



2012-06-29

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Bennett Jones LLP
Jonathan Saby
4500 Bankers Hall East
855 - 2nd Street S.W.
Calgary AB T2P 4K7
Canada

Corporation Number: **439621-9**
Numéro de société:

Your Reference:
Votre référence:

Please find enclosed the **Certificate of Arrangement** issued under the *Canada Business Corporations Act* (CBCA) for **Extendicare Inc.**

Vous trouverez ci-joint le **certificat d'arrangement** émis en vertu de la *Loi canadienne sur les sociétés par actions* (LCSA) relativement à **Extendicare Inc.**

The issuance of this certificate will be listed in the next Corporations Canada's online Monthly Transactions report. You can access the report on the Corporations Canada website.

L'émission de ce certificat sera publiée dans le prochain rapport électronique des transactions mensuelles de Corporations Canada. Vous pouvez consulter le rapport dans le site Web de Corporations Canada.

Where a name has been approved, be aware that the corporation assumes full responsibility for any risk of confusion with business names and trademarks (including those set out in the NUANS Name Search Report). The corporation may be required to change its name in the event that representations are made to Corporations Canada and it is established that confusion is likely to occur. Also note that any name granted is subject to the laws of the jurisdiction where the corporation carries on its activities.

Dans les cas où Corporations Canada a approuvé une dénomination sociale, il faut savoir que la société assume toute responsabilité de risque de confusion avec toutes dénominations commerciales, marques de commerce existantes (y compris celles qui sont citées dans le Rapport NUANS de recherche de dénominations). La société devra peut-être changer sa dénomination advenant le cas où des représentations soient faites auprès de Corporations Canada établissant qu'il existe une probabilité de confusion. Il faut aussi noter que toute dénomination octroyée est assujettie aux lois de l'autorité législative où la société mène ses activités.

For further information, please contact:

Pour de plus amples renseignements, veuillez communiquer avec:

Jeffrey Baylis
For the Director General, Corporations Canada / Pour le Directeur general, Corporations Canada

613-941-4550
Telephone / Téléphone

613-941-4803
Fax / Télécopieur



Certificate of Arrangement

Canada Business Corporations Act

Certificat d'arrangement

Loi canadienne sur les sociétés par actions

8067929 Canada Inc.

806792-9

8120404 Canada Inc.

812040-4

Extendicare Holding General Partner Inc.

661970-3

Extendicare Inc.

439621-9

Corporate name(s) of CBCA Act applicants /
Dénomination(s) sociale(s) de la ou des sociétés LCSA
requérantes

Corporation number(s) / Numéro(s) de la ou
des sociétés

I HEREBY CERTIFY that the arrangement set out in the attached articles of arrangement has been effected under section 192 of the *Canada Business Corporations Act*.

JE CERTIFIE que l'arrangement mentionné dans les clauses d'arrangement annexées a pris effet en vertu de l'article 192 de la *Loi canadienne sur les sociétés par actions*.

Marcie Girouard

Director / Directeur

2012-07-01

Date of Arrangement (YYYY-MM-DD)

Date de l'arrangement (AAAA-MM-JJ)



Industry Canada
Canada Business
Corporations Act

Industrie Canada
Loi canadienne sur
les sociétés par actions

FORM 14.1
ARTICLES OF ARRANGEMENT
(SECTION 192)

FORMULAIRE 14.1
CLAUSES D'ARRANGEMENT
(ARTICLE 192)

<p>1 -- Name of the applicant corporation(s) -- Dénomination sociale de la (des) requérante(s)</p> <p>Extendicare Inc. Extendicare Holding General Partner Inc. 8120404 Canada Inc. 8067929 Canada Inc.</p>	<p>2 -- Corporation No(s) -- N°(s) de la (des) société(s)</p> <p>439621-9 661970-3 812040-4 806792-9</p>
<p>3 -- Name of the corporation(s) the articles of which are amended, if applicable Dénomination sociale de la (des) société(s) dont les statuts sont modifiés, le cas échéant</p>	<p>4 -- Corporation No(s). -- N°(s) de la (des) société(s)</p>
<p>5 -- Name of the corporation(s) created by amalgamation, if applicable Dénomination sociale de la (des) société(s) issue(s) de la (des) fusion(s), le cas échéant</p> <p>Extendicare Inc.</p>	<p>6 -- Corporation No(s). -- N°(s) de la (des) société(s)</p> <p>7748248</p>
<p>7 -- Name of the dissolved corporation(s), if applicable Dénomination sociale de la (des) société(s) dissoute(s), le cas échéant</p>	<p>8 -- Corporation No(s). -- N°(s) de la (des) société(s)</p>
<p>9 -- Name of other corporations involved, if applicable Dénomination sociale des autres sociétés en cause, le cas échéant</p> <p>Extendicare Real Estate Investment Trust Extendicare Trust Extendicare Limited Partnership</p>	<p>10 -- Corporation No(s), or Jurisdiction of Incorporation N°(s) de la (des) société(s)/ou loi sous le régime de laquelle elle est constituée</p> <p>Ontario Ontario Ontario</p>

11 -- In accordance with the order approving the arrangement - Conformément aux termes de l'ordonnance approuvant l'arrangement,

- a. The articles of the above-named corporation(s) are amended in accordance with the attached plan of arrangement
Les statuts de la (des) société(s) susmentionnée(s) sont modifiés en conformité avec le plan d'arrangement ci-joint
The name of _____ is changed to _____
La dénomination sociale de _____ est modifiée pour _____
- b. The following bodies corporate are amalgamated in accordance with the attached plan of arrangement
Les personnes morales suivantes sont fusionnées conformément au plan d'arrangement ci-joint
**Extendicare Inc. (439621-9) ; Extendicare Holding General Partner Inc. (661970-3);
8120404 Canada Inc. (812040-4); 8067929 Canada Inc. (806792-9)**
- c. The above-named corporation(s) is (are) liquidated and dissolved in accordance with the attached plan of arrangement
La(les) société(s) susmentionnée(s) est(sont) liquidées et dissoute(s) conformément au plan d'arrangement ci-joint
- d. The plan of arrangement attached hereto, involving the above named body(ies), corporate is hereby effected
Le plan d'arrangement ci-joint portant sur la(les) personne(s) morale(s) susmentionnée(s) prend effet

Attached as Schedule A to the Plan of Arrangement are the Articles of Extendicare Inc., the corporation continuing as a result of the amalgamation of Extendicare Inc., Extendicare Holding General Partner Inc., 8120404 Canada Inc. and 8067929 Canada Inc. pursuant to the Plan of Arrangement.

Signature 	Printed Name - Nom en lettres moulées Jillian Fountain	12 -- Capacity of - En qualité de Corporate Secretary	13 -- Tel. No. - N° de tél 905 470 5534
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FOR DEPARTMENTAL USE ONLY - À L'USAGE DU MINISTÈRE SEULEMENT

JUL 01 2012



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

**ARTICLE 1
INTERPRETATION**

- 1.1 In this Plan of Arrangement, the following terms have the following meanings:
- (a) "**2013 Debentures**" means the 7.25% convertible unsecured subordinated debentures of Extendicare REIT due on June 30, 2013, bearing interest at an annual rate of 7.25%, payable semi-annually in arrears on June 30th and December 31st in each year, in the original principal amount of \$92,000,000;
 - (b) "**2014 Debentures**" means the 5.70% convertible unsecured subordinated debentures of Extendicare REIT due on June 30, 2014, bearing interest at an annual rate of 5.70%, payable semi-annually in arrears on June 30th and December 31st in each year, in the original principal amount of \$115,000,000;
 - (c) "**Amended DRIP**" means the Dividend Reinvestment Plan of New Extendicare Amalco, which will be an amended and restated version of the DRIP;
 - (d) "**Arrangement**", "**herein**", "**hereof**", "**hereto**", "**hereunder**" and similar expressions mean and refer to the proposed arrangement under the provisions of Section 192 of the CBCA, on the terms and conditions set forth in this Plan of Arrangement, subject to any amendments or variations thereto made in accordance with the Arrangement Agreement and this Plan of Arrangement, respectively, together with those which may be made at the discretion of the Court in the Final Order;
 - (e) "**Arrangement Agreement**" means the Arrangement Agreement dated March 14, 2012 among Extendicare REIT, Extendicare Trust, Holding GP, Extendicare LP, ULC, EI and New Extendicare pursuant to which such parties have proposed to implement the Arrangement, as amended, supplemented or modified from time to time in accordance with the terms thereof;
 - (f) "**Arrangement Resolution**" means the special resolution of the Unitholders approving the Arrangement;
 - (g) "**Articles of Arrangement**" means the articles of arrangement in respect of the Arrangement required under Section 192(6) of the CBCA to be filed with the Director after the Final Order has been granted giving effect to the Arrangement;
 - (h) "**CBCA**" means the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, including the regulations promulgated thereunder, in either case as amended;

- (i) "**Certificate**" means the certificate or certificates or other confirmation of filing to be issued by the Director pursuant to Section 192(7) of the CBCA giving effect to the Arrangement;
- (j) "**Court**" means the Ontario Superior Court of Justice;
- (k) "**Debentures**" means, collectively, the 2013 Debentures and the 2014 Debentures;
- (l) "**Debenture Trustee**" means Computershare Trust Company of Canada in its capacity as trustee under the Indenture;
- (m) "**Depository**" means Computershare Investor Services Inc. at its offices referred to in the Letter of Transmittal;
- (n) "**Director**" means the director appointed under Section 260 of the CBCA;
- (o) "**DRIP**" means the Distribution Reinvestment Plan of Extendicare REIT;
- (p) "**DRS Advice**" means the document evidencing electronic registration of ownership of New Extendicare Amalco Shares under the Direct Registration System adopted by Computershare Investor Services Inc., the registrar and transfer agent of New Extendicare Amalco;
- (q) "**Effective Date**" means the date the Arrangement is effective under the CBCA;
- (r) "**Effective Time**" means 12:01 a.m. (Toronto time) on the Effective Date or such other time on the Effective Date as may be specified in writing by New Extendicare;
- (s) "**EI**" means Extendicare Inc., a corporation amalgamated under the laws of Canada and a subsidiary of ULC;
- (t) "**EI Shares**" means the common shares in the capital of EI;
- (u) "**Encumbrance**" means any encumbrance, lien, charge, security interest, option, privilege or other restriction or right of any kind or nature, and any right or privilege capable of becoming any of the foregoing;
- (v) "**Extendicare LP**" means Extendicare Limited Partnership, a limited partnership formed under the laws of the Province of Ontario and a subsidiary of Extendicare Trust;
- (w) "**Extendicare Trust**" means Extendicare Trust, an unincorporated, open-ended limited purpose trust established under the laws of Ontario pursuant to the Trust Deed of Trust and a subsidiary of the REIT;

- (x) "**Final Order**" means the final order of the Court approving the Arrangement pursuant to Section 192(3) of the CBCA, as such order may be affirmed, amended or modified by any court of competent jurisdiction;
- (y) "**First Supplemental Indenture**" means the First Supplemental Indenture dated June 19, 2008 between Extencicare REIT and Computershare Trust Company of Canada pursuant to which Extencicare REIT issued the 2013 Debentures;
- (z) "**Grant Agreement**" means a written agreement between the REIT (or Extencicare REIT and another member of the REIT Group) and a participant in the UARP pursuant to which such participant has been granted UARs;
- (aa) "**Holding GP**" means Extencicare Holding General Partner Inc., a corporation incorporated under the laws of Canada, the general partner of Extencicare LP and a subsidiary of Extencicare Trust;
- (bb) "**Holding GP Shares**" means the common shares in the capital of Holding GP;
- (cc) "**Indenture**" means, collectively, the Original Trust Indenture and the First Supplemental Indenture;
- (dd) "**Information Circular**" means the management information circular of Extencicare REIT, together with all appendices thereto, to be distributed to Unitholders in connection with the Meeting;
- (ee) "**Letter of Transmittal**" means the letter of transmittal accompanying the Information Circular sent to registered Unitholders pursuant to which a registered Unitholder is required to deliver certificates representing REIT Units in order to receive, on completion of the Arrangement, a DRS Advice representing New Extencicare Amalco Common Shares;
- (ff) "**Limited Partnership Agreement**" means the limited partnership agreement dated September 11, 2006, among Holding GP, Extencicare Trust and each person who from time to time becomes or is deemed to become a party thereto;
- (gg) "**Meeting**" means the annual and special meeting of Unitholders and any adjournment(s) or postponement(s) thereof, to be held for the purpose of considering and, if thought advisable, approving the Arrangement Resolution and other matters set out in the Notice of Meeting accompanying the Information Circular;
- (hh) "**New Extencicare**" means 8067929 Canada Inc., a corporation incorporated under the laws of Canada and a subsidiary of the REIT;
- (ii) "**New Extencicare Amalco**" means the corporation continuing upon the amalgamation of New Extencicare, Holding GP, ULC, and EI pursuant to the Arrangement and to be known as "Extencicare Inc.";

- (jj) "**New Extencicare Amalco Common Shares**" means the common shares in the capital of New Extencicare Amalco;
- (kk) "**New Extencicare Amalco Supplemental Indenture**" means the supplemental indenture dated the Effective Date to be entered into between New Extencicare Amalco and the Debenture Trustee pursuant to the Indenture and pursuant to which New Extencicare Amalco will acknowledge, confirm and agree that, as of the Effective Date, New Extencicare Amalco is liable for all of the covenants and obligations of the REIT under the Indenture in respect of the Debentures;
- (ll) "**New Extencicare Board**" means the board of directors of New Extencicare;
- (mm) "**New Extencicare Common Shares**" means the common shares in the capital of New Extencicare;
- (nn) "**Original Trust Indenture**" means the Trust Indenture dated June 21, 2007 between Extencicare REIT and Computershare Trust Company of Canada pursuant to which Extencicare REIT issued the 2014 Debentures;
- (oo) "**Parties**" means, collectively, the parties to the Arrangement Agreement and "**Party**" means any one of them;
- (pp) "**Plan of Arrangement**" means this plan of arrangement, as amended, modified or supplemented from time to time in accordance with the terms hereof;
- (qq) "**REIT**" or "**Extencicare REIT**" means Extencicare Real Estate Investment Trust, an unincorporated, open-ended limited purpose trust established under the laws of Ontario pursuant to the REIT Deed of Trust;
- (rr) "**REIT Assets**" has the meaning ascribed to the term "Fund Assets" in Section 1.1 of the REIT Deed of Trust;
- (ss) "**REIT Deed of Trust**" means the amended and restated deed of trust dated December 15, 2010, governing the REIT, as the same may be amended, supplemented or modified from time to time in accordance with the terms thereof;
- (tt) "**REIT Group**" means, collectively, the REIT and all of its subsidiaries;
- (uu) "**REIT Unit**" means a trust unit of the REIT (other than a Special Voting Unit) authorized and issued under the REIT Deed of Trust for the time being outstanding and entitled to the benefits and subject to the limitations set forth therein;
- (vv) "**Trust Assets**" has the meaning ascribed thereto in Section 1.1 of the Trust Deed of Trust;

- (ww) "**Trust Deed of Trust**" means the deed of trust dated September 11, 2006, governing Extencicare Trust, as the same may be amended, supplemented or modified from time to time in accordance with the terms thereof;
 - (xx) "**Trust Unit**" means a trust unit of Extencicare Trust authorized and issued under the Trust Deed of Trust for the time being outstanding and entitled to the benefits and subject to the limitations set forth therein;
 - (yy) "**UARs**" means the unit appreciation rights granted to a trustee, director or employee of any member of the REIT Group to whom UARs have been granted pursuant to one or more Grant Agreements;
 - (zz) "**UARP**" means the Extencicare Real Estate Investment Trust Total Return Unit Appreciation Rights Plan;
 - (aaa) "**ULC**" means 8120404 Canada Inc., a corporation incorporated under the laws of the Province of Alberta on September 11, 2006 as an unlimited liability corporation and formerly known as "Extencicare ULC", which was continued as a limited liability corporation under the CBCA on February 29, 2012, with the name "8120404 Canada Inc.", in contemplation of the Arrangement, and a subsidiary of Extencicare LP;
 - (bbb) "**ULC Shares**" means the common shares in the capital of ULC;
 - (ccc) "**Unitholder Rights**" means the rights to purchase REIT Units on the terms and subject to the conditions set out in the Unitholder Rights Plan;
 - (ddd) "**Unitholder Rights Plan**" means the unitholder rights plan of the REIT dated December 15, 2010 between Extencicare REIT and Computershare Trust Company of Canada, as rights agent, which was approved, ratified and confirmed by the Unitholders and holders of special voting units of the REIT (none of which are issued and outstanding) at the Annual and Special Meeting of the REIT held on Tuesday, June 7, 2011; and
 - (eee) "**Unitholders**" means the holders of REIT Units from time to time.
- 1.2 The division of this Plan of Arrangement into articles and sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement.
- 1.3 Unless reference is specifically made to some other document or instrument, all references herein to articles and sections are to articles and sections of this Plan of Arrangement.
- 1.4 Unless the context otherwise requires, words importing the singular number shall include the plural and vice versa; words importing any gender shall include all genders; and words importing persons shall include individuals, partnerships, associations,

corporations, funds, unincorporated organizations, governments, regulatory authorities, and other entities.

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

ARTICLE 2 ARRANGEMENT AGREEMENT

- 2.1 This Plan of Arrangement is made pursuant to, and is subject to the provisions of, and forms part of, the Arrangement Agreement.
- 2.2 This Plan of Arrangement, upon the filing of the Articles of Arrangement and the issue of the Certificate, if any, shall become effective on, and be binding on and after, the Effective Time on the REIT, Extencicare Trust, Holding GP, Extencicare LP, ULC, EI, New Extencicare, and the Unitholders.
- 2.3 The Articles of Arrangement and Certificate shall be filed and issued, respectively, with respect to this Arrangement in its entirety. The Certificate shall be conclusive evidence that the Arrangement has become effective and that each of the provisions of Article 3 has become effective in the sequence and at the times set out therein.
- 2.4 Other than as expressly provided for herein, no portion of this Plan of Arrangement shall take effect with respect to any Party or person until the Effective Time. Furthermore, each of the events listed in Article 3 shall be, without affecting the timing set out in Article 3, mutually conditional, such that no event described in said Article 3 may occur without all steps occurring, and those events shall effect the integrated transaction which constitutes the Arrangement.

ARTICLE 3 ARRANGEMENT

- 3.1 On the Effective Date, each of the events set out below shall occur and shall be deemed to occur at the Effective Time in the order set forth below, without any further act or formality:

Amendment of the REIT Deed of Trust, the Trust Deed of Trust and the Limited Partnership Agreement

- (a) the REIT Deed of Trust, the Trust Deed of Trust and the Limited Partnership Agreement shall be amended to the extent necessary to facilitate the Arrangement and the implementation of the steps and transactions contemplated herein;

Termination of Unitholders Rights Plan

- (b) all of the issued and outstanding Unitholder Rights shall be cancelled without any payment or other consideration to the Unitholders, and the Unitholder Rights Plan shall terminate and cease to have any further force and effect;

Exchange of REIT Units for New Extencicare Common Shares

- (c) all of the issued and outstanding REIT Units shall be assigned, transferred and conveyed to New Extencicare (free and clear of any Encumbrances) in exchange for New Extencicare Common Shares on the basis of one New Extencicare Common Share for each REIT Unit so transferred;

Cancellation of the Initial Common Share of New Extencicare

- (d) the one New Extencicare Common Share issued to the REIT in connection with the organization of New Extencicare shall be purchased for cancellation by New Extencicare for \$1.00 and shall be cancelled;

Dissolution of Extencicare LP

- (e) all of the property of Extencicare LP shall be assigned, transferred and conveyed to Extencicare Trust, as to a 99.99% undivided interest in each such property, and Holding GP, as to a 0.01% undivided interest in each such property, in satisfaction of their partnership interests in Extencicare LP, all of the liabilities and obligations of Extencicare LP shall be assumed by Extencicare Trust, as to a 99.99% undivided interest, and Holding GP, as to a 0.01% undivided interest, and Extencicare LP shall be dissolved and thereafter cease to exist;

Dissolution of Extencicare Trust

- (f) all of the Trust Assets (including, for the avoidance of doubt, any property acquired by Extencicare Trust upon the dissolution of Extencicare LP pursuant to Section 3.1(e)) shall be assigned, transferred and conveyed to Extencicare REIT in satisfaction of Extencicare REIT's interest in the Trust Units, Extencicare REIT shall assume all of the liabilities and obligations of Extencicare Trust, and Extencicare Trust shall be dissolved and thereafter cease to exist and the Trust Units shall be cancelled;

Dissolution of the REIT

- (g) all of the REIT Assets (including, for the avoidance of doubt, any property acquired by Extencicare REIT upon the dissolution of Extencicare Trust pursuant to Section 3.1(f)) shall be assigned, transferred and conveyed to New Extencicare in satisfaction of New Extencicare's interest in the REIT Units, New Extencicare shall assume all of the liabilities and obligations of the REIT (including the liabilities and obligations of the REIT in respect of any declared but unpaid distributions on the REIT Units as of the Effective Date and all of the covenants

and obligations of the REIT under the Indenture in respect of the Debentures, including, for the avoidance of doubt, the obligation to pay the amounts payable to the holders thereof), and the REIT shall be dissolved and thereafter cease to exist and the REIT Units shall be cancelled;

Amalgamation of New Extencicare, Holding GP, ULC and EI

- (h) the stated capital of the Holding GP Shares shall be reduced to \$1.00, in the aggregate, without any payment or distribution to New Extencicare, the sole shareholder of Holding GP;
- (i) the stated capital of the ULC Shares shall be reduced to \$1.00, in the aggregate, without any payment or distribution to Holding GP and New Extencicare, the shareholders of ULC;
- (j) the stated capital of the EI Shares shall be reduced to \$1.00, in the aggregate, without any payment or distribution to ULC, the sole shareholder of EI;
- (k) New Extencicare, Holding GP, ULC and EI shall be amalgamated and continue as New Extencicare Amalco as follows:
 - (i) each Holding GP Share shall be cancelled without any repayment of capital in respect thereof;
 - (ii) each ULC Share shall be cancelled without any repayment of capital in respect thereof;
 - (iii) each EI Share shall be cancelled without any repayment of capital in respect thereof;
 - (iv) no securities shall be issued by New Extencicare Amalco in connection with the amalgamation, such that the New Extencicare Common Shares shall become New Extencicare Amalco Common Shares by virtue of the amalgamation, and the stated capital of New Extencicare Amalco shall be the same as the stated capital of New Extencicare;
 - (v) the name of New Extencicare Amalco shall be "Extencicare Inc.";
 - (vi) the registered office of New Extencicare Amalco shall be located at 3000 Steeles Avenue East, Suite 700, Markham, Ontario, Canada L3R 9W2;
 - (vii) the articles of New Extencicare Amalco shall be the same as the Articles of Incorporation of New Extencicare, with the articles being set out in Schedule A hereto;
 - (viii) the first directors of New Extencicare Amalco shall be those persons who are the trustees of Extencicare REIT on the Effective Date, and such

directors shall hold office until the first annual meeting of New Extendicare Amalco or until their successors are duly elected or appointed;

- (ix) the first officers of New Extendicare Amalco shall be those persons who are the officers of the REIT and/or EI on the Effective Date;
- (x) the by-laws of New Extendicare Amalco, until repealed, amended or altered, shall be the by-laws of New Extendicare;
- (xi) the property of each of the amalgamating corporations (other than the Holding GP Shares, the ULC Shares and the EI Shares that are cancelled without any repayment of capital in respect thereof in accordance with the events set out in Sections 3.1(k)(i) to (iii), inclusive,) shall continue to be the property of New Extendicare Amalco;
- (xii) New Extendicare Amalco shall continue to be liable for the obligations of each of the amalgamating corporations (including, for the avoidance of doubt, the liabilities and obligations of the REIT in respect of any declared but unpaid distributions on the REIT Units as of the Effective Date and all of the covenants and obligations of the REIT under the Indenture in respect of the Debentures, in each case assumed by New Extendicare pursuant to Section 3.1(g));
- (xiii) any existing cause of action, claim or liability to prosecution of any of the amalgamating corporations shall be unaffected;
- (xiv) any civil, criminal or administrative action or proceeding pending by or against any of the amalgamating corporations may be continued to be prosecuted by or against New Extendicare Amalco;
- (xv) a conviction against, or ruling, order or judgment in favour of or against, any of the amalgamating corporations may be enforced by or against New Extendicare Amalco; and
- (xvi) the first auditors of New Extendicare Amalco shall be KPMG LLP and KPMG LLP shall hold office until the first annual meeting of New Extendicare Amalco following the amalgamation or until their successors are elected or appointed;

New Extendicare Amalco Supplemental Indenture

- (l) New Extendicare Amalco and the Debenture Trustee shall enter into the New Extendicare Amalco Supplemental Indenture;

Amended DRIP

- (m) the DRIP shall be amended and restated such that: (i) eligible holders of New Extencicare Amalco Common Shares may direct that cash dividends on their New Extencicare Amalco Common Shares be reinvested in additional New Extencicare Amalco Common Shares issued from treasury at a price equal to 97% of the average market price, as defined in the Amended DRIP, on the applicable dividend payment date; and (ii) all existing participants in the DRIP will be deemed to be participants in the Amended DRIP without any further action on their part, and eligible holders of New Extencicare Amalco Common Shares may participate in the Amended DRIP with respect to any cash dividends declared and paid by New Extencicare Amalco on the New Extencicare Amalco Common Shares; and

Amended UARs and UARP

- (n) the outstanding UARs issued under the UARP, the related Grant Agreements and the UARP shall be amended and restated to replace the references to the REIT and the REIT Units to New Extencicare Amalco and New Extencicare Amalco Common Shares, respectively.
- 3.2 Upon the exchange of REIT Units for New Extencicare Common Shares pursuant to Section 3.1:
- (a) each former holder of REIT Units shall cease to be the holder of the REIT Units so exchanged, and the name of each such former holder of REIT Units shall be removed from the register of REIT Units and New Extencicare shall become the sole holder of all of the issued and outstanding REIT Units and shall be added to the register of REIT Units as the sole owner of the REIT Units;
 - (b) each such holder of REIT Units shall become the holder of New Extencicare Common Shares exchanged for REIT Units by such holder, and shall be added to the register of holders of New Extencicare Common Shares and, following the amalgamation of New Extencicare, Holding GP, ULC and EI, the register of holders of New Extencicare Amalco Common Shares.

ARTICLE 4 OUTSTANDING CERTIFICATES

- 4.1 From and after the Effective Time, certificates formerly representing REIT Units shall represent only the right to receive New Extencicare Amalco Common Shares in respect thereof as provided in this Plan of Arrangement.
- 4.2 New Extencicare Amalco shall, as soon as practicable following the later of the Effective Date and the date of deposit by a former Unitholder of a duly completed Letter of Transmittal and certificates representing REIT Units and such additional documents as the Depository may reasonably require, either:

- (a) forward or cause to be forwarded by first class mail (postage prepaid) to such former Unitholder at the address specified in the Letter of Transmittal; or
- (b) if requested by such Unitholder in the Letter of Transmittal, make available or cause to be made available at the Depository for pick up by such Unitholder,

a DRS Advice representing the number of New Extendicare Amalco Common Shares to which such holder is entitled to receive upon completion of this Plan of Arrangement.

- 4.3 If any certificate which immediately prior to the Effective Time represented an interest in outstanding REIT Units that were exchanged pursuant to Section 3.1(c) has been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming such certificate to have been lost, stolen or destroyed, the Depository will issue and deliver in exchange for such lost, stolen or destroyed certificate the consideration to which the person is entitled pursuant to the Arrangement (and any distributions with respect thereto) as determined in accordance with the Arrangement. The person who is entitled to receive such consideration shall, as a condition precedent to the receipt thereof, provide a bond to New Extendicare Amalco and its transfer agent, which bond is in form and substance satisfactory to New Extendicare Amalco and its transfer agent, or shall otherwise indemnify New Extendicare Amalco and its transfer agent against any claim that may be made against any of them with respect to the certificate alleged to have been lost, stolen or destroyed.
- 4.4 All dividends or other distributions made with respect to any New Extendicare Amalco Common Share with a record date after the Effective Time but for which a DRS Advice has not been issued shall be paid or delivered to the Depository to be held by the Depository for the registered holder thereof. Subject to Section 4.5, the Depository shall pay and deliver to any such registered holder, as soon as reasonably practicable after application therefor is made by the registered holder to the Depository in such form as the Depository may reasonably require, such dividends and distributions to which such holder is entitled, net of applicable withholding and other taxes, upon delivery of a DRS Advice representing New Extendicare Amalco Common Shares issued to such holder in accordance with Section 4.2.
- 4.5 Subject to any applicable legislation relating to unclaimed personal property, any certificate formerly representing REIT Units that is not deposited with all other documents as required by this Plan of Arrangement on or before the sixth anniversary of the Effective Date shall cease to represent a right or claim of any kind or nature, including the right of the holder of such REIT Units to receive New Extendicare Amalco Common Shares. New Extendicare Common Shares issued pursuant to Section 3.1(c), which shall become New Extendicare Amalco Common Shares by virtue of the amalgamation of New Extendicare, Holding GP, ULC and EI, shall be deemed to be surrendered to New Extendicare Amalco, together with all distributions thereon held for such holder and such New Extendicare Amalco Common Shares shall be cancelled.

**ARTICLE 5
AMENDMENTS**

- 5.1 The Parties may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Time, provided that each such amendment, modification and/or supplement must be: (i) set out in writing; (ii) filed with the Court and, if made following the Meeting, approved by the Court; and (iii) communicated to holders of REIT Units, if and as required by the Court.
- 5.2 Any amendment of, modification or supplement to this Plan of Arrangement may be proposed by the REIT at any time prior to or at the Meeting with or without any other prior notice or communication, and if so proposed and accepted by the Unitholders at the Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.
- 5.3 Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Time but shall only be effective if it is consented to by New Extendicare Amalco, provided that it concerns a matter which, in the reasonable opinion of New Extendicare Amalco, is of an administrative nature or required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the financial or economic interests of New Extendicare Amalco or any former Unitholder.

**ARTICLE 6
FURTHER ASSURANCES**

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

SCHEDULE A

NEW EXTENDICARE AMALCO ARTICLE PROVISIONS

1. **Name of the Corporation**
Extendicare Inc.
2. **The province or territory in Canada where the registered office is situated**
Ontario
3. **The classes and any maximum number of shares that the corporation is authorized to issue**
See annexed Schedule 1.
4. **Restrictions, if any, on share transfers**
None
5. **Minimum and maximum number of directors**
Minimum: 1 Maximum: 20
6. **Restrictions, if any, on business the corporation may carry on**
None
7. **Other provisions, if any**
See annexed Schