced outside of the Representative Action process will allow District Depositors to seek a full recovery in respect of any shortfall in their proven claims pursuant to the District Plan. The Monitor notes that all litigation, whether undertaken as a class action or otherwise, is uncertain and the recovery from litigation will depend on various factors, not all of which have been fully investigated at this time, including the following:
- 67.1. The availability of information related to the Representative Action Claims;
  - 67.2. The strength of the legal arguments advanced by both the plaintiffs and defendants as part of any litigation;
  - 67.3. The financial ability of any defendant to such litigation to satisfy the claims of the plaintiffs;
  - 67.4. The potential legal and practical impact of the time that has lapsed since certain of the events may have occurred;
  - 67.5. The availability of evidence, including witnesses;
  - 67.6. The fee arrangement entered into with counsel; and
  - 67.7. The desire of the plaintiffs to advance the matter to a trial, relative to the cost of doing so and the merits of their case, in conjunction with similar considerations on the part of the defendants.
68. Should the District Plan not proceed and the Prince of Peace Properties be sold in a forced sale scenario, District Depositors would likely suffer a greater loss as a result of the Prince of Peace

Properties being liquidated in the short-term under unfavourable market conditions. In addition, the ECHS Assets and the EMSS Assets would not be available to District Depositors. This would lead to District Depositors having larger shortfalls in satisfying their proven claims and, as such, having larger claims to pursue in a subsequent class action or other litigation. In the event that the District Plan does not proceed and NewCo is not formed, District Depositors would no longer be subject to the general business risks associated with NewCo. District Depositors would, however, be subject to increased litigation risk as a result of having larger claims to pursue through a class action or other litigation.

69. The Monitor further notes that class proceedings, whether pursued by way of the Representative Action or otherwise, generally require a significant amount of time to advance. As such, the commencement of class proceedings by way of the Representative Action or otherwise will likely not impact the nature of distributions to be made pursuant to the District Plan or, in the event that the District Plan is not approved, through a subsequent plan filed in the CCAA proceeding or a subsequent insolvency proceeding.
70. Lastly, any class proceedings, whether undertaken by way of the Representative Action or otherwise, would likely involve the naming of a variety of defendants, which may include individuals, corporations or insurers.

# Releases

71. The District Plan provides for different forms of releases to the following parties:
  - 71.1. The Monitor, the Monitor's legal counsel, the Applicant's legal counsel, the CRO, the legal counsel for the District Committee and the District Committee members (the "Released Representatives"); and
  - 71.2. The District, the other Applicants, the present and former directors, officers and employees of the District, parties covered under the D&O Insurance and any independent contractors of the District, who were employed three days or more a week on a regular basis (the "Partially Released Parties").
72. The District Plan provides releases to the Released Representatives except to the extent that any liability arises out of any fraud, gross negligence or willful misconduct on the part of the Released Representatives and to the extent that any actions or omissions of the Released Representatives are not directly or indirectly related to the CCAA proceedings or their commencement.
73. The District Plan provides for limited releases to the Partially Released Parties, which are largely limited to statutory filing obligations and any claims by Trades that were not proven pursuant to the claims process that was approved by the Court on February 20, 2015. The District Plan does not release any claims of District Depositors. The following claims are specifically excluded from being released by the District Plan.
  - 73.1. Claims against directors that relate to contractual rights of one or more creditors or are based on allegations of misrepresentations made by directors to creditors or of wrongful or oppressive conduct by directors as set out in Section 5.1(2) of the CCAA;
  - 73.2. 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*;
  - 73.3. 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
  - 73.4. Any Representative Action Claims, whether or not they are insured under the Applicant's directors and officers liability insurance, which are advanced solely as part of the Representative Action.



74. The Monitor does not believe that the Representative Action Process provides a benefit to any party who may ultimately be named as a defendant in the Representative Action as the District Plan does not release any claims that may be pursued by District Depositors pursuant to the Representative Action. While it is true that the Representative Action contemplates a more streamlined process for legal action to be undertaken on behalf of District Depositors, the Monitor is of the view that this streamlined process will, if anything, allow for increased recoveries on the basis that the settlement of claims pursuant to the Representative Action will be a resolution of any and all claims by District Depositors. The Monitor also notes that none of the Released Representatives will have a role in determining who will be pursued in the Representative Action or the nature or extent of any legal action to be taken in the Representative Action, with all such decisions being made by the Subcommittee (who are fiduciaries) in consultation with the Representative Counsel.
75. The DIL Plan approved by the DIL Depositors provided for the same release provisions as are included in the District Plan.

# The District Meeting

76. The District is seeking the Meeting Order which sets out the following time and place for the District Meeting:
- 76.1. Time: Saturday, May 14, 2016 at 10:00 a.m.
- 76.2. Location: MacLeod Hall, Telus Convention Centre, 120 9<sup>th</sup> Avenue SE, Calgary, Alberta
77. A representative of the Monitor shall preside as the chair of the District Meeting with those individuals entitled to attend the District Meeting including the Eligible Affected Creditors for the District or their respective proxy-holders, directors of the District, the Monitor, the CRO, the Applicant's legal counsel, the Monitor's legal counsel, members of the Committees, legal counsel for the Committees, the meeting chair, scrutineers and the meeting secretary. For clarity, although the Applicant's legal counsel will be present at the meeting, their role will be limited to answering any questions that may be specifically directed to them.

## Voting

78. Only Eligible Affected Creditors may vote on the District Plan. Eligible Affected Creditors may vote in person at the District Meeting, which votes shall be done by a confidential written ballot. Eligible Affected Creditors can also vote on the approval of the District Plan via Election Letter, the form of which is attached hereto as "Schedule 8", and can vote on the approval of the District Plan as well as on any other items that may be considered at the District Meeting via Proxy, the form of which is attached hereto as "Schedule 9".
79. Both Election Letters and Proxies must be submitted in the form prescribed in the information package dated March 28, 2016 (the "Information Package") to the Monitor by 5:00 p.m. on the last business day preceding the date set for District Meeting or any adjournments thereof. Proxies can also be hand delivered to the chair prior to the commencement of the District Meeting but will not be accepted thereafter.
80. The person named in the Proxy shall vote the relevant claim in accordance with the direction of the Eligible Affected Creditor who appointed them. The Proxy confers a discretionary authority upon the person named therein with respect to amendments or variations of the matters being tabled for consideration.
81. Those acting on behalf of minors must also submit the Guardian's Acknowledgment of Responsibility, attached hereto as "Schedule 10".

## Approval of Plan

82. Each Eligible Affected Creditor has one vote on the District Plan. In order for the District Plan to be considered approved, two-thirds in value and a majority in number of the Eligible Affected Creditors must vote in favour of the District Plan. This means that two tests must be met:
  - 82.1. When considering the total dollar value of the claims of those voting for and against the District Plan, at least 2/3 in dollar value must vote in favour of the District Plan. For example, if Eligible Affected Creditors with claims totaling \$1.0 million voted on the District Plan, the claims of Eligible Affected Creditors voting in favour of the District Plan must be at least \$666,667 in order for the District Plan to pass; and
  - 82.2. When considering the votes received from Eligible Affected Creditors, a majority of Eligible Affected Creditors, who are voting must vote in favour of the District Plan. For example, if 500 Eligible Affected Creditors vote on the District Plan, at least 251 must vote in favour of the District Plan in order for the District Plan to pass.
83. For clarity, Eligible Affected Creditors must vote in person, by Election Letter or by Proxy to have a vote recorded in respect of the District Plan.

# Conclusion

84. The Monitor is supportive of the District Plan and is of the opinion that the District Plan is fair and reasonable and appears to be in the general best interest of all parties for the following reasons:

- 84.1. The Convenience Payments would serve to repay in full 62% of District Depositors and 77% of Trade Creditors. Following the Convenience Payments, approximately 1,001 Eligible Affected Creditors will continue to have outstanding proven claims.
- 84.2. The District would continue to realize on the Non-Core Assets with all funds being made available to Eligible Affected Creditors as set out in the District Plan. Should the District Plan fail, the remaining Non-Core Assets may need to be liquidated under forced sale conditions, which would likely result in lower sale proceeds, delays in the realization of the Non-Core Assets and increased professional fees and expenses. The Monitor has estimated that pursuant to the District Plan and pursuant to various assumptions and events that may not materialize as expected, those Eligible Affected Creditors who have proven claims in excess of the Convenience Payments, may receive between approximately 15% and 20% of their remaining proven claim after deducting the Convenience Payments from the sale of the Non-Core Assets. If the District Plan was to fail, then the remaining unsold Non-Core assets would likely be realized upon through forced sale liquidation conditions (i.e. through a receivership) and the Monitor estimates that the realizations could be 10% to 20% lower than they would be pursuant to the District Plan.
- 84.3. The NewCo Assets would be transferred into NewCo with Eligible Affected Creditors receiving the NewCo Shares as set out herein. The NewCo Shares are anticipated to be valued at between 53% and 60% of District Depositors' remaining proven claims after deducting the Convenience Payments. The NewCo Shareholders would have the ability to vote on NewCo's mandate at the NewCo Shareholder Meeting. In lieu of receiving NewCo Shares, Non-Resident Affected Creditors would receive a further cash distribution equal to the value of their pro-rata share of the NewCo Shares, less a 20% discount.
- 84.4. Following the Convenience Payments having been made, it is estimated that District Depositors may receive distributions in the form of cash and shares totalling between 68% and 80% of their remaining proven claims, after deducting the Convenience Payments. As previously noted, the estimated distributions are based on assumptions regarding future events and, as such, will vary and these variances may be material.

- 84.5. As previously noted, there are both risks and potential upside opportunities for Eligible Affected Creditors in becoming NewCo Shareholders. The Monitor, however, is supportive of the creation of NewCo as outlined in the District Plan for the following reasons:
- 84.5.1. The NewCo Articles were developed in consultation with the District Committee and afford some additional protections to Eligible Affected Creditors outside of what may be available to shareholders in the ordinary course;
  - 84.5.2. Through the NewCo Shareholder Meeting, Eligible Affected Creditors would have the ability to vote on NewCo's mandate, which may include the expansion of the Manor and Harbour seniors' care facilities, the orderly liquidation of all or a portion of NewCo's Assets, a joint venture to further develop the surrounding development and expansion lands or other options; and
  - 84.5.3. The Prince of Peace Properties are currently not fully subdivided and this subdivision would be required to complete a meaningful sales process. In addition, the recent downturn in the Alberta real estate market would suggest that a short-term sale may not be the best option to maximize the value of the Prince of Peace Properties.
- 84.6. Should the District Plan fail, the Prince of Peace Properties and the ECHS Assets will remain in ECHS and the EMSS Assets will remain in EMSS. In that scenario, it is likely that a further insolvency proceeding, such as a receivership, would follow and that foreclosure proceedings would be required in order for the District to take possession of the Prince of Peace Properties and sell such properties, likely in a forced sale scenario, for the benefit of the Eligible Affected Creditors. It is also possible that the foreclosure proceedings may have repercussions for the ongoing operations of the Harbour and Manor seniors' care facilities, which operate pursuant to various agreements with Alberta Health Services. The complications associated with foreclosure proceedings and the fact that the Prince of Peace Properties would likely be sold pursuant to a further insolvency proceeding would serve to increase professional fees, reduce realizations and significantly extend the time frame for any recovery to Eligible Affected Creditors.
- 84.7. The District Plan provides for a streamlined process for District Depositors to pursue the Representative Action Claims; and

84.8. The District Committee has approved the District Plan.

**DELOITTE RESTRUCTURING INC.,**

In its capacity as Court-appointed Monitor of  
The Lutheran Church – Canada, The Alberta –  
British Columbia District, Encharis Community  
Housing and Services, Encharis Management  
and Support Services and The Lutheran Church  
– Canada, The Alberta – British Columbia  
District Investments Ltd. and not in its personal  
or corporate capacity



---

Jeff Keeble CA, CIRP, CBV  
Senior Vice-President

# Schedules

# Schedule 1



COURT FILE NUMBER 1501-00955  
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 14** 21, 2016

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

Bishop & McKenzie LLP  
1700-530-8<sup>th</sup> 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

This is Exhibit " *A* " referred to in the Affidavit of  
*Cameron Sherhan*  
Sworn before me this *21* day  
of *March* A.D., 20 *16*  
A Commissioner for Oaths in and for the Province of Alberta

**NOLAN SHOULDICE**  
Barrister & Solicitor

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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**

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**"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

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"**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, 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 (5<sup>th</sup> 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

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**"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

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**“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

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

## I

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**“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

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**“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

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**"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

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

## P

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**"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

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**"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 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.

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**"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.

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**"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

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**"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 8<sup>th</sup> 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 2<sup>nd</sup> 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 7<sup>th</sup> 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 – 2<sup>nd</sup> Street SW  
Calgary, AB T2P 0R8  
Phone: (403) 267-1777 Fax: (403) 718-3681  
Email: [CalgaryRestructuring@deloitte.ca](mailto: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 – 2<sup>nd</sup> 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 – 2<sup>nd</sup> 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.

**BY-LAW NO. 1**

**A BY-LAW RELATING GENERALLY TO THE TRANSACTION OF THE  
BUSINESS AND AFFAIRS OF**

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# **By-Law No. 1**

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## PART 1 - INTERPRETATION

**1.1 Definitions** - In the by-laws of the Corporation, including this by-law, unless the context otherwise requires:

- (a) "**Act**" means the Alberta *Business Corporations Act*, as amended from time to time, and any supplementary or replacement statute in force from time to time, as amended from time to time;
- (b) "**articles**" means the original or restated articles of incorporation, articles of amendment, articles of amalgamation, articles of continuance, articles of reorganization, articles of arrangement, articles of dissolution and articles of revival as the case may be of the Corporation, and includes an amendment to any of them;
- (c) "**Board**" means the board of directors of the Corporation;
- (d) "**by-laws**" means this by-law and all other by-laws of the Corporation from time to time in force;
- (e) "**Corporation**" means the corporation named in this by-law;
- (f) "**director**" means a director of the Corporation;
- (g) "**District Depositors**" has the meaning ascribed to that term in Section 1.1 of the Plan of Compromise and Arrangement for the Lutheran Church-Canada, The Alberta-British Columbia District, approved by order of the Court of Queen's Bench of Alberta dated the \_\_\_\_ day of \_\_\_\_\_, 2016 and filed under court file number 1501-00955;
- (h) "**extraordinary business**" means any one or more of the following actions:
  - (i) submitting to the shareholders any question or matter requiring approval of the shareholders;

- (ii) filling a vacancy on the Board or in the office of auditor;
- (iii) issuing securities or shares;
- (iv) declaring dividends;
- (v) purchasing, redeeming or otherwise acquiring shares issued by the Corporation;
- (vi) paying a commission for the sale of shares of the Corporation;
- (vii) approving a management proxy circular;
- (viii) approving any financial statements that are required to be placed before shareholders at an annual meeting; or
- (ix) proposed adopting, amending or repealing by-laws;

(i) words and expressions defined in the Act shall have the same meanings when used in the by-laws, unless specifically defined in the by-laws;

(j) words importing number shall include both the plural and the singular and words importing gender shall include the masculine, feminine and neuter genders.

**1.2 Invalidity of any Provision** - The invalidity of any provision of the by-laws shall not affect the validity of the remaining provisions of the by-laws.

**1.3 Conflict of Provisions** - If any of the provisions of the by-laws are in conflict with the provisions of the Act, a unanimous shareholder agreement or the articles then the provisions of the Act, the unanimous shareholder agreement or the articles shall prevail.

**1.4 Headings** - The headings used in the by-laws and Table of Contents are inserted for convenience of reference and shall not affect the construction or interpretation of the by-laws.

## PART 2 - CORPORATE MATTERS

**2.1 Registered Office** - The Corporation shall at all times have a registered office within Alberta at such address as the Board may from time to time determine.

**2.2 Records Office** - The Corporation may have a separate records office within Alberta at such address as the Board may from time to time determine but unless the Board designates a separate records office the registered office of the Corporation shall also be its records office. The Corporation may keep all or any of its corporate records and accounting records at a place outside Alberta if:

- (a) The records are available for examination, by means of a computer terminal or other technology, during regular office hours at the registered office or any other place in Alberta designated by the Board; and
- (b) The Corporation provides the technical assistance to facilitate an examination referred to in this section.

**2.3 Records Office Requirements** - The Corporation shall prepare and maintain at its records office:

- (a) the articles and by-laws, all amendments to the articles and by-laws, a copy of any unanimous shareholder agreement and any amendment to a unanimous shareholder agreement;
- (b) minutes of meetings and resolutions of shareholders;
- (c) a copies of notices of directors or change of directors in the prescribed form sent to the Registrar of Corporations;
- (d) a securities register;
- (e) copies of the financial statements, reports and information required to be placed before the shareholders at every annual meeting; and
- (f) a register of disclosures made pursuant to the Act.

**2.4 Accounting Records/Directors Minutes** - The Corporation shall also prepare and maintain at its records office or any other place the directors think fit adequate accounting records and records containing minutes of meetings and resolutions of the Board and any committees of the Board.

**2.5 Address for Service by Mail** - The Board may from time to time designate a post office box within Alberta as the address of the Corporation for service by mail but such address shall not be designated as the Corporation's records office or registered office.

**2.6 Corporate Seal** - The Board may adopt and change a corporate seal which shall contain the name of the Corporation. The Board may adopt a facsimile thereof for use in any other jurisdiction outside Alberta that complies with the laws of that jurisdiction.

**2.7 Execution of Documents** - The Board may from time to time authorize any director or officer or any other person or persons on behalf of the Corporation to sign and deliver contracts, documents or instruments in writing and deliver same manually, by facsimile or electronically and all contracts, documents or instruments in writing so signed may also be signed in counterpart and shall be binding upon the Corporation without any further authorization or act.

**2.8 Authentication** - Any document requiring authentication by the Corporation may be signed by a director or the Secretary or other officer authorized by the Board and need not be under its corporate seal.

**2.9 Financial Period** - The financial period of the Corporation shall be fixed by resolution of the Board.

**2.10 Banking Arrangements** - The banking business of the Corporation, or any part thereof, shall be transacted with such banks, trust companies or other financial institutions as the Board may designate, appoint or authorize from time to time and all such banking business, or any part thereof, shall be transacted on the Corporation's behalf by such one or more officers and/or other persons as the Board may designate, direct or authorize from time to time and to the extent so authorized.

## PART 3 - DIRECTORS

**3.1 Number of Directors** - Subject to the provisions of the articles or of a unanimous shareholder agreement, the number of directors constituting the Board shall be determined from time to time by ordinary resolution of the shareholders.

**3.2 Qualification** - No person shall be qualified to be a director if that person is less than 18 years of age, is not an individual, has the status of bankrupt or is disqualified under the Act, but a director need not be a shareholder.

**3.3 Residence Requirement** - The Board and any committees of the Board shall, in all cases, have the minimum number of resident Canadian directors required by the Act.

**3.4 District Depositors Board Representation** - At least one half of the directors must be District Depositors.

**3.5 Election and Term** - The shareholders shall, by ordinary resolution at the first meeting of shareholders and at each succeeding annual meeting, elect directors to hold office for a term expiring at the close of the next annual meeting of the shareholders following the election; provided that if an election of directors is not held at a meeting of shareholders, the incumbent directors continue in office until their successors are elected.

If a meeting of shareholders fails to elect the number or the minimum number of directors required by the articles by reason of the disqualification or death of any candidate, the directors elected at that meeting may exercise all the powers of the Board if the number of directors so elected constitutes a quorum.

**3.6 Ceasing to Hold Office** - A director ceases to hold office:

- (a) upon death;
- (b) upon resignation, in which event such resignation becomes effective at the time a written resignation is sent to the Corporation or at the time specified in the written resignation, whichever is later;
- (c) upon removal from office in accordance with the provisions of the Act; or
- (d) upon disqualification.

**3.7 Removal of Directors** - Subject to the provisions of the articles or of a unanimous shareholders agreement,

the shareholders of the Corporation may by ordinary resolution at a special meeting remove any director or directors from office.

**3.8 Vacancies** - Subject to the provisions of a unanimous shareholder agreement, a vacancy created by the removal of a director may be filled by an ordinary resolution of shareholders passed at the meeting at which the director was removed, and if not so filled may be filled by the Board. A quorum of directors may fill a vacancy among the directors, except a vacancy resulting from an increase in the number or minimum number of directors or from a failure to elect the number or minimum number of directors required by the articles.

**3.9 Remuneration of Directors** - Subject to the articles or any unanimous shareholder agreement, the Board of the Corporation may fix the remuneration of the directors, officers and employees of the Corporation.

### **3.10 Powers of the Board -**

- (a) The Board shall manage or supervise the management of the business and affairs of the Corporation.
- (b) Subject to any restrictions contained in the Articles, the Board may, without authorization of the shareholders:
  - (i) borrow money on the credit of the Corporation;
  - (ii) issue, reissue, sell or pledge debt obligations of the Corporation;
  - (iii) subject to the provisions of the Act, give a guarantee on behalf of the Corporation to secure performance of an obligation by any person; and
  - (iv) mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Corporation owned or subsequently acquired, to secure any obligation of the Corporation.
- (c) Notwithstanding any restrictions on the delegation of extraordinary business, the Board may by resolution delegate the powers referred to in subsection ~~3.10(b)~~<sup>3.9(b)</sup> of these by-laws to a director, a committee of directors or an officer of the Corporation.



(d) Subject to the provisions of the Act, the Board may by resolution make, amend or repeal any by-law.

**3.11 Directors' Conflict of Interest** - A director who is a party to, or is a director or an officer of or has a material interest in any person who is a party to a material contract or material transaction or proposed material contract or proposed material transaction with the Corporation, shall disclose in writing to the Corporation or request to have entered in the minutes of meetings of directors the nature and extent of that interest at the time and in the manner provided in the Act whether or not such material contract or material transaction or proposed material contract or proposed material transaction is one that, in the ordinary course of the Corporation's business would require approval by the directors or shareholders. A director who is a party

to or has an interest in a material contract or material transaction or proposed material contract or proposed material contract as aforesaid shall not vote on any resolution to approve the material contract or material transaction or proposed material contract or proposed material transaction except as permitted by the Act and shall otherwise comply in all respects with the provisions of the Act.

**3.12 Reimbursement of Expenses** - The directors shall be entitled, to the extent approved by the Board, to be reimbursed for travelling and other expenses properly incurred by them in attending meetings of the Board or any committee thereof; but nothing herein contained shall preclude any director from serving the Corporation in any other capacity and receiving remuneration therefor and reimbursement of expenses in connection therewith.

## PART 4 - PROCEEDINGS OF THE BOARD

**4.1 Calling of Meetings** - The Chief Executive Officer or the President may at any time, and the Secretary shall, upon the request of a director, summon a meeting of the Board.

**4.2 Place of Meetings** - Meetings of the Board may be held at any place within or outside Alberta.

**4.3 Notice of Meetings** - Reasonable notice of the date, time and place of each meeting of the Board shall be sent in accordance with the notice provisions of these by-laws to each director before the time when the meeting is to be held and need not specify the purpose of the meeting or the business to be transacted at the meeting except to the extent that such purpose or business includes any proposal for extraordinary business. An incorporator or a director may call an organizational meeting of directors by giving not less than 5 days' notice of the meeting to each director, stating the date, time and place of the meeting.

**4.4 Waiver of Notice** - A director may in any manner waive notice of a meeting of the Board, and attendance of a director at a meeting of the Board is a waiver of notice of that meeting, except when a director attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called.

**4.5 Notice of Adjourned Meeting** - Notice of an adjourned meeting of the Board is not required to be given if the date, time and place of the adjourned meeting are announced at the original meeting.

**4.6 Alternative Means of Communication** - A director may participate in a meeting of the Board or of a committee of directors by electronic means, telephone or other communication facilities that permit all persons in the meeting to hear each other and a director participating in a meeting by those means is deemed to be present at that meeting.

**4.7 Presiding at Meeting** - A member of the Board selected by a majority of the directors shall be appointed as the chair of the Board. A vacancy in the office of the chair of the Board shall be promptly filled by a majority of the directors.

**4.8 Quorum for Directors Meetings** - The Board may determine the quorum necessary for the transaction of business at its meetings but until the Board has so determined a majority of the number of directors appointed constitutes a quorum at any meeting of directors.

**4.9 Resident Canadians Present** - Except as otherwise permitted by the Act, the Board shall not transact business at a meeting unless one quarter ( $\frac{1}{4}$ ) of the directors present at such meeting are resident Canadians, unless:

- (a) a resident Canadian director who is unable to be present approves in writing the business transacted at the meeting; and
- (b) the number of resident Canadian directors present at the meeting, including any director participating by Alternate Means of Communication, together with any resident Canadian director who gives written approval under subsection 4.9(a) of these by-laws, totals at least one quarter ( $\frac{1}{4}$ ) of the directors present at the meeting.

**4.10 District Depositors Present** - The Board shall not transact business at a meeting unless one half ( $\frac{1}{2}$ ) of the directors present at such meeting are District Depositors, unless:

- (a) a District Depositor director who is unable to be present approves in writing the business transacted at the meeting; and
- (b) the number of District Depositor directors present at the meeting, including any director participating by Alternate Means of Communication, together with any District Depositor director who gives written approval under subsection 4.10(a) of these by-laws, totals at least one half ( $\frac{1}{2}$ ) of the directors present at the meeting.

**4.11 Exercise of Powers** - All the powers of the Board may be exercised by a meeting of the Board at which a quorum is present and the provisions of section 4.9 of this by-law are complied with.

**4.12 Resolution in Writing** - Subject to the articles or a unanimous shareholder agreement, a resolution in writing signed, singly or in counterpart, by all the directors entitled to vote on the resolution at a meeting of directors or a committee of directors, is as valid as if it had been passed at a meeting of directors or committee of directors.

**4.13 Votes to Govern** - Subject to the articles or a unanimous shareholders agreement at all meetings of the Board every question shall be decided by a majority of the votes cast on the question and in the case of an

equality of votes the chair of the Board shall be entitled to a second or casting vote.

## PART 5 - DELEGATION OF AUTHORITY

**5.1 Managing Director** - The Board may appoint from among the directors a managing director, who must be a resident Canadian, and delegate to such Managing Director, subject to the restrictions contained in the Act, any of the powers of the Board, except authority to conduct extraordinary business.

**5.2 Committees of Directors** - The Board may appoint a committee of directors and delegate to the committee, subject to the restrictions contained in the Act, any of the powers of the Board, provided however that at least one quarter (¼) of the members of the committee shall be resident Canadians.

**5.3 Agents and Attorneys** - The Board may appoint agents or attorneys for the Corporation within or outside Canada with such powers of management or otherwise (including the power to sub delegate) as the Board may determine.

**5.4 Procedure of Committees of Directors** - Unless otherwise determined by the Board:

- (a) a quorum at any meeting of a committee of directors shall be a majority of the members of that committee;
- (b) the power and authority of a committee of directors may be exercised by:

- (i) a majority vote at a meeting of that committee at which a quorum is present; or

- (ii) a resolution in writing signed, singly or in counterpart, by all the members of that committee;

- (c) meetings of a committee of directors may be held at any place within or outside of Alberta; and

- (d) a committee or directors shall in all other respects be entitled to determine and regulate its own procedure.

**5.5 Voting Rights in Other Bodies Corporate** - The signing officers of the Corporation may execute and deliver proxies and arrange for the issuance of voting certificates or other evidence of the right to exercise the voting rights attaching to any shares held by the Corporation. Such proxies, certificates or other instruments shall be in favour of such person or persons as may be determined by the Board; and the Board may from time to time direct the manner in which any particular voting rights or class of voting rights may or shall be exercised.

## PART 6 - OFFICERS

**6.1 Designation and Appointment** - The Board may from time to time designate such offices of the Corporation as the Board determines appropriate. The Board may elect or appoint any one or more of a a President, one or more Vice-Presidents (to which title may be added words indicating seniority or function), a Secretary, a Treasurer and such other officers so appointed subject to the provision of the Act. The Board may specify the duties of and delegate to such officers powers to manage the business and affairs of the Corporation as the Board determines appropriate.

**6.2 Qualification** - An officer may be but need not be a director or shareholder, and two or more offices of the Corporation may be held by the same person.

**6.3 Term of Office** - Each officer appointed by the Board shall hold office until a successor is appointed, or until the officer's earlier resignation, or until the Board removes such officer from office.

**6.4 Terms of Employment and Remuneration** - The terms of employment and the remuneration of an officer appointed by the Board may, to the extent not determined by the Board, be determined by the President from time to time.

**6.5 Vacancy of Office** - A vacancy in the office of the President shall be promptly filled by the Board, and a vacancy in any other office may be filled by the Board.

**6.6 Variation of Powers and Duties** - The Board may from time to time and subject to the provisions of the Act, vary, add to or limit the powers and duties of any officer or assistant. Unless otherwise specified by the Board, each officer shall have and perform those duties set forth in this by-law.

**6.7 Chief Executive Officer** - Subject only to the direction and control of the Board, the Chief Executive Officer shall have general control and management of the business, affairs and policies of the Corporation and over its officers and shall see that all orders and resolutions of the Board are carried into effect. The Chief Executive Officer shall have the power to sign all certificates, contracts and other instruments on behalf of the Corporation. If the Board has not designated this office or appointed a Chief Executive Officer, then the President shall assume the duties of the Chief Executive Officer.

**6.8 President** - Subject to the direction and control of the Board and the Chief Executive Officer, the President

shall have general active management of the business, affairs and policies of the Corporation. The President shall have the power to sign all certificates, contracts and other instruments on behalf of the Corporation. Except as otherwise specified in this by-law, the President shall assume the duties of all other offices that are not designated or appointed at any given time.

**6.9 Vice-President(s)** - One or more Vice-Presidents may be designated and appointed, and if more than one Vice-President is designated, the words indicating seniority or function shall be added to that officer's title. Subject to the direction and control of the Board, the Chief Executive Officer and the President, vice-presidents shall have such powers and duties as the Board may specify.

**6.10 Chief Financial Officer** - Subject to the direction and control of the Board, the President, and the Chief Executive Officer, the Chief Financial Officer shall have primary responsibility for the financial affairs of the Corporation and shall perform such other duties as the Chief Executive Officer, President or the Board may assign. If the Board has not designated this office or appointed a Chief Financial Officer, then the Treasurer shall assume the duties of the Chief Financial Officer.

**6.11 Chief Operating Officer** - Subject to the direction and control of the Board, the President, and the Chief Executive Officer, the Chief Operating Officer shall have primary responsibility for the management and supervision of the day-to-day operations of the Corporation and shall perform such other duties as the Chief Executive Officer, President or the Board may assign. If the Board has not designated this office or appointed a Chief Operating Officer, then the President shall assume the duties of the Chief Operating Officer.

**6.12 Treasurer** - Subject to the direction and control of the Board, the President, the Chief Executive Officer and the Chief Financial Officer, the Treasurer shall:

- (a) be responsible for the keeping of proper accounting records in compliance with the Act;
- (b) be responsible for the deposit of monies and the safekeeping of securities of the Corporation;
- (c) disburse funds under the direction of the Board or any officer(s) authorized by the Board to make such determination;

- (d) invest funds as directed or approved by the Board or any officer(s) authorized by the Board to make such determination;
- (e) keep full and accurate accounts of all funds received and paid on account of the Corporation and render or cause to be rendered to the Board an account of all the financial transactions of the Corporation and of the financial position of the Corporation whenever so directed; and
- (f) have such other powers and duties as the Board may specify.

- (e) have such other powers and duties as the Board may specify.

If the Board has not designated this office or appointed a Secretary, then the President shall assume the duties of the Secretary.

**6.15 Privacy Officer** - Subject to the direction and control of the Board, the Chief Executive Officer and the President, the Privacy Officer shall ensure that the Corporation complies with the *Personal Information Protection Act*. If the Board has not designated this office or appointed a Privacy Officer, then the President shall assume the duties of the Privacy Officer.

**6.13** If the Board has not designated this office or appointed a Treasurer, then the President shall assume the duties of the Treasurer.

**6.16 Other Officers** - The powers and duties of any other office designated by the Board shall be such as the terms of their engagement call for or as the Board may specify.

**6.14 Secretary** - Subject to the direction and control of the Board, the President, and the Chief Executive Officer the Secretary shall:

**6.17 Officers' Conflict of Interest** - An officer who is a party to, or is a director or an officer of or has a material interest in any person who is a party to a material contract or material transaction or proposed material contract or proposed material transaction with the Corporation, shall disclose in writing to the Corporation or request to have entered in the minutes of meetings of directors the nature and extent of that interest at the time and in the manner provided in the Act whether or not such material contract or material transaction or proposed material contract or proposed material transaction is one that, in the ordinary course of the Corporation's business would require approval by the directors or shareholders. An officer who is a party to or has an interest in a material contract or material transaction or proposed material contract or proposed material contract as aforesaid shall otherwise comply in all respects with the provisions of the Act.

- (a) enter or cause to be entered into records kept for that purpose minutes of all proceedings at all meetings of the shareholders, the Board and committees of the Board;
- (b) record and maintain or cause to be recorded and maintained all actions of the shareholders and the Board made by written consent;
- (c) give or cause to be given as and when instructed all notices to shareholders, directors, officers, auditors and members of committees of the Board;
- (d) be the custodian of the corporate seal (if any) of the Corporation and of all books, papers, records, documents and instruments belonging to the Corporation except to the extent that some other officer or agent has been appointed for that purpose; and

## PART 7 - LIABILITY AND INDEMNIFICATION

**7.1 Duty of Care** - Subject to the provisions of the Act, all directors and officers of the Corporation in exercising their powers and discharging their duties shall act honestly and in good faith with a view to the best interests of the Corporation, and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Every director and officer of the Corporation shall comply with the provisions of the Act, the regulations under the Act, the articles, the by-laws and any unanimous shareholder agreement.

**7.2 Indemnification of Directors and Officers** - Subject to the limitations and provisions contained in the Act, the Corporation shall indemnify a director or officer, a former director or officer, or a person who acts or acted at the Corporation's request as a director or officer of a body corporate of which the Corporation is or was a shareholder or creditor, and that person's heirs and legal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by that person in respect of any civil, criminal or administrative action or proceeding to which such director or officer is made a party by reason of being or having been a director or officer of the Corporation or body corporate, if

- (a) he acted honestly and in good faith with a view to the best interests of the Corporation; and
- (b) in the case of a criminal or administrative action or proceeding that is enforced by monetary penalty, the director or officer had reasonable grounds for believing that his or her conduct was lawful.

**7.3 Right of Indemnity Not Exclusive** - The provisions for indemnification contained in this by-law shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any by-laws, agreement, vote of shareholders or disinterested directors or otherwise.

**7.4 Insurance** - Subject to the provisions of the Act the Corporation may purchase and maintain insurance against such liabilities and in such amounts as the Board may from time to time determine and for the benefit of any director or officer, former director or officer, or person who acts or acted at the Corporation's request as a director or officer of a body corporate of which the Corporation is or was a shareholder or creditor.

## PART 8 - MEETINGS OF SHAREHOLDERS

**8.1 Place of Meetings** - Meetings of the shareholders shall be held at such time and place within or out of Alberta as the Board may from time to time determine in accordance with applicable legislation.

**8.2 Annual Meetings** - The Board shall call an annual meeting of shareholders to be held not later than 18 months after the date of incorporation or the date of any certificate of amalgamation of the Corporation and subsequently not later than 15 months after holding the last preceding annual meeting.

**8.3** At the annual meeting:

- (a) the directors shall place before shareholders the financial statements and reports required by the Act to be placed before the annual meeting;
- (b) directors shall be elected;
- (c) the auditor shall be appointed (or such appointment dispensed with pursuant to the Act); and
- (d) such other business as may properly be brought before the meeting shall be transacted.

**8.4 Special Meetings** - The Board may at any time call a special meeting of shareholders.

**8.5 Special Business** - All business transacted at a special meeting of the shareholders and all business transacted at an annual meeting of the shareholders except consideration of the financial statements and auditor's report, fixing the number of Directors for the following year, election of Directors, and reappointment of the incumbent auditor, is deemed to be special business.

**8.6 Notice of Meetings** - Notice of the time and place of a meeting of the shareholders shall be sent in accordance with the notice provisions of this by-law not less than 21 days and not more than 50 days before the date of the meeting to each shareholder entitled to vote at the meeting, to each director, and to the auditor of the Corporation (if any). Notice of a meeting of shareholders at which special business is to be transacted shall state:

- (a) the nature of that business in sufficient detail to permit the shareholder to form a reasoned judgment on that business; and
- (b) the text of any special resolution to be submitted to the meeting.

Notices of meetings of shareholders shall include a form of proxy in the prescribed form unless all the shareholders entitled to vote at a meeting of shareholders have agreed in writing to waive that requirement.

**8.7 Waiver of Notice** - A shareholder and any other person entitled to attend a meeting of shareholders may in any manner waive notice of a meeting of shareholders, and attendance of the shareholder or other person at a meeting of shareholders is a waiver of notice of the meeting except when the shareholder or other person attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called.

The sending of a notice or document required to be sent may be waived or the time for the notice or document may be waived or abridged at any time with the consent in writing of the person entitled to receive it. Such consent may be sent by electronic means in accordance with the provisions of the *Electronic Transactions Act*.

**8.8 List of Shareholders** - The Corporation shall prepare a list of shareholders entitled to receive notice of and to vote at the meeting, arranged in alphabetical order and showing the number of shares held by each shareholder:

- (a) If a record date is fixed, not later than 10 days after that date; or
- (b) If no record date is fixed:
  - (i) at the close of business on the last business day preceding the day on which the notice is sent; or
  - (ii) if no notice is given, on the day on which the meeting is held.

A shareholder may examine the list of shareholders during usual business hours at the records office of the Corporation or at the place where its central securities register is maintained and at the meeting of the shareholders for which the list was prepared.

**8.9 Record Date for Notice** - For the purpose of determining shareholders entitled to receive notice of or to vote at a meeting of shareholders, the Board may fix in advance a date as the record date for that determination of shareholders, but that record date shall not precede the date on which the meeting is to be held by more than 50 days or by less than 21 days.



**8.10 Persons Entitled to be Present** - The only persons entitled to receive notice of, attend and be heard at a meeting of shareholders shall be those shareholders entitled to vote thereat, the directors, the auditor of the Corporation (if any) and others who, although not entitled to vote, are entitled or required under any provision of the Act, the articles or the by-laws to be present at the meeting; provided that other persons may be admitted but only on the invitation of the chair of the meeting or with the consent of the meeting.

**8.11 Quorum** - The following provisions apply with respect to quorum:

- (a) A quorum of shareholders is present at a meeting of shareholders, irrespective of the number of persons actually present at the meeting, if the holder or holders of a majority of the shares entitled to vote at the meeting are present in person or represented by proxy;
- (b) If the Corporation has only one shareholder, or only one holder of the class or series of shares entitled to vote, that shareholder present in person or by proxy constitutes a meeting;
- (c) If a quorum is present at the opening of any meeting of shareholders, the shareholders present may proceed with the business of the meeting notwithstanding that a quorum is not present throughout the meeting; and
- (d) If a quorum is not present at the opening of any meeting of shareholders the shareholders present may adjourn the meeting to a fixed time and place but may not transact any other business.

**8.12 Chair of Shareholders Meeting** - The chair of any meeting of shareholders shall be the first mentioned of such of the following officers as have been appointed and who is present at the meeting: the Chairman of the Board, the Chief Executive Officer, the President, the most senior in rank of the Vice-Presidents (as determined by the Board); and if no such officer is present 15 minutes after the time fixed for the holding of the meeting, the persons present and entitled to vote thereat shall choose one of their number to be chair.

**8.13 Secretary of Shareholders Meeting** - The secretary of any meeting of shareholders shall be some person (who need not be a shareholder) appointed by the chair to act as secretary of the meeting.

**8.14 Scrutineers** - The chair of any meeting of shareholders may appoint one or more persons (who may, but need not be shareholders, directors, officers or

employees of the Corporation) to act as scrutineers at such meeting.

**8.15 Proxies** - A shareholder entitled to vote at a meeting of shareholders may by means of a proxy appoint a proxyholder and one or more alternate proxyholders, who are not required to be shareholders, to attend and act at the meeting in the manner and to the extent authorized by the proxy and with the authority conferred by the proxy.

**8.16 Proxy Requirements** - A proxy shall be executed by the shareholder or by the shareholder's attorney authorized in writing. A proxy is valid only at the meeting in respect of which it is given or any adjournment of that meeting. A proxy shall conform with the requirements of the Act in form and content.

**8.17 Time for Deposit of Proxies** - The Board may specify in a notice calling a meeting of shareholders a time not exceeding 48 hours, excluding Saturdays and holidays, preceding the meeting or an adjournment of the meeting before which time proxies to be used at the meeting must be deposited with the Corporation or its agent.

**8.18** Unless time for a deposit of proxies is otherwise specified by the Board, a proxy shall be acted upon if deposited with the Corporation or its agent 24 hours prior to the time fixed for the holding of the meeting, or if it is delivered to the secretary or the chair at the meeting or any adjournment thereof and prior to the time of voting.

**8.19 Revocation of Proxies** - A shareholder may revoke a proxy:

- (a) by depositing an instrument in writing executed by the shareholder or by the shareholder's attorney authorized in writing:
  - (i) at the registered office of the Corporation at any time up to and including the last business day preceding the day of the meeting, or an adjournment of that meeting, at which the proxy is to be used; or
  - (ii) with the chair of the meeting on the day of the meeting or an adjournment of the meeting; or

(b) by any other manner permitted by law.

**8.20 Joint Holders** - If two or more persons hold shares jointly, one of those holders present at a meeting of shareholders may, in the absence of the other(s), vote

the shares, but if two or more of those persons who are present in person or by proxy vote, they shall vote as one on the shares jointly held by them.

**8.21 Voting at a Shareholders Meeting** - At a meeting of shareholders:

- (a) each share of the Corporation entitles the holder of it to one vote at a meeting of shareholders unless otherwise specified by the articles;
- (b) voting shall be by show of hands except when a ballot is demanded by a shareholder or proxyholder entitled to vote at the meeting;
- (c) an entry in the minutes of the proceedings that a resolution was carried or defeated is sufficient proof of the results of the vote, and no record need be kept of the number or proportion of votes for or against the resolution, whether such resolution is passed by show of hands or by ballot;
- (d) every question that is not a special resolution shall be deemed to be an ordinary resolution, and is passed by a majority of the votes cast by the shareholders who voted in respect of that resolution;
- (e) subject to the articles or a unanimous shareholders agreement, in the case of an equality of votes either upon a show of hands or upon a ballot, the chair of the meeting shall not be entitled to a second or casting vote;
- (f) a shareholder or proxyholder may demand a ballot either before or on the declaration of the result of any vote by a show of hands.

**8.22 Voting by Ballot** – Voting by ballot shall be done in such manner as the chair shall direct provided that on such ballot each person present shall be entitled, in respect of the shares which he is entitled to vote at the meeting upon the question, to that number of votes provided by the Act or the articles, and a declaration by the chairman that the vote upon the question has been carried, or carried by a particular majority, or not carried and an entry to that effect in the minutes of the meeting shall be prima facie evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against any resolution or question.

**8.23 Alternate Means of Communication** – At a meeting of shareholders:

- (a) a shareholder or any other person entitled to attend a meeting of shareholders may participate in the meeting by electronic means, telephone or other communication facilities that permit all persons participating in the meeting to hear or otherwise communicate with each other if all of the shareholders entitled to vote at the meeting consent, and a person participating in such a meeting by those means shall be deemed to be present at the meeting;
- (b) any person participating in a meeting of shareholders and entitled to vote at the meeting may vote by electronic means, telephone or other communication facility that the Corporation has made available for that purpose; and
- (c) any vote may be held entirely by electronic means, telephone or other communication facility that the Corporation has made available for that purpose.

Subject to the Act and the regulations made pursuant to the Act, if the directors or shareholders of the Corporation call a meeting of shareholders, the directors or the shareholders, as the case may be, may determine that the meeting shall be held entirely by electronic means, telephone or other communication facility that permits all participants to communicate adequately with each other during the meeting.

**8.24 Adjournments** - If a meeting of shareholders is adjourned by one or more adjournments for an aggregate of less than 30 days it is not necessary to give notice of the adjourned meeting, other than by announcement at the time of an adjournment. If a meeting of shareholders is adjourned by one or more adjournments for an aggregate of 30 days or more, notice of the adjourned meeting shall be given as for an original meeting. Notice of an adjourned meeting does not need to include a form of proxy in the prescribed form unless the meeting is adjourned by one or more adjournments for an aggregate of more than 90 days.

**8.25 Resolution in Writing** - A resolution in writing signed, singly or in counterpart, by all the shareholders entitled to vote on that resolution is as valid as if it had been passed at a meeting of shareholders.

## PART 9 - DIVIDENDS

**9.1 Dividends** - Subject to the provisions of the Act, the Board may from time to time declare dividends (including interim dividends) payable to the shareholders according to their respective rights and interests in the Corporation and such dividends may be paid in money or property or by issuing fully paid shares of the Corporation, or any combination thereof. If shares of a corporation are issued in payment of a dividend, the Board may add all or part of the value of those shares to the stated capital account maintained or to be maintained for the shares of the class or series issued in payment of the dividend.

**9.2 Dividend Cheques** - A dividend payable in cash shall be paid by cheque drawn on a bank account of the Corporation, to the order of each registered holder of shares of the Corporation of the class or series in respect of which it has been declared, and shall be mailed by prepaid ordinary mail to such registered holder at the shareholder's recorded address unless such holder otherwise directs, provided however that in the case of joint holders the cheque shall, unless such joint holders otherwise direct, be made payable to the order of all of such holders and mailed to them at their recorded address. The mailing of such cheque as aforesaid, unless the same is not paid on due presentation, shall satisfy and discharge the Corporation's liability for the dividend to the extent of the sum represented thereby plus the amount of any tax which the Corporation is required to and does withhold.

**9.3 Record Date for Dividends** - For the purpose of determining shareholders:

- (a) entitled to receive payment of the dividend;
- (b) entitled to participate in a liquidation distribution;  
or
- (c) for any other purpose except the right to receive notice of or to vote at a meeting;

the Board may fix in advance a date as the record date for the determination of shareholders, but that record date shall not precede by more than 50 days the particular action to be taken. If no record date is fixed the record date shall be at the close of business on the day on which the Board passed the resolution relating to that purpose.

**9.4 Non-Receipt of Cheques** - In the event of non-receipt of any dividend cheque by the person to whom it is sent as aforesaid, the Corporation shall issue to such person a replacement cheque for a like amount on such terms as to indemnity, reimbursement of expenses and evidence of non-receipt and of title as the Board may from time to time prescribe.

**9.5 Unclaimed Dividends** - Any dividend unclaimed after a period of six years from the date on which the same has been declared to be payable shall be forfeited and shall revert to the Corporation.

## PART 10 - REGISTRATION AND TRANSFER

**10.1 Securities Register** - The Corporation shall maintain a securities register in which it records the shares issued by it in registered form, showing with respect to each class or series of shares:

- (a) the names, alphabetically arranged, and the latest known address of each person who is or has been a shareholder;
- (b) the number of shares held by each shareholder; and
- (c) the date and particulars of the issue and transfer of each share.

The Corporation shall keep the information entered in the register referred to in this section for a period of at least seven years after the shareholder ceases to be a shareholder.

For securities other than shares, the provisions of the Act shall continue to apply.

**10.2 Share Certificates** - A shareholder is entitled at the shareholder's option to a share certificate that complies with the Act or a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate from the Corporation in respect of the shares of that Corporation held by the shareholder.

- (a) There shall be stated legibly on the face of each share certificate issued by a corporation:
  - (i) the name of the corporation,
  - (ii) the words "Incorporated under the *Business Corporations Act*",
  - (iii) the name of the person to whom it was issued, and
  - (iv) the number and class of shares and the designation of any series that the certificate represents.
- (b) Share certificates and written acknowledgments shall, subject to the provisions of the Act, be in such form as the Board shall from time to time determine.
- (c) The Corporation may charge a fee in an amount not exceeding the maximum amount prescribed by the regulations pursuant to the Act for a share certificate issued in respect of a transfer.

- (d) A share certificate must be signed by at least one director or officer of the Corporation or by such other person as permitted by the Act.

- (e) Any signatures required on a share certificate may be printed or otherwise mechanically reproduced on it.

**10.3 Allotment** - Subject to the articles, any unanimous shareholder agreement and the provisions of the Act relating to shareholders' pre-emptive rights, the Board may from time to time issue shares of the Corporation, allot or grant conversion privileges, options or rights to acquire unissued shares of the Corporation at such times and to such persons and for such consideration as the Board may determine.

**10.4 Commissions** - The Board may authorize the Corporation to pay a reasonable commission to any person in consideration of purchasing or agreeing to purchase shares of the Corporation from the Corporation or from any other person, or procuring or agreeing to procure purchasers for shares of the Corporation.

**10.5 Registration of Transfer** - Subject to the provisions of the Act, no transfer of shares shall be registered in the securities register except upon:

- (a) presentation of the share certificate or acknowledgement of right to obtain a share certificate representing such shares, with an endorsement which complies with the Act made thereon or delivered therewith duly executed by an appropriate person as provided by the Act, together with such reasonable assurance as the Board may from time to time prescribe that the endorsement is genuine and effective; and
- (b) payment of all applicable taxes and any fees (not exceeding the maximum amount prescribed by law for each certificate issued pursuant to the transfer) prescribed by the Board; and
- (c) compliance with such restrictions on transfer as are set forth in the articles or any unanimous shareholder agreement.

**10.6 Non-Recognition of Trusts** - Subject to the provisions of the Act, the Corporation may treat as absolute owner of any share of the Corporation the person in whose name the share is registered in the Corporation's securities register as if that person had full legal capacity and authority to exercise all rights of ownership, irrespective of any indication to the contrary through knowledge, notice, or description in the

Corporation's records, on the share certificate or in the acknowledgment of right to obtain a share certificate.

**10.7 Joint Holders** - If two or more persons are registered as joint holders of any share of the Corporation, the Corporation is not bound to issue more than one certificate and delivery of such certificate to one of such persons shall be sufficient delivery to all of them, and any one of such persons may give effectual receipts for the certificate issued in respect thereof or for any dividend, bonus, return of capital or other money payable or warrant or right issuable in respect of such share.

**10.8 Deceased Shareholder, etc.** - Subject to the Act, the articles and any unanimous shareholder agreement:

- (a) a person shall be entitled to exercise all the rights of the shareholder whom that person represents if that person furnishes evidence as described in the Act to the Corporation that the person is:
  - (i) the executor, administrator, heir or legal representative of the heirs of the estate of a deceased shareholder;
  - (ii) the guardian, committee, trustee, curator or tutor representing a registered shareholder who is an infant, an incompetent person or a missing person; or
  - (iii) a liquidator of or a trustee in bankruptcy for a registered shareholder;
- (b) if a person on whom the ownership of a share of the Corporation devolves by operation of law, other than a person described in subsection ~~10.8(a)~~**10.8(a)** of this by-law, furnishes proof of that person's authority to exercise rights or

privileges in respect of a share of the Corporation that is not registered in that person's name, the Corporation shall treat that person as entitled to exercise those rights or privileges; and

- (c) a person who is the executor, administrator, heir or legal representative of the heirs of the estate of a deceased shareholder is entitled to become a registered shareholder or to designate a registered shareholder upon compliance with the provisions of the Act.

**10.9 Replacement of Share Certificate** - The Board may in its discretion direct the issue of a new share certificate in lieu of and upon cancellation of a share certificate that has been mutilated, or in substitution for a share certificate claimed to have been lost, destroyed or wrongfully taken, on payment of such fee (not exceeding \$3.00) and on such terms as to indemnity (including an indemnity bond), reimbursement of expenses and evidence of loss, destruction, wrongful taking and of title as the Board may from time to time stipulate.

**10.10 Splitting of Shares** - Where the only issued shares of the Corporation are of one class, the Board may authorize the splitting of the shares by resolution. Where the Corporation has issued more than one class of shares, each class of shareholder shall vote separately on a special resolution to approve the proposed splitting of the shares of any class.

**10.11 Database** - Within 60 days of incorporation, the Corporation shall, subject to and in compliance with applicable law, establish and give its shareholders secure access to a database whereby shareholders wishing to sell their shares can disclose that ~~they wish to tell their shares pursuant to~~, subject to being able to rely upon a prospectus exemption in National Instrument 45-106 Prospectus and Registration Exemptions, they wish to sell their shares.

## PART 11 - NOTICES

**11.1 Method of Giving Notice** - A notice or document required by the Act, the regulations thereunder, the articles or the by-laws may be sent to any person entitled to receive such notice or document by delivery or by mail addressed to that person's latest address as shown in the records of the Corporation or such notice or document may be given by electronic means in accordance with the *Electronic Transactions Act*.

**11.2 Notice to Joint Holders** - If two or more persons are registered as joint holders of any share, the delivery, mailing or sending of any notice or document to any one of them shall be sufficient notice to all of them.

**11.3 Effective Notice** - The following rules shall apply with respect to the effectiveness of sending or delivery of any notice or document:

- (a) A notice or document is deemed to be sent on the day on which it is delivered, deposited in the mail, or sent by electronic means, as the case may be;
- (b) Any notice or document required by the Act, the regulations under the Act, the articles or the By-laws to be given, sent or delivered to a Shareholder or director or to an officer or the auditor of the Corporation shall be sufficiently given, sent or delivered if it is delivered personally to such Shareholder, director, officer, or auditor, or if it is mailed by ordinary prepaid mail addressed to such Shareholder, director or officer at his latest address as shown in the records of the Corporation or to such auditor at his most recent address;
- (c) Subject to the provisions of Section 11.4 of this By-law, a notice or document mailed as aforesaid shall be deemed to have been received by the addressee at the time it would be delivered in the ordinary course of mail unless there are reasonable grounds for believing that the addressee did not receive the notice or document at the time or at all; and

(d) A notice or document sent by electronic means is deemed to be received when the information or record containing the notice or document enters the recipient's information system and becomes capable of being retrieved and processed by the recipient, and if the notice or document cannot be retrieved or processed by the recipient it is deemed received when the addressee becomes aware of that the information or record is in its system.

**11.4 Undelivered Notice** - If the Corporation sends a notice or document to any shareholder in accordance with the notice provisions of this by-law and the notice or document is returned on two consecutive occasions because the shareholder cannot be found, the Corporation is not required to send any further notices or documents to that shareholder until the shareholder informs the Corporation in writing of the shareholder's new address.

**11.5 Waiver of Notice** - Any shareholder (or his or her duly appointed proxyholder), director, officer, auditor or member of a committee may at any time waive any notice or waive or abridge the time for any notice required to be given under any provision of the Act, the regulations thereunder, the articles, the by-laws or otherwise, and such waiver or abridgment, whether given before or after the meeting or other event of which the notice is required to be given, shall cure any defect in the giving or in the time of such notice as the case may be. The consent of a person entitled to waive the requirement for the sending of a notice or document or to waive or abridge the time for the notice or the document may be sent by electronic means in accordance with the provisions of the *Electronic Transactions Act*.

**11.6 Signature on Notice** - The signature on any notice to be given by the Corporation may be typewritten, lithographed, written, printed or otherwise mechanically or electronically reproduced.

## PART 12 - SPECIAL REPORT TO THE SHAREHOLDERS

12.1 Not less than 75 days and not more than 180 ~~420~~ days from the effective date of the plan of compromise and arrangement of Lutheran Church-Canada, the Alberta-British Columbia District, as amended, the Corporation shall send notice of a special meeting of the shareholders of the Corporation, in accordance with these by-laws, at which the Board of the Corporation shall report to the shareholders on all reasonable commercial options available to the Corporation for achieving the Corporation's Business (as defined in the articles), such options to include, but not be limited to, the following:

- (a) an orderly liquidation of some or all of the assets comprising the Prince of Peace Development (the "**Corporation's Assets**");
- (b) subdivision of some or all of the Corporation's Assets; and
- (c) the further development of some or all of the Corporation's Assets.

12.2 For each option presented under Section 12.1, the board of directors of the Corporation shall include in its report an estimate of:

- (a) the costs involved;
- (b) the time period required;
- (c) the expected impact on the value of the Corporation's Assets;
- (d) the risks associated with such option structures or processes providing for shareholder liquidity; and
- (e) the recommendations of the board of directors of the Corporation.

12.3 For greater certainty, holding a special meeting of the shareholders to report to the shareholders on all reasonable commercial options available to the Corporation for achieving the Corporation's Business (as defined in the articles) does not constitute an addition, change or removal of any of the restrictions on the business contained in the articles.

**CERTIFICATE**

The foregoing "By-law No. 1, A By-law relating generally to the transaction of the business and affairs of \_\_\_\_\_ (the "**Corporation**") was duly made by a resolution of the Board of the Corporation passed on the \_\_\_\_ day of \_\_\_\_\_, 2016 and by a resolution of the shareholders of the Corporation passed on the \_\_\_\_ day of \_\_\_\_\_, 2016.

\_\_\_\_\_  
Secretary



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 \_\_\_\_\_

# Schedule 2

## NOTICE OF DISTRICT CREDITORS' MEETING

COURT FILE NUMBER            1501-00955

COURT                            COURT OF QUEEN'S BENCH  
   OF ALBERTA

   IN BANKRUPTCY AND INSOLVENCY

JUDICIAL CENTRE            CALGARY

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

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.

DOCUMENT                    **NOTICE OF DISTRICT CREDITORS' MEETING**

Capitalized terms used and not otherwise defined in this Notice are as defined in the District Meeting Order filed on March 22, 2016 and the District Plan, originally dated February 12, 2016 and filed on February 16, 2016 with a third amended version being dated March 21, 2016 and filed on March 22, 2016 (references to the District Plan will include all subsequent amendments).

### **NOTICE IS HEREBY GIVEN THAT:**

1. The District Plan (as may be further amended from time to time) was filed pursuant to the *Companies' Creditors Arrangement Act* (the "CCAA") with the Alberta Court of Queen's Bench (the "Court"). The District Plan contemplates the compromise of the rights and claims of the District's Affected Creditors (as defined in the District Plan).
2. Important documents which you should review in consideration of the District Plan are enclosed with this Notice and include the District Plan, the District Meeting Order, the Monitor's First Report to the Creditors of the District dated March 28, 2016 (the "Monitor's Report"), the form of Proxy, the Election Letter, and the Notice of Opting Out (the "Information Package") and are also available on the website of the Monitor, Deloitte Restructuring Inc (the "Monitor") at [www.insolvencies.deloitte.ca](http://www.insolvencies.deloitte.ca). If you are unable to access this website, you may obtain a copy of the Information Package by contacting the Monitor by email at [josithole@deloitte.ca](mailto:josithole@deloitte.ca) or by telephone at 1-587-293-3203. Details of

the District Plan and the distributions to be made thereunder to creditors are more fully described in the Monitor's Report enclosed in the Information Package. You should review the Information Package carefully.

3. The District may further vary, modify, amend, or supplement the District Plan in accordance with the provisions described in the District Plan and the District Meeting Order.
4. The Order of the Court filed on March 22, 2016 (the "District Meeting Order") established the procedures for the District to call, hold and conduct a meeting of its creditors (the "District Creditors' Meeting") to consider and vote on the District Plan. For the purpose of considering and voting on the District Plan, and receiving distributions thereunder, the Affected Claims of the District Affected Creditors shall be grouped into a single class under the District Plan.
5. The District Creditors' Meeting will be held at the following date, time and location:

Date: May 14, 2016  
Time: 10:00 am  
Location: Macleod Hall, Telus Convention Centre, 120-9<sup>th</sup> Avenue S.E., Calgary, Alberta

6. Only those creditors with an Eligible Affected Claim, as defined under the District Plan (or their respective proxyholders), the District directors, the Monitor, the Applicants' legal counsel, the Monitor's legal counsel, members of the Creditors' Committees, and the legal counsel for the Creditors' Committees will be eligible to attend the District Creditors' Meeting and vote on the District Plan. Holders of an Unaffected Claim (as defined in the District Plan) will not be entitled to attend and vote at the District Creditors' Meeting.

Any Eligible Affected Creditor who is unable to attend the District Creditors' Meeting may vote by Proxy. Further, any Eligible Affected Creditor who is not an individual may only attend and vote at the District Creditors' Meeting if a proxyholder has been appointed to act on its behalf at the District Creditors' Meeting.

Proxies, once duly completed, dated and signed, must be sent by email to the Monitor, or if they cannot be sent by email, delivered to the Monitor at the address of the Monitor as set out on the Proxy form. Proxies must be received by the Monitor by no later than 5:00 p.m. (Calgary time) on the last Business Day preceding the date set for the District Creditors' Meeting or any adjournment thereof. Proxies may also be delivered by hand to the Chair prior to the commencement of the District Creditors' Meeting. After the

commencement of the District Creditors' Meeting, no Proxies can be accepted by the Monitor.

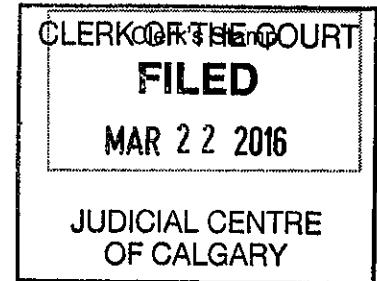
Any Eligible Affected Creditor who is unable to attend the District Creditors' Meeting may also vote by Election Letter.

Election Letters, once duly completed, dated and signed, must be sent by email to the Monitor, or if they cannot be sent by email, delivered to the Monitor at the address of the Monitor as set out on the Election Letter form. Election Letters must be received by the Monitor by no later than 5:00 p.m. (Calgary time) on the last Business Day preceding the date set for the District Creditors' Meeting or any adjournment thereof.

7. If the District Plan achieves the Required Majority (as defined below) at the District Creditors' Meeting, the District shall seek approval of the District Plan by the Court at an application for the Sanction Order, which application shall be set a reasonable time after the District Creditors' Meeting (the "Sanction Hearing"). Any person wishing to oppose the application for the Sanction Order must serve upon the lawyers for both the District and the Monitor as well as those parties listed on the service list, which was attached to the District Meeting Order, as posted on the Monitor's website, by not later than 12:00 p.m. (noon) (Calgary time) one week before the Sanction Hearing, a copy of the materials to be used to oppose the motion for approval of the District Plan, setting out the basis for such opposition.
8. In order for the District Plan to become effective:
  - (a) the District Plan must be approved at the District Creditors' Meeting by the affirmative vote of a majority in number, representing not less than two-thirds in value of the voting claims of Eligible Affected Creditors, in person, by Proxy, or by Election Letter (this constituting the "Required Majority");
  - (b) the District Plan must be sanctioned by the Court; and
  - (c) the conditions to the implementation of the District Plan as set out in the District Plan must be satisfied or waived.

# Schedule 3

COURT FILE NUMBER 1501-00955  
COURT COURT OF QUEEN'S BENCH  
OF ALBERTA  
IN BANKRUPTCY AND INSOLVENCY  
JUDICIAL CENTRE CALGARY



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

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.

DOCUMENT **ORDER**  
**(District Creditors' Meeting)**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT Bishop & McKenzie LLP  
Barristers & Solicitors  
1700, 530 - 8<sup>th</sup> Avenue SW  
Calgary, Alberta T2P 3S8

Attention: Francis N. J. Taman / Ksena J. Court

Telephone: 403-237-5550  
Fax: 403-243-3623

File No.: 103,007-003

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**DATE ON WHICH ORDER WAS PRONOUNCED:** MONDAY, MARCH 21, 2016  
**LOCATION WHERE ORDER WAS PRONOUNCED:** CALGARY, ALBERTA  
**NAME OF JUSTICE WHO MADE THIS ORDER:** JUSTICE B.E.C. ROMAINE

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**UPON THE APPLICATION** of Lutheran Church – Canada, the Alberta – British Columbia District (the "District"), EnCharis Community Housing and Services ("ECHS"), EnCharis Management and Support Services ("EMSS"), and Lutheran Church – Canada, the Alberta – British Columbia District Investments Ltd. ("DIL") (collectively the "Applicants"); **AND UPON HAVING READ** the Application, the Affidavits of Cameron Sherban; **AND UPON READING** the Reports of the Monitor; **AND UPON HAVING READ** the terms and provisions of



the Plan of Compromise and Arrangement, dated February 12, 2016, as attached as Exhibit "C" to the Affidavit of Cameron Sherban, sworn February 16, 2016, as amended and attached as Exhibit "A" to the Affidavit of Cameron Sherban, filed March 14, 2016 (the "District Plan"); **AND UPON HEARING** counsel for the Applicants, counsel for the Monitor, counsel for the District Creditors' Committee, counsel for the DIL Creditors' Committee, and other interested parties;

**IT IS HEREBY ORDERED AND DECLARED THAT:**

**SERVICE**

1. Service of notice of the application for this Order, and all supporting materials, as set out in the Affidavits of Charlene Everett respecting the Application filed February 16, 2016 which was set back down on the Commercial List by letter dated March 7, 2016 is good and sufficient, and the time for notice hereof is shortened to the time actually given.

2. All capitalized terms not otherwise defined in this Order shall have the meaning ascribed to them in the Initial Order granted by the Honourable Justice K.D. Yamauchi in this Action dated January 23, 2015 (the "Initial Order") or in the District Plan. If a term appears in this Order which is defined in both the Initial Order and the District Plan, the definition in the District Plan shall govern.

**FILING OF THE PLAN**

3. The District is hereby authorized and directed to file the District Plan, to present the District Plan to the Eligible Affected Creditors (the "District Eligible Affected Creditors") for their consideration in accordance with the terms of this Order (the "District Meeting Order") and to seek approval of the District Plan in the manner set forth herein.

4. The District is hereby authorized, with the consent of the Monitor or as otherwise ordered by the Court, to vary, amend, modify or supplement the District Plan by way of a supplementary or amended and restated plan or plans of compromise or arrangement (an "Amended Plan"):

- (a) at any time prior to the meeting of the District Eligible Affected Creditors (the "District Creditors' Meeting"), provided that the District or the Monitor, as applicable, (i) files the Amended Plan with this Court, (ii) posts the Amended Plan on the Monitor's website, and (iii) serves the Amended Plan on the Service List attached to this Order;
- (b) at any time during the District Creditors' Meeting, provided that oral notice of any such variation, amendment, modification or supplement is given to all District

Eligible Affected Creditors present in person or by Proxy (and in such case, notice given to the District Eligible Affected Creditor's proxyholder shall be sufficient) at the District Creditors' Meeting prior to the vote being taken at the District Creditors' Meeting, in which case any such variation, amendment, modification or supplement shall be deemed to be part of and incorporated into the District Plan, and such Amended Plan shall be promptly posted on the Monitor's website and filed with the Court as soon as practicable following the District Creditors' Meeting; and

- (c) at any time and from time to time after the District Creditors' Meeting (both prior to and subsequent to the Sanction Order, if granted), with approval of this Court and any District Eligible Affected Creditors adversely affected by such amendment,

provided that, however, any such amendment, modification or supplement may be made unilaterally by the District, before or after the Sanction Order, with the approval of the Monitor, if such amendment, modification or supplement is of an administrative nature that is not adverse to the financial or economic interests of any of the District Affected Creditors under the District Plan and is necessary in order to give better effect to the substance or implementation of the District Plan or the Sanction Order.

#### **CLASSIFICATION OF CREDITORS**

5. For the purposes of considering and voting on the District Plan and receiving distributions thereunder, the District Eligible Affected Creditors shall constitute a single class under the District Plan.

#### **NOTICE OF CREDITORS' MEETING AND INFORMATION PACKAGE**

6. The form of notice to Creditors of the District Creditors' Meeting (the "District Notice of Creditors' Meeting") and the form of Proxy to be used by Eligible Affected Creditors (the "Proxy") in substantially the forms attached to this District Meeting Order as **Schedule "1" and "2"**, respectively, are hereby approved.

7. The District Notice of Creditors' Meeting shall include a specification of the website address where each District Eligible Affected Creditor will be able to access and retrieve copies of the following documents (collectively, the "Information Package"):

- (a) the District Plan;
- (b) this District Meeting Order;

- (c) a copy of the Monitor's Report;
- (d) the District Notice of Creditors' Meeting;
- (e) the Proxy;
- (f) the Election Letter;
- (g) the Notice of Opting Out; and
- (h) Minors' form, if applicable.

8. The Monitor shall send a copy of the Information Package as soon as practicable, and in any event not later than April 8, 2016, to each District Eligible Affected Creditor by regular mail to the last known address for such District Eligible Affected Creditor specified by such District Eligible Affected Creditor in their proof of claim or otherwise provided to the Monitor.

9. The Chair (as defined in paragraph 14 of this District Meeting Order) be and is hereby authorized to accept and rely upon Proxies substantially in the form attached as **Schedule "2"** and Election Letters substantially in the form attached as **Schedule "3"** hereto. Notwithstanding paragraphs 6 to 8 hereof, the Monitor may from time to time, make such minor changes to the Information Package as the Monitor, in consultation with the District, considers necessary or desirable to conform the content thereof to the terms of the District Plan or this District Meeting Order, or to describe the District Plan.

10. The Monitor shall cause a copy of the Information Package to be posted on the Monitor's website at [www.insolvencies.deloitte.ca](http://www.insolvencies.deloitte.ca) no later than March 28, 2016 and in the case of any amendments made thereto in accordance with paragraphs 4 or 9 hereof, as soon as practicable after such amendments are made.

11. The Monitor shall send by regular mail, facsimile, courier or email as soon as practicable following a request therefore, a copy of the Information Package to each District Eligible Affected Creditor who, no later than two business days prior the District Creditors' Meeting (or any adjournment thereof), makes a written request for it.

#### **PUBLICATION OF NEWSPAPER NOTICE**

12. As soon as practicable and no later than March 28, 2016, a newspaper notice of the District Creditors' Meeting, in substantially the form attached as **Schedule "4"** to this District Meeting Order (the "Newspaper Notice"), shall be published once by the Monitor in the Globe and Mail National Edition.

**NOTICE SUFFICIENT**

13. The publication of the Newspaper Notice, the sending of the Information Package to the District Eligible Affected Creditors and the posting of the Information Package on the Monitor's website, in the manner set out in paragraphs 6 through 12, as applicable, shall constitute good and sufficient service of this District Meeting Order, the District Plan and the District Notice of Creditors' Meeting on all persons who are entitled to receive notice thereof in these proceedings, who wish to be present in person or by Proxy at the District Creditors' Meeting or in these proceedings, or who wish to vote by way of the Election Letter and no other form of notice or service need be made on such persons and no other document or material need be served on such persons in respect of the District Creditors' Meeting or these proceedings. Service shall be effective, in the case of regular mailing, three Business Days after the date of mailing, in the case of service by courier, on the day after the courier was sent, and in the case of service by fax or email, on the day after the fax or email was transmitted, unless such day is not a Business Day, or the fax or email transmission was made after 5:00 p.m. (Calgary time), in which case, service shall be deemed effective on the next Business Day.

**CREDITORS' MEETING**

14. A representative of the Monitor shall preside as the chair of the District Creditors' Meeting (the "Chair") and shall decide all matters relating to the rules and procedures at, and the conduct of, the District Creditors' Meeting in accordance with the terms of the District Plan, this District Creditors' Meeting Order and further Orders of this Court. The Chair may adjourn the District Creditors' Meeting at his/her discretion.

15. The District Creditors' Meeting shall not be recorded by any audio or video recording device. Minutes of the District Creditors' Meeting shall be taken by the Monitor.

16. The District shall call, hold and conduct the District Creditors' Meeting on May 14, 2016 at Macleod Hall, Telus Convention Centre, 120-9<sup>th</sup> Avenue S.W., Calgary, Alberta at 10:00 am (Calgary time) (the "Meeting Date"), or as adjourned to such places and times as the Chair may determine, for the purposes of the District Eligible Affected Creditors considering and voting on the District Plan and transacting such other business as may be properly brought before the District Creditors' Meeting.

**ATTENDANCE AT CREDITORS' MEETING**

17. The only persons entitled to notice of, attend or speak at the District Creditors' Meeting are the District Eligible Affected Creditors (or their representative proxyholders), the District directors, the Monitor, the Applicants' legal counsel, the Monitor's legal counsel, members of the

Creditors' Committees, the legal counsel for the Creditors' Committees, the Chair, Scrutineers and the Secretary (as defined below). Any other person may be admitted to the District Creditors' Meeting only by invitation of the Chair.

18. A District Eligible Affected Creditor that is not an individual may only attend and vote at the District Creditors' Meeting if it has appointed a proxyholder to attend and act on its behalf at the District Creditors' Meeting.

#### **VOTING AT THE CREDITORS' MEETING**

19. Any creditor holding a claim that has not been filed or asserted in accordance with the Claims Process Order granted by this Court on February 20, 2015 (the "Claims Process Order"), or that has filed a claim that has been disallowed and for which the appeal period has expired with no appeal, will not be entitled to vote on the District Plan at the District Creditors' Meeting or by Election Letter in respect of its claim.

20. No person shall be entitled to vote on the District Plan in respect of a claim that is an Unaffected Claim, as that term is defined in the District Plan.

21. The only persons entitled to vote at the District Creditors' Meeting in person or by Proxy, or by Election Letter are the District Eligible Affected Creditors.

22. For the purposes of voting on the District Plan, all District Eligible Affected Creditors shall be entitled to vote on the proof of claim (as may have been amended) filed in respect of their Affected Claim pursuant to the Claims Process Order, but for the purposes of receiving distributions under the District Plan, any claim that is not yet a Proven Claim shall remain subject to further review and final acceptance by the Monitor, and may be determined, in whole or in part, to be a Disputed Claim.

23. The quorum required at the District Creditors' Meeting shall be any two District Eligible Affected Creditors present in person or by Proxy at the District Creditors' Meeting.

24. If:

- (a) the requisite quorum is not present at the District Creditors' Meeting;
- (b) the District Creditors' Meeting is postponed by a vote of the majority in value of the claims of the District Eligible Affected Creditors present in person or by Proxy; or
- (c) the Chair otherwise decides to adjourn the District Creditors' Meeting

then the District Creditors' Meeting shall be adjourned to such date, time and place as may be designated by the Chair. The announcement of the adjournment by the Chair, the posting of notice of such adjournment on the Monitor's website and written notice thereof to the District Eligible Affected Creditors shall constitute sufficient notice of the adjournment and the District and the Monitor shall have no obligation to give further notice to any person of the adjourned District Creditors' Meeting.

25. Every question submitted to the District Creditors' Meeting, except to approve the District Plan resolution, any amendment to or in respect of the District Plan made by the District or an adjournment of the District Creditors' Meeting, will be decided by a majority of votes given on a show of hands or, if by confidential written ballot at the discretion of the Chair, by a simple majority in number of the District Eligible Affected Creditors.

26. At the District Creditors' Meeting, the Chair shall direct a vote by the District Eligible Affected Creditors on the resolution substantially in the form attached hereto as **Schedule "5"** to approve the District Plan (the "Resolution") by way of written ballot.

27. If the Resolution is approved in accordance with the terms of this District Meeting Order, the Resolution shall be ratified and given full force and effect in accordance with the provisions of this District Meeting Order, the CCAA, the Information Package and any further Order of this Court, notwithstanding the provisions of any agreement or other instrument to the contrary.

28. The Monitor may appoint scrutineers (the "Scrutineers") for the supervision and tabulations of the attendance, quorum, and votes cast at the District Creditors' Meeting. A person or persons designated by the Monitor shall act as secretary (the "Secretary") at the District Creditors' Meeting and shall tabulate all votes made at the District Creditors' Meeting and by way of Election Letter.

29. The result of any vote conducted at the District Creditors' Meeting and by way of Election Letter shall be binding upon each and every Affected Creditor, whether or not such Affected Creditor was present or voted at the District Creditors' Meeting or by Election Letter, without prejudice to such Affected Creditor's ability to oppose the District Plan at the Sanction Hearing.

30. Following the vote at the District Creditors' Meeting, the Monitor shall tally the votes cast at the District Creditors' Meeting and by Election Letter, and determine whether the District Plan has achieved the Required Majority.

31. The Monitor shall file its report to this Court by no later than 7 business days after the day the District Creditors' Meeting occurs with respect to whether the District Plan has achieved the Required Majority.

### **VOTING BY PROXY**

32. All Proxies submitted in respect of the District Creditors' Meeting (or any adjournment thereof) shall be in substantially the form attached to this Order as **Schedule "2"** or in such other form as is acceptable to the Monitor or the Chair.

33. A District Eligible Affected Creditor wishing to appoint a Proxy to represent such District Eligible Affected Creditor at the District Creditors' Meeting (or any adjournment thereof) may do so by inserting such person's name in the blank space provided on the form of Proxy and sending the completed form to the Monitor by email to [josithole@deloitte.ca](mailto:josit hole@deloitte.ca), or if the completed form cannot be sent by email, it shall be sent by regular mail, facsimile or courier to:

Deloitte Restructuring Inc.  
700 Bankers Court  
850-2<sup>nd</sup> Street S.W.  
Calgary, Alberta T2P 0R8  
Attention: Joseph Sithole  
Fax: 403-718-3681

34. A Proxy must be received by the Monitor by 5:00 p.m. (Calgary time) on the last Business Day preceding the date set for the District Creditors' Meeting or any adjournment thereof, or delivered by hand to the Chair prior to the commencement of the District Creditors' Meeting (or commencement of an adjourned District Creditors' Meeting in case of adjournment). After commencement of the District Creditors' Meeting (or commencement of an adjourned District Creditors' Meeting in case of adjournment), no Proxies shall be accepted by the Monitor.

35. The following shall govern the submission of Proxies and any deficiencies in respect of the form or substance of Proxies filed with the Monitor:

- (a) a District Eligible Affected Creditor who has given 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 District Eligible Affected Creditor or by its attorney, duly authorized in writing, or if a District Eligible Affected Creditor is not an individual, by an officer or legal counsel thereof duly authorized, and deposited with the Monitor as provided in paragraph 33;
- (b) if the Proxy is not dated in the space provided, it shall be deemed to be dated on the date it is received by the Monitor;

- (c) a Proxy submitted by a District Eligible Affected Creditor that bears or is deemed to bear a later date than an earlier Proxy submitted by such District Eligible Affected Creditor shall be deemed to revoke the earlier Proxy;
- (d) if more than one valid Proxy for the same District Eligible Affected Creditor and bearing or deemed to bear the same date are received by the Monitor with conflicting instructions, such Proxies shall not be counted for the purposes of the vote;
- (e) the person named in the Proxy shall vote the District Eligible Affected Creditor's Claim in accordance with the direction of the District Eligible Affected Creditor appointing such person on any ballot or show of hands that may be called for;
- (f) a Proxy confers a discretionary authority upon the person named therein with respect to amendments or variations to the matters identified in the notices of the District Creditors' Meeting and in the District Plan, and with respect to other matters that may properly come before the District Creditors' Meeting;
- (g) the Monitor in consultation with the District is hereby authorized to use reasonable discretion as to the adequacy of compliance with respect to the manner in which any Proxy is completed and executed, and may waive strict compliance with the requirements in connection with the deadlines imposed in connection therewith;
- (h) if one or more valid Proxies and one or more valid Election Letters are both received from a District Eligible Affected Creditor:
  - a. the Proxy or Election Letter, as the case may be, that bears or is deemed to bear the latest date shall be counted for purposes of the vote; and
  - b. if all such valid Proxies and valid Election Letters bear or are deemed to bear the same date, none of the Proxies or Election Letters shall be counted for purposes of the vote.

#### **VOTING BY ELECTION LETTER**

36. A District Eligible Affected Creditor wishing to vote by Election Letter shall be entitled to submit an Election Letter in the form attached to this Order as **Schedule "3"** or in such other form as is acceptable to the Monitor. An Election Letter shall be voted in accordance with the instructions stated in the Election Letter notwithstanding any modification of or amendment to the District Plan that may be made in accordance with the District Plan.



37. In the event that the District Plan is amended subsequent to the Monitor receiving an Election Letter, and if the Monitor determines that it is not appropriate to rely upon such an Election Letter in light of the amendment made, the Monitor shall take any steps that it deems necessary, which may include seeking advice and direction from the Court.

38. A District Eligible Affected Creditor wishing to vote by Election Letter may do so by completing the Election Letter and sending the completed form to the Monitor by email to [josithole@deloitte.ca](mailto:josithole@deloitte.ca), or if the completed form cannot be sent by email, it shall be sent by regular mail, facsimile or courier to:

Deloitte Restructuring Inc.  
700 Bankers Court  
850-2<sup>nd</sup> Street S.W.  
Calgary, Alberta T2P 0R8  
Attention: Joseph Sithole  
Fax: 587-293-3203

39. An Election Letter must be received by the Monitor by 5:00 p.m. (Calgary time) on the last Business Day preceding the date set for the District Creditors' Meeting or any adjournment thereof. After commencement of the District Creditors' Meeting (or commencement of an adjourned District Creditors' Meeting in case of adjournment), no Election Letters shall be accepted by the Monitor.

40. The following shall govern the submission of Election Letters and any deficiencies in respect of the form or substance of Election Letters filed with the Monitor:

- (a) if the Election Letter is not dated in the space provided, it shall be deemed to be dated on the date it is received by the Monitor;
- (b) an Election Letter submitted by a District Eligible Affected Creditor that bears or is deemed to bear an earlier date than a later Election Letter submitted by such District Eligible Affected Creditor shall be discarded;
- (c) if more than one valid Election Letter for the same District Eligible Affected Creditor and bearing or deemed to bear the same date are received by the Monitor with conflicting instructions, such Election Letters shall not be counted for the purposes of the vote; and
- (d) the Monitor in consultation with the District is hereby authorized to use reasonable discretion as to the adequacy of compliance with respect to the manner in which any Election Letter is completed and executed, and may waive

strict compliance with the requirements in connection with the deadlines imposed in connection therewith.

## **MINORS**

41. If a District Eligible 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 the District 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 form attached as **Schedule "6"**.

## **HEARING FOR SANCTION OF THE PLAN**

42. If the District Plan achieves the Required Majority, the District shall seek Court approval of the District Plan at a motion for the Sanction Order, which motion date shall be set at a reasonable time after the District Creditors' Meeting (the "Sanction Hearing").

43. Any party who wishes to oppose the motion for final sanctioning of the District Plan shall serve upon the lawyers for both the Applicants and the Monitor, and upon all other parties on the service list attached to this Order, by not later than 12:00 p.m. (noon) (Calgary time) one week before the Sanction Hearing, a copy of the materials to be used to oppose the motion for approval of the District Plan, setting out the basis for such opposition.

## **GENERAL**

44. The Monitor in consultation with the District may, in its discretion, generally or in individual circumstances, waive in writing the time limits imposed on any District Eligible Affected Creditor under this District Meeting Order if the Monitor, in consultation with the District deems it advisable to do so, without prejudice to the requirement that all other District Eligible Affected Creditors must comply with this District Meeting Order.

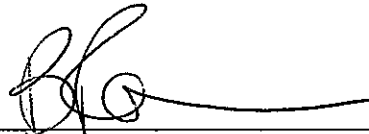
45. If any deadline set out in this District Meeting Order falls on a day other than a Business Day, the deadline shall be extended to the next Business Day.

46. Notwithstanding the terms of this District Meeting Order, the District or the Monitor may apply to this Court from time to time for such further orders as it considers necessary or desirable to amend, supplement or replace this District Meeting Order.

**EFFECT, RECOGNITION AND ASSISTANCE OF OTHER COURTS**

47. This District Meeting Order and any other Order in this proceeding shall have full force and effect in all provinces and territories in Canada and abroad and as against all persons against whom it may otherwise be enforceable.

48. The Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this District Meeting Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this District Meeting Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this District Meeting Order, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this District Meeting Order.



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Justice of the Court of Queen's Bench of Alberta

**SCHEDULE "1" – NOTICE OF DISTRICT CREDITORS' MEETING**

COURT FILE NUMBER            1501-00955

COURT                            COURT OF QUEEN'S BENCH  
OF ALBERTA

                                      IN BANKRUPTCY AND INSOLVENCY

JUDICIAL CENTRE            CALGARY

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

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.

DOCUMENT                    **NOTICE OF DISTRICT CREDITORS' MEETING**

Capitalized terms used and not otherwise defined in this Notice are as defined in the District Meeting Order dated March 21, 2016 and the District Plan, dated February 12, 2016 as amended and filed on \_\_\_\_\_, 2016.

**NOTICE IS HEREBY GIVEN THAT:**

1. The Plan of Compromise and Arrangement of the District, dated February 12, 2016 as amended (and as may be amended from time to time, the "District Plan") was filed pursuant to the *Companies' Creditors Arrangement Act* (the "CCAA") with the Alberta Court of Queen's Bench (the "Court") on \_\_\_\_\_, 2016. The District Plan contemplates the compromise of the rights and claims of the District's Affected Creditors (as defined in the District Plan).
2. Important documents which you should review in consideration of the District Plan are enclosed with this Notice and include the District Plan, the District Meeting Order, the Monitor's Report, the form of Proxy, the Election Letter, and the Notice of Opting Out (the "Information Package") and are also available from the website of the Monitor, Deloitte Restructuring Inc (the "Monitor") ([www.insolvencies.deloitte.ca](http://www.insolvencies.deloitte.ca)). If you are

unable to access this website, you may obtain a copy of the Information Package by contacting the Monitor by email at [jolithole@deloitte.ca](mailto:jolithole@deloitte.ca) or by telephone at 587-293-3203. Details of the District Plan and the distributions to be made thereunder to creditors are more fully described in the Monitor's Report enclosed in the Information Package. You should review the Information Package carefully.

3. The District may vary, modify, amend, or supplement the District Plan in accordance with the provisions described in the District Plan and the District Meeting Order.
4. The Order of the Court dated March 21, 2016 (the "District Meeting Order") established the procedures for the District to call, hold and conduct a meeting of its creditors (the "District Creditors' Meeting") to consider and vote on the District Plan. For the purpose of considering and voting on the District Plan, and receiving distributions thereunder, the Affected Claims of the District Affected Creditors shall be grouped into a single class under the District Plan.
5. The District Creditors' Meeting will be held at the following date, time and locations:
 

Date:	May 14, 2016
Time:	10:00 am
Location:	Macleod Hall, Telus Convention Centre, 120-9 <sup>th</sup> Avenue S.E., Calgary, Alberta
6. Only those creditors with an Eligible Affected Claim, as defined under the District Plan (or their respective proxyholders), the District directors, the Monitor, the Applicants' legal counsel, the Monitor's legal counsel, members of the Creditors' Committees, and the legal counsel for the Creditors' Committees will be eligible to attend the District Creditors' Meeting and vote on the District Plan. Holders of an Unaffected Claim (as defined in the District Plan) will not be entitled to attend and vote at the District Creditors' Meeting.

Any Eligible Affected Creditor who is unable to attend the District Creditors' Meeting may vote by Proxy. Further, any Eligible Affected Creditor who is not an individual may only attend and vote at the District Creditors' Meeting if a proxyholder has been appointed to act on its behalf at the District Creditors' Meeting.

Proxies, once duly completed, dated and signed, must be sent by email to the Monitor, or if cannot be sent by email, delivered to the Monitor at the address of the Monitor as set out on the Proxy form. Proxies must be received by the Monitor by no later than 5:00 p.m. (Calgary time) on the last Business Day preceding the date set for the District Creditors' Meeting or any adjournment thereof. Proxies may also be delivered by hand

to the Chair prior to the commencement of the District Creditors' Meeting. After commencement of the District Creditors' Meeting, no Proxies can be accepted by the Monitor.

Any Eligible Affected Creditor who is unable to attend the District Creditors' Meeting may also vote by Election Letter.

Election Letters, once duly completed, dated and signed, must be sent by email to the Monitor, or if cannot be sent by email, delivered to the Monitor at the address of the Monitor as set out on the Election Letter form. Election Letters must be received by the Monitor by no later than 5:00 p.m. (Calgary time) on the last Business Day preceding the date set for the District Creditors' Meeting or any adjournment thereof.

7. If the District Plan achieves the Required Majority (as defined below) at the District Creditors' Meeting, the District shall seek approval of the District Plan by the Court at an application for the Sanction Order, which application shall be set a reasonable time after the District Creditors' Meeting (the "Sanction Hearing"). Any person wishing to oppose the application for the Sanction Order must serve upon the lawyers for both the District and the Monitor as well as those parties listed on the service list, which was attached to the District Meeting Order, as posted on the Monitor's website, by not later than 12:00 p.m. (noon) (Calgary time) one week before the Sanction Hearing, a copy of the materials to be used to oppose the motion for approval of the District Plan, setting out the basis for such opposition.
8. In order for the District Plan to become effective:
  - (a) the District Plan must be approved at the District Creditors' Meeting by the affirmative vote of a majority in number, representing not less than two-thirds in value of the voting claims of Eligible Affected Creditors, in person, by Proxy, or by Election Letter (this constituting the "Required Majority");
  - (b) the District Plan must be sanctioned by the Court; and
  - (c) the conditions to the implementation of the District Plan as set out in the District Plan must be satisfied or waived.

**SCHEDULE "2" – 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:

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 the District 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 \_\_\_\_\_, 2016 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 DISTRICT 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 \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Individual Creditor

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Name of Corporate Creditor

\_\_\_\_\_  
Name and Title of Signing Officer

Return to:

Deloitte Restructuring Inc., Monitor  
700 Bankers Court, 850 – 2<sup>nd</sup> Street SW  
Calgary, Alberta T2P 0R8

Phone: (403) 267-1777 Fax: (403) 718-3681  
Email: CalgaryRestructuring@deloitte.ca



**Schedule "3" – Election Letter**

COURT FILE NUMBER	1501-00955
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
DOCUMENT	ELECTION LETTER FOR 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.

**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 DISTRICT CREDITORS' MEETING, OR AFTER THE CREDITORS' MEETING WITH THE APPROVAL OF THE COURT. SUCH AMENDMENT, MODIFICATION OR SUPPLEMENT WOULD BE LIMITED TO ADMINISTRATIVE NATURE THAT IS NOT ADVERSE TO THE FINANCIAL OR ECONOMIC INTERESTS OF ANY OF THE DISTRICT AFFECTED CREDITORS UNDER THE DISTRICT PLAN AND IS NECESSARY IN ORDER TO GIVE BETTER EFFECT TO THE SUBSTANCE OR IMPLEMENTATION OF THE DISTRICT PLAN OR THE SANCTION ORDER.**

**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 February 12, 2016 as amended and filed on \_\_\_\_\_, 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 DEEMED TO BE A VOTE FOR APPROVAL OF THE PLAN.**

Dated at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_, 201\_\_\_\_\_.

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Individual Creditor

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Name of Corporate Creditor OR Minor

\_\_\_\_\_  
Name and Title of Signing Officer OR Guardian

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

**SCHEDULE "4" – FORM OF NEWSPAPER NOTICE****NOTICE IS HEREBY GIVEN THAT:**

1. The Plan of Compromise and Arrangement of Lutheran Church – Canada, the Alberta – British Columbia District ("the District"), dated February 12, 2016 as amended (and as may be amended from time to time, the "District Plan") was filed pursuant to the *Companies' Creditors Arrangement Act* (the "CCAA") with the Alberta Court of Queen's Bench (the "Court") on \_\_\_\_\_, 2016. The District Plan contemplates the compromise of the rights and claims of the District's Affected Creditors (as defined in the District Plan).
2. Important documents which you should review in consideration of the District Plan include the District Plan, the District Meeting Order, the Monitor's Report, the form of Proxy, the Election Letter, and the Notice of Opting Out (the "Information Package"). The Information Package is available on the website of the Monitor, Deloitte Restructuring Inc. (the "Monitor") at [www.insolvencies.deloitte.ca](http://www.insolvencies.deloitte.ca). If you are unable to access this website, you may obtain a copy of the Information Package by contacting the Monitor by email at [josithole@deloitte.ca](mailto:josithole@deloitte.ca) or by telephone at 587-293-3203.
3. The District may vary, modify, amend, or supplement the District Plan in accordance with the provisions described in the District Plan and the District Meeting Order.
4. The Order of the Court dated March 21, 2016 (the "District Meeting Order") established the procedures for the District to call, hold and conduct a meeting of its creditors (the "District Creditors' Meeting") to consider and vote on the District Plan. For the purpose of considering and voting on the District Plan, and receiving distributions thereunder, the Affected Claims of the District Affected Creditors shall be grouped into a single class under the District Plan.
5. The District Creditors' Meeting will be held at the following date, time and location:  
  
Date: May 14, 2016  
Time: 10:00 a.m.  
Location: Macleod Hall, Telus Convention Centre, 120-9<sup>th</sup> Avenue S.E., Calgary, Alberta
6. Only those creditors with an Eligible Affected Claim, as defined under the District Plan (or their respective proxyholders), the District directors, the Monitor, the Applicants' legal counsel, the Monitor's legal counsel, members of the Creditors' Committees, and the legal counsel for the Creditors' Committees will be eligible to attend the District

Creditors' Meeting and vote on the District Plan. Holders of an Unaffected Claim (as defined in the District Plan) will not be entitled to attend and vote at the District Creditors' Meeting.

Any Eligible Affected Creditor who is unable to attend the District Creditors' Meeting may vote by Proxy. Further, any Eligible Affected Creditor who is not an individual may only attend and vote at the District Creditors' Meeting if a proxyholder has been appointed to act on its behalf at the District Creditors' Meeting.

Proxies, once duly completed, dated and signed, must be sent by email to the Monitor, or if cannot be sent by email, delivered to the Monitor at the address of the Monitor as set out on the Proxy form. Proxies must be received by the Monitor by no later than 5:00 p.m. (Calgary time) on the last Business Day preceding the date set for the District Creditors' Meeting or any adjournment thereof. Proxies may also be delivered by hand to the Chair prior to the commencement of the District Creditors' Meeting. After commencement of the District Creditors' Meeting, no Proxies can be accepted by the Monitor.

Any Eligible Affected Creditor who is unable to attend the District Creditors' Meeting may also vote by Election Letter.

Election Letters, once duly completed, dated and signed, must be sent by email to the Monitor, or if cannot be sent by email, delivered to the Monitor at the address of the Monitor as set out on the Election Letter form. Election Letters must be received by the Monitor by no later than 5:00 p.m. (Calgary time) on the last Business Day preceding the date set for the District Creditors' Meeting or any adjournment thereof.

7. If the District Plan achieves the Required Majority (as defined below) at the District Creditors' Meeting, the District shall seek approval of the District Plan by the Court at an application for the Sanction Order, which application shall be heard on a date to be scheduled (the "Sanction Hearing"). Any person wishing to oppose the application for the Sanction Order must serve upon the lawyers for both the District and the Monitor as well as those parties listed on the service list, which was attached to District Meeting Order, as posted on the Monitor's website, by not later than 12:00 p.m. (noon) (Calgary time) one week before the Sanction Hearing, a copy of the materials to be used to oppose the motion for approval of the District Plan, setting out the basis for such opposition.

8. In order for the District Plan to become effective:

- (a) the District Plan must be approved at the District Creditors' Meeting by the affirmative vote of a majority in number, representing not less than two-thirds in value of the voting claims of Eligible Affected Creditors, in person, by Proxy, or by Election Letter (this constituting the "Required Majority");
- (b) the District Plan must be sanctioned by the Court; and
- (c) the conditions to the implementation of the District Plan as set out in the District Plan must be satisfied or waived.

Dated at Calgary, Alberta on \_\_\_\_\_, 2016.

**SCHEDULE "5" – FORM OF RESOLUTION**

WHEREAS Lutheran Church – Canada, the Alberta – British Columbia District ("the District") has made an application pursuant to the *Companies' Creditors Arrangement Act* ("CCAA") to reorganize its affairs for the benefit of its creditors;

AND WHEREAS the District filed a plan of arrangement under the CCAA with respect to its creditors on \_\_\_\_\_, 2016 as amended (the "District Plan");

AND WHEREAS the creditors of the District (the "District Creditors") have considered the District Plan and such other material and information as they, in their individual discretion, feel is necessary and appropriate to consider;

AND WHEREAS the District Creditors understand that should the District Plan be sanctioned by the Court of Queen's Bench, it will be binding upon all of the District Creditors, subject to the conditions precedent and other terms and conditions set out more fully in the District Plan;

AND WHEREAS the District Creditors wish to agree to the proposed compromises and arrangements set out in the District Plan;

THE DISTRICT CREDITORS RESOLVE THAT:

1. The District Plan be and hereby is agreed to and accepted by the District Creditors in accordance with its terms.
2. The Court of Queen's Bench of Alberta be requested to sanction the District Plan.

**Schedule « 6 » - Minors' Form**

1 This form 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.

Date \_\_\_\_\_  
 Guardian's Signature \_\_\_\_\_  
 Witness \_\_\_\_\_

# Schedule 4



# NewCo

## Summary Presentation

This Summary should be reviewed in connection with the Plan of Compromise and Arrangement of Lutheran Church-Canada, The Alberta-British Columbia District (the “Plan”) and the Report of the Monitor to the Creditors of the District, dated March 28, 2016 (the “Creditors’ Report”). Capitalized terms used in this Summary, but not otherwise defined in this Summary, shall have the same meaning as defined in the Plan and the Creditors’ Report.

# DISCLAIMER

This Summary may include forward-looking statements with respect to NewCo. Such forward-looking statements reflect current beliefs and are based on information that is currently available. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not or the times at or by which such performance or results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to, the factors discussed below. Although the forward-looking statements contained in this Summary are based upon what is believed are reasonable assumptions, there are no assurance that actual results will be consistent with these forward-looking statements, and the differences may be material. These forward-looking statements are made as of the date of this Summary and there is no intention or obligation to update or revise them to reflect new events or circumstances, except as required by law.

It is strongly recommended that each District Depositor, in order to assess tax, legal and other aspects of any participation in NewCo, obtain independent legal and tax advice with respect to the Plan. All business and assets of NewCo are subject to significant risk arising from rapidly changing market conditions. An investment is, by its nature, speculative.

Although care has been taken to compile the information contained herein, no warranty or guarantee can be expressed or implied regarding the accuracy, adequacy, up-to-date, completeness, legality, reliability or usefulness of any information. We do not verify any data and disclaim any obligation to do so. The information provided herein is general in nature, based on information provided and has not been independently verified. The information provided herein is based on the information provided or available at the time of its production. If any of the information is inaccurate, this may reflect inaccuracies in the information supplied. We disclaim any obligation or undertaking to advise or provide any further updates, modifications, additions or changes in the future. If you wish to find out further details or have a specific inquiry, you may need to seek appropriate professional, or other, advice and/or contact the particular person or agency responsible. The information provided herein is not legal or professional advice of any kind and should not be considered as such, nor should it be relied or acted upon in that regard. If you need legal or other professional advice, you should consult a suitably qualified person. The information provided herein is being supplied as information only and we take no responsibility for the schemes, operations, practices or services provided by any such person.

We, and our respective servants or agents, (a) assume and accept no responsibility for, and give no guarantees, undertakings or warranties concerning the accuracy, clarity, comprehensiveness, completeness, timeliness, fitness-for-purpose, up-to-date nature, reliability, or otherwise, of the information provided herein, and do not accept any liability whatsoever in respect of, or arising from, any errors or omissions or any reliance on, or use of, such information, and (b) shall not be liable for any errors, omissions or other defects in such data or any actions taken in reliance therein. All data and information provided herein is provided "as is" for personal information and we accept no responsibility for any loss or damage claimed to arise from any reliance on, or action taken by any person or organization, wherever they are based, as a result, direct or otherwise, of, information contained in, or accessed through, this document, whether such information is provided by us or by a third party.

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# I. Assets

Assets to be transferred into NewCo include:



*Also included in the transfer are working capital, furniture and fixtures, computer equipment, medical equipment, utilities and vehicle*

# I. Assets - Harbour

- The Harbour is a 32 room dedicated dementia center build adjacent to the Manor property
- The facility was constructed in 2008 and opened in 2010 with an initial plan to expand to over 200 rooms on the connecting lands
- Due to the proximity of the Harbour to the Manor (although not physically connected), the two facilities share a variety of amenities including security, administration and food preparation facilities
- The Harbour is currently operated by Verve (Diversicare)



# I. Assets - Manor

- The Manor is a 159 room seniors designated, assisted living facility
- A 3 story independent and supportive living retirement residence, with views of the Calgary city center and the Rocky Mountains.
- The Manor is currently operated by Verve (Diversicare)
- Amenities include:
  - Banquet hall/community center for large functions
  - Dining room seats 150
  - Drug store
  - Hair salon
  - Game rooms
  - Woodworking shop
  - Fitness room
  - Book and video library
- On site maintenance and security staff



# I. Assets - School

- The Prince of Peace School was first built in 1995 operating as an accredited Lutheran school. In 2006, the school entered into a relationship with the District of Rocky View to become its first alternative, Christian school program
- The School currently serves families from Chestermere, Langdon, Strathmore and Calgary and has approximately 400 students
- The Prince of Peace School also houses the Prince of Peace Preschool, a licensed preschool for 3 and 4 year olds



\*Church is housed inside the school building

# I. Assets - Land

- Remaining lands - approximately 77 acres of land remain for future development
- Lands could accommodate:
  - Integration of infrastructure to further develop lands
  - Extension to existing Harbor and/or Manor facilities
  - Relocation of existing elementary school and the development of a new high school
  - Development of mixed use and/or condominium product
  - Retail/commercial development
  - Other





## II. Proposed Management Team

The goal of the Management team for NewCo is to have it be comprised of a group of professionals with the requisite experience and commitment to ensure that each area of the business is managed effectively. The initial proposed Management team for NewCo is set out below. All compensation for the Management team will be determined by the Board of Directors

### **Scott McCorquodale; MBA - President and Chief Executive Officer and Director**

As the proposed leader of NewCo Scott brings 20+ years of professional experience specializing in the sale of investment real estate in the \$10-\$50MM range. Scott's previous experience included Vice President, Investment Sales at Colliers International; the worlds largest commercial real estate broker where his team closed approximately \$1.5B in sales. He has personally presided over the sale of major regional shopping centers, multitudes of office buildings, industrial properties, multi-family buildings and hotels. Additionally Scott has advised landlords in the long-term care market. In 2006 and 2007, he was awarded the Colliers International Award of Excellence, an award given to the top 50 Colliers International commercial real estate professionals worldwide. Some of Scott's successful assignments include the Sheraton Red Deer (a 219 room A-class hotel trophy asset) and the Centre Village Mall (a major regional shopping centre whose tenants included Save-on-Foods, Future Shop, and Canadian Tire) in Lethbridge, Alberta. While at Colliers International, his clients included Sun Life Assurance Company, Great West Life, First Capital, Huntingdon REIT, Artis REIT, and a number of other institutional and publically traded entities. Scott graduated from the University of Western Ontario with a degree in Statistics and earned a Masters of Business Administration with a specialty in Finance from the Haskayne School of Business.

## II. Proposed Management Team (cont'd)

### **Monica E Kohlhammer ICD.D, MSA, BScN, RN - Vice President Operations and Director**

The Founder and President of MK Strategy Group, Monica has over 25 years of experience in board governance, strategy, planning, evaluation, and administration across a broad spectrum in the public and private sector. Monica has served as corporate director of Calgary Economic Development, has been a representative member of the Calgary Regional Partnership (CRP) Economic Prosperity Committee, was a corporate director with the Mount Royal University Foundation and chairperson for both the board's Governance and Stewardship Committees, and has served as the president of condominium/strata boards in both Alberta and B.C. Monica holds an Institute Corporate Director Accreditation (ICD.D) from the University of Calgary, a Master of Science in Administration from the Central Michigan University, and a Bachelor of Science in Nursing from the University of Saskatchewan.

Monica's proposed role within NewCo will be to focus on the operations of the senior care facilities and relationships with the County of Rocky View, Alberta Health Services and the School District. Monica has also worked with and consulted for a number of senior care providers throughout Western Canada.

### **Tony Chin CPA, CA - Chief Financial Officer**

Tony is a Chief Financial Officer with expertise in privately owned companies overseeing all accounting, tax and financing details. Tony began his career at Deloitte in the audit department and has experience in the areas of corporate governance, financial reporting, financing and accounting for complex transactions.

Tony's primary role on the Management team will be to work closely with the shareholder base and stakeholders to implement financial controls and corporate governance. Tony will also co-ordinate the audit and other financial reporting functions.

### III. Proposed Board of Directors

The Board of Directors role and fiduciary duties within the Company will be significant. The Board will be comprised of six members. The responsibilities of the Board Members include the following:

- Corporate Governance
- Assurance of executive performance
- Accountability for actions of the entity
- Relationships with shareholders

In addition to Scott McCorquodale and Monica Kohlhammer, the Board of Directors is proposed to be comprised of one additional independent member, and three District Depositor nominees

The Directors, who are not a part of management, will be voted on annually by shareholders at the annual general meeting and will not be provided annual salaries

### III. Proposed Board of Directors (cont'd)

#### Elmer Ray

Elmer is the President and Chief Executive Officer of Ray Agro & Petroleum Ltd., a family business since 1957 headquartered in Stony Plain, Alberta. The company's core operations are the supply of fertilizer, bulk fuel and lubricants to markets throughout Western Canada.

#### Lisa Van Hemert BA, MBA

Lisa is currently Vice President of Canadian Operations with Global Partners LP, a midstream logistics and marketing company, is the Founder and Chair of Women Working in Calgary, a women's networking group with over 8000 members, and previously worked with Connacher Oil & Gas Limited where she established sustainable markets for Connacher's oil production, oversaw pricing and logistics negotiations, and pioneered the movement of oil to rail-served markets in the US. Prior to Connacher, Lisa worked with TransCanada Pipelines where she negotiated Keystone Pipeline's upstream and downstream interconnects, managed TransCanada's 2008 United Way campaigns across Canada and the US, supervising a team of 25, and raising \$2.4 million while concurrently functioning in the Business Development Role. Lisa also worked with Kinder Morgan where she negotiated with power suppliers, reduced the variability of power costs, and restructured the power cost forecasting and budgets for four major pipeline systems. Lisa graduated from the University of Calgary with an MBA, Finance and a Bachelor of Arts.

### III. Proposed Board of Directors (cont'd)

#### Stephen Nielson B.Comm, PMP

Stephen Nielsen has held senior management positions in various private and public sector institutions. Most recently, Mr. Nielsen worked in a senior role in a global consulting company leading clients in making the best use of their information and technology. Mr. Nielsen was Chair and CEO of the Mackenzie Valley Land and Water Board; a senior federal, regulatory Board governing Land and Water use. Mr. Nielsen has served on several Boards and Committees, primarily in the Information Technology industry. Mr. Nielsen has a Bachelor of Commerce degree from Dalhousie University and a Graduate Diploma in Information Technology and holds the Project Management Professional (PMP) designation.

#### Sandra Jory CPA, CA

Sandra is currently self-employed managing real estate properties in the Edmonton area. Prior to this, Sandra was employed as a Senior Manager with MNP LLP from 2005 to 2011. During her time at MNP Sandra worked in the Enterprise Risk Services group managing projects for clients in the public sector, government and post-secondary providing expertise on CEO/CFO certification and financial controls and business process improvement. Sandra also worked in the Leduc office of MNP as an engagement manager providing assurance and tax services to a broad base of clients, including high net worth individuals in a variety of industries including oilfield, automotives and retail. Prior to joining MNP, Sandra was the Director of Corporate Services and CFO for St. John Ambulance, overseeing the finance, human resources and IT functions. Sandra articulated with Deloitte and received her CA in 2002.

# NewCo Management Disclaimer

It is to be noted that, the information provided herein is general in nature, based on the information provided by the individuals and has not been independently verified

All individuals described herein have agreed to being a part of the Management team of NewCo as of the date of this document. However, there is no representation made or guarantee provided that any of these persons will become part of the Management team once NewCo is incorporated. Any changes to the Management of NewCo prior to Plan approval will be approved by the District Committee

## IV. Proposed Professional Partners

<b>Proposed Partners*</b>	<b>Role</b>
KPMG	Audit and tax advisory
Burnet Duckworth & Palmer LLP	Legal
Colliers International	Real estate advisory
Risk Oversight Services	Risk Management
Alberta Treasury Branches	Banking
Andreas Schwabe	Shareholder Communications

\*Please note that although these proposed partners have been contacted by the CRO, no engagement or commitments have been entered into with them. The Directors and Management have the ability to engage these or other parties at their discretion.

## V. Financial Highlights

The operations of the Manor and the Harbour are accounted for by Encharis Management and Support Services (“EMSS”). EMSS has a year end of March 31 and select financial information from prior year audits (2012-15) as well as year to date unaudited internal financial information (10 month period ending January 31, 2016) is included below. The lease payments to ECHS have been added back in order to better illustrate what historical results would have been in the event that the same entity owned and operated the Manor and Harbour as opposed to having ongoing lease payments associated with the use of the property

<i>(CDN, \$k)</i>	2012	2013	2014	2015	2016YTD (10 months)
Revenue					
Suite rental	4,788	4,871	4,888	5,196	4,455
Alberta Health Funding	4,193	4,992	4,652	4,666	3,888
Other revenue	182	276	193	220	89
	9,163	10,139	9,733	10,082	8,432
Expenditures	9,071	9,763	10,116	9,583	7,994
Excess (deficiency) of revenue over expenditures	92	376	(383)	499	438
add back:					
Lease payments to ECHS	1,254	1,254	1,398	1,038	1,200
	1,346	1,630	1,015	1,537	1,638
<i>2012-2015 data from EMSS audited financial statements</i>					
<i>2016 data from unaudited internal financials (10 months) and excludes restructuring costs &amp; extraordinary items</i>					

In addition to operations from EMSS, the overall financial results of NewCo will be impacted by other factors which may include the salaries of the management team (determined by the Board of Directors), as well as any profit/deficiency from the operations of the utilities and the lease of the school (as negotiated by the Management of NewCo)



## VI. Corporate Governance

Appropriate Corporate Governance was a primary factor in putting together the proposed management team and the proposed Board of Directors for NewCo

On a go forward basis the proposed management will provide financial information and periodic updates including:

- Quarterly financial statements
- Audited annual financial statements
- Formation of an audit committee
- Annual reports with management discussion and analysis
- Annual General Meeting - Including the election of Directors
- Updates to be provided for all shareholders to review

## VII. Risks

NewCo is subject to general business risks, which include, among others, the following:

- Changes in government regulation and oversight
- Management's ability to work within a prescribed framework and deliver results
- Rezoning challenges with regional government bodies
- Fluctuations in occupancy levels and business volumes
- Changes in the level of approved government funding
- Increased labour costs or other operational costs
- Future changes in labour relations
- Changes in the condition of the location or other general economic conditions
- Health related risks
- Changes in accounting principles and policies
- The imposition of increased taxes or new taxes
- Increased maintenance costs or capital expenditures
- Changes in the financial markets/landscape

Any one of or a combination of these factors may adversely affect the business, results of operations and financial condition of NewCo. District Depositors need to consider these risks as part of their decision. It is anticipated that the proposed management will review each risk and discuss proposed strategies with shareholders at each general meeting. Also, as noted above, the potential liquidity of the NewCo Shares is unknown and there may be situations where NewCo Shareholders cannot sell their NewCo Shares as desired or at all

# Schedule 5

# Memorandum

To: Vanessa Allen, Deloitte Restructuring Inc.

Date: February 9, 2016

Re: Exchange of Debt for Shares and Cash

File Number: A135752

The following summary describes the principal Canadian federal income tax considerations generally applicable to a holder (the “**CEF Depositors**”) of unsecured debt (the “**Debt**”) issued by the Church Extension Fund of the Lutheran Church – Canada, the Alberta & British Columbia District (the “**District**”) who will, pursuant to a Plan of Compromise and Arrangement (the “**Plan**”), exchange such Debt for cash and shares (the “**Shares**”) in a new Alberta corporation (“**NewCo**”).

***This document is confidential and intended for the sole use of the addressee. The advice contained herein is not intended to be, and may not be, relied upon or released to any person other than the addressee without the express written consent of Gowling Lafleur Henderson LLP.***

This summary is based on the current provisions of the *Income Tax Act* (Canada) and regulations thereto (the “**Tax Act**”), and an understanding of the current administrative policies and assessing practices and policies of the Canada Revenue Agency published in writing prior to the date hereof. This summary takes into account all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “**Proposed Amendments**”) and assumes that all Proposed Amendments will be enacted in the form proposed. However, no assurances can be given that the Proposed Amendments will be enacted as proposed, or at all. This summary does not otherwise take into account or anticipate any changes in law or administrative policy or assessing practice whether by legislative, administrative or judicial action nor does it take into account tax legislation or considerations of any province, territory or foreign jurisdiction, which may differ from those discussed herein.

This summary is only applicable to CEF Depositors who, at all relevant times, for purposes of the Tax Act,

- (i) are, or are deemed to be, resident in Canada;
- (ii) deal at arm’s length with the District and NewCo, including, generally, District employees that do not control, directly or indirectly, in any manner whatsoever, either District or NewCo;
- (iii) are not affiliated with the District and NewCo;
- (iv) hold Shares acquired on the exchange of the Debt as capital property for purposes of the Tax Act;

(v) have not entered into, with respect to their Debt and Shares, a “derivative forward agreement”, as that term is defined in the Tax Act; and

(vi) in respect of the approximately 150 CEF Depositors that are member congregations (the “**Congregations**”), such CEF Depositors are either registered charities<sup>1</sup> or non-profit organizations<sup>2</sup> that are and will continue to be exempt from tax under the Tax Act.

Generally, the Debt and Shares will be capital property to a CEF Depositor provided the CEF Depositor does not acquire or hold such securities in the course of carrying on a business or as part of an adventure or concern in the nature of trade.

This summary is not applicable to a CEF Depositor:

(i) that is a “specified financial institution”, as that term is defined in the Tax Act;

(ii) an interest in which is a “tax shelter investment”, as that term is defined in the Tax Act;

(iii) that is, for purposes of certain rules (referred to as the mark-to-market rules) applicable to securities held by financial institutions, a “financial institution”, as that term is defined in the Tax Act; or

(iv) that reports its “Canadian tax results”, as that term is defined in the Tax Act, in a currency other than Canadian currency.

**Such CEF Depositors should consult their own tax advisors.**

**This summary is of a general nature only and is not, and is not intended to be, legal or tax advice to any particular CEF Depositor. This summary is not exhaustive of all Canadian federal income tax considerations. Accordingly, CEF Depositors should consult their own tax advisors having regard to their own particular circumstances.**

### **1. Exchange of Debt for Cash and Shares**

A CEF Depositor may realize a capital gain (or sustain a capital loss) upon the exchange of his or her Debt for cash and Shares to the extent that the proceeds of disposition (i.e. the amount of the cash and the “fair market value”<sup>3</sup> (“**FMV**”) of the Shares received) therefor exceed (or are less than) the aggregate of that CEF Depositor’s adjusted cost base of the Debt, any accrued interest and any reasonable costs of the exchange. A CEF Depositor’s adjusted cost base of the Debt generally will be the CEF Depositor’s cost of the Debt, subject to certain adjustments in accordance with the Tax Act. The treatment of capital gains and losses is described below under the heading “Capital Gains and Losses”.

Upon a disposition of Debt, interest accrued thereon to the date of disposition will be included in computing the income of a CEF Depositor and will be excluded in computing the CEF Depositor’s

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<sup>1</sup> As defined in subsection 248(1).

<sup>2</sup> Pursuant to paragraph 149(1)(l).

<sup>3</sup> Generally, fair market value is understood to mean “the highest price an asset might reasonably be expected to bring if sold by the owner in the normal method applicable to the asset in question in the ordinary course of business in a market not exposed to any undue stresses and composed of willing buyers and willing sellers dealing at arm’s length and under no compulsion to buy or sell.” (*Henderson*, [1973] C.T.C. 636 (FCTD))

proceeds of disposition of the Debt. A CEF Depositor may be entitled to claim a deduction in an amount equal to the amount, if any, by which the amount of interest income reported for income tax purposes exceeds the amount of interest income actually received by the CEF Depositor. **CEF Depositors should consult their own tax advisors as to the availability of this deduction.**

Generally, there should be no tax consequences to a Congregation on the exchange of Debt for cash and Shares as a result of its tax exempt status.

## **2. Dividends on Shares**

A CEF Depositor will be required to include in computing its income for a taxation year any dividends received (or deemed to be received) on the Shares.

In the case of a CEF Depositor that is an individual (other than certain trusts), such dividends will be subject to the gross-up and dividend tax credit rules applicable to taxable dividends received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit applicable to any dividends designated by NewCo as an eligible dividend in accordance with the provisions of the Tax Act.

A dividend received (or deemed to be received) by a CEF Depositor that is a corporation will generally be deductible in computing the corporation's taxable income. In certain circumstances, however, a dividend received (or deemed to be received) by a CEF Depositor that is a corporation will be deemed to be proceeds of a disposition or a capital gain. **CEF Depositors that are corporations should consult their own tax advisors having regard to their own particular circumstances.**

A CEF Depositor that is a "private corporation", as defined in the Tax Act, or any other corporation controlled, whether because of a beneficial interest in one or more trusts or otherwise, by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts), will generally be liable to pay a refundable tax of 38 1/3 % under Part IV of the Tax Act on dividends received (or deemed to be received) on the Shares to the extent such dividends are deductible in computing the CEF Depositor's taxable income for the taxation year.

Generally, a Congregation would not be subject to tax under the Tax Act on the receipt (or deemed receipt) of dividends on the Shares as a result of its tax exempt status.

## **3. Dispositions of Shares**

Generally, on a disposition or deemed disposition of a Share, a CEF Depositor will realize a capital gain (or capital loss) equal to the amount, if any, by which the proceeds of disposition (i.e. the amount of consideration received for the Share), net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the CEF Depositor of such Share immediately before the disposition or deemed disposition.

At any particular time, the adjusted cost base to the CEF Depositor of a Share acquired pursuant to this Plan will be determined by averaging the cost of such share with the adjusted cost base of all other Shares owned by the CEF Depositor as capital property at that time, if any.

## **4. Capital Gains and Losses**

Generally, a CEF Depositor is required to include in computing its income for a taxation year one-half of the amount of any capital gain (a "taxable capital gain") realized in the year. Subject to and in

accordance with the provisions of the Tax Act, a CEF Depositor is required to deduct one-half of the amount of any capital loss (an “**allowable capital loss**”) realized in a taxation year from taxable capital gains realized by the CEF Depositor in the year and allowable capital losses in excess of taxable capital gains for the year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years.

The amount of any capital loss realized by a CEF Depositor that is a corporation on the disposition of a Share may be reduced by the amount of any dividends received (or deemed to be received) by the CEF Depositor on such share to the extent and under the circumstances prescribed by the Tax Act.

Similar rules may apply where a Share is owned by a partnership or trust of which a corporation, trust or partnership is a member or beneficiary. **Such CEF Depositors should consult their own tax advisors.**

Generally, a Congregation would not be subject to tax under the Tax Act on any gains realized on the disposition of Debt or Shares as a result of its tax exempt status.

#### **5. Additional Refundable Tax**

A CEF Depositor that is throughout the taxation year a “Canadian-controlled private corporation”, as defined in the Tax Act, is liable for tax, a portion of which may be refundable, on investment income, including interest income earned on the Debt, taxable capital gains realized on the disposition of the Debt and Shares, and dividends received or deemed to be received in respect of the Shares (but not dividends or deemed dividends that are deductible in computing taxable income). **Such CEF Depositors should consult their own tax advisors.**

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# Schedule 6



## Summary of Tax Implications for District Depositors related to the District Plan

The following summary is based in part on a memorandum prepared by the Monitor's legal counsel with respect to the tax implications of the District Plan for District Depositors (the "Tax Opinion"). The Tax Opinion is attached as "Schedule 2" to the Monitor's Fourteenth Report, dated February 18, 2016 (the "Fourteenth Report"). Unless otherwise specified, capitalized terms shall have the meaning set out in the Tax Opinion or in the Fourteenth Report.

The Tax Opinion is only applicable to District Depositors who are or are deemed to be Canadian residents, who deal at arm's length and are not affiliated with the District and NewCo, who hold NewCo Shares as capital property, and who have not entered into a "derivative forward agreement", all for purposes of the *Income Tax Act (Canada)* and regulations thereto (the "Tax Act"). Where District Depositors are congregations, the Tax Opinion only applies to those congregations that are either registered charities or non-profit organizations that are exempt from tax under the Tax Act.

The Tax Opinion, and by extension this tax summary, are of a general nature only and are not, and are not intended to be, legal or tax advice to any particular District Depositor. They are not exhaustive of all Canadian federal income tax considerations. Accordingly, District Depositors should consult their own tax advisors having regard to their own particular circumstances and the Monitor's legal counsel takes no responsibility for parties that rely on the Tax Opinion.

### Reporting interest on investments for which T5 slips were issued

Interest payable as at January 23, 2015, the date that the Initial Order was granted in the CCAA proceedings (the "Filing Date"), was added to each District Depositor's account as at that date. The interest paid as at the Filing Date was for the period from the last date that interest was paid (including by being re-invested in an existing deposit) and the Filing Date. District Depositors who did not elect to waive the interest paid in 2015 pursuant to the Court-approved claims process will receive a T5 slip for 2015. As previously advised, no further interest has been accrued or paid following the Filing Date.

Where interest has been paid (including by being re-invested in an existing deposit) and a T5 slip has been issued, should a portion of the interest not be collectible upon the completion of the CCAA proceedings, District Depositors may be able to claim a bad debt deduction with respect to the amount of interest that was not collectible. They may also be able to claim a deduction for the entirety of the uncollectible interest as a bad debt now and then report as an income inclusion any interest that they receive in the future. As claims in the CCAA will be paid on a pro-rata basis based on the entirety of each District Depositor's Claim, a portion will be payable related to the principal balance and a portion will be payable related to interest. It

is recommended that each District Depositor seek independent tax advice in connection with any tax consequences or reporting requirements related to their investment.

#### [Reporting gains or losses on the exchange of proven claims for cash and NewCo Shares](#)

Pursuant to the District Plan, District Depositors will realize a capital loss upon the exchange of their proven claim for cash and NewCo Shares to be distributed pursuant to the District Plan. The amount of that capital loss will be the amount of the District Depositors' proven claim which remains outstanding after all distributions (whether in the form of cash or NewCo Shares) have been made pursuant to the District Plan.

#### [Reporting future dividends from NewCo](#)

Those District Depositors who become shareholders of NewCo may, in the future, receive income in the form of dividends (i.e. money paid to NewCo's Shareholders from its profits). The amount of any dividends will need to be included in the calculation of a Depositor's income for the corresponding tax year.

#### [Reporting gains or losses on the disposition of NewCo Shares](#)

Should a District Depositor, who becomes a NewCo shareholder, sell their NewCo Shares in the future, they may realize a capital gain or a capital loss on those NewCo Shares, depending on whether the amount that they sell the NewCo Shares for is below or above the adjusted cost base of the NewCo Shares immediately before they are sold.

#### [Recoveries in the Representative Action](#)

Those District Depositors who elect to participate in the Representative Action should seek independent tax advice with respect to reporting capital gains or reducing capital losses for amounts received pursuant to the Representative Action, as the reporting requirements will vary depending on the timing of when prior capital losses have been reported.

# Schedule 7

**Notice of Opting Out**

<b>COURT FILE NUMBER</b>	<b>1501-00955</b>
<b>COURT</b>	<b>COURT OF QUEEN'S BENCH OF ALBERTA</b>
<b>JUDICIAL CENTRE</b>	<b>CALGARY</b>
<b>DOCUMENT</b>	<b>NOTICE OF OPTING OUT</b>
<b>APPLICANTS</b>	<b>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.</b>

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 shall 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);
- a. to be removed from the members of the Representative Action Class;
- b. not entitled to any further notice of or information regarding the Representative Action, save what is available on the public record;
- c. forever barred from participating in the Representative Action;
- d. 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
- e. 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 – 2<sup>nd</sup> Street SW  
Calgary, AB T2P 0R8  
Phone: (587) 293-3203 Fax: (403) 718-3681  
Email: CalgaryRestructuring@deloitte.ca

# Schedule 8

**ELECTION LETTER**

COURT FILE NUMBER 1501-00955  
COURT COURT OF QUEEN'S BENCH OF ALBERTA  
JUDICIAL CENTRE CALGARY  
DOCUMENT ELECTION LETTER FOR 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.

**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 DISTRICT CREDITORS' MEETING, OR AFTER THE CREDITORS' MEETING WITH THE APPROVAL OF THE COURT. SUCH AMENDMENT, MODIFICATION OR SUPPLEMENT WOULD BE LIMITED TO THOSE THAT ARE ADMINISTRATIVE IN NATURE, THAT ARE NOT ADVERSE TO THE FINANCIAL OR ECONOMIC INTERESTS OF ANY OF THE DISTRICT AFFECTED CREDITORS UNDER THE DISTRICT PLAN AND IS NECESSARY IN ORDER TO GIVE BETTER EFFECT TO THE SUBSTANCE OR IMPLEMENTATION OF THE DISTRICT PLAN OR THE SANCTION ORDER.**

**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, originally dated February 12, 2016 and filed on February 16, 2016 with a third amended version being dated March 21, 2016 and filed on March 22, 2016, as may be further amended from time to time (references to the District Plan will include all subsequent amendments) as follows:

(mark one only):

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

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

Dated at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_, 201\_\_\_\_.

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Individual Creditor

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Name of Corporate Creditor OR Minor

\_\_\_\_\_  
Name and Title of Signing Officer OR Guardian

Return to:

Deloitte Restructuring Inc., Monitor  
700 Bankers Court, 850 – 2<sup>nd</sup> Street SW  
Calgary, AB T2P 0R8  
Phone: (587) 293-3203 Fax: (403) 718-3681  
Email: CalgaryRestructuring@deloitte.ca



# Schedule 9

**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 District 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:

1. (mark one only):

Vote **FOR** approval of the resolution to accept the District Plan; or

Vote **AGAINST** approval of the resolution to accept the District 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 District Creditors' Meeting and in the District Plan, and with respect to other matters that may properly come before the District Creditors' Meeting.

**THIS PROXY, ONCE DULY COMPLETED, DATED AND SIGNED, MUST BE SENT TO THE MONITOR BY EMAIL, MAIL, FACSIMILE TRANSMISSION OR COURIER, AND BE RECEIVED BY THE MONITOR BY NO LATER THAN 5:00 P.M. (CALGARY TIME) ON MAY 13, 2016 OR SUCH LATER DATE AS MAY BE THE LAST BUSINESS DAY PRIOR TO THE DATE THE DISTRICT CREDITORS' MEETING HAS BEEN ADJOURNED TO, OR DELIVERED BY HAND TO THE CHAIR OF THE DISTRICT CREDITORS' MEETING PRIOR THE COMMENCEMENT OF THE DISTRICT CREDITORS' MEETING. AFTER COMMENCEMENT OF THE DISTRICT CREDITORS' MEETING (OR ANY ADJOURNMENT THEREOF), NO PROXIES CAN BE ACCEPTED BY THE MONITOR.**

Dated at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_,  
20\_\_\_\_.

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Individual Creditor

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Name of Corporate Creditor

\_\_\_\_\_  
Name and Title of Signing Officer

Return to:

Deloitte Restructuring Inc., Monitor  
700 Bankers Court, 850 – 2<sup>nd</sup> Street SW  
Calgary, Alberta T2P 0R8

Phone: (587) 293-3203 Fax: (403) 718-3681  
Email: CalgaryRestructuring@deloitte.ca

# **Schedule 10**

## Guardian's Acknowledgment of Responsibility

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.

Date \_\_\_\_\_

Guardian's Signature \_\_\_\_\_

Witness \_\_\_\_\_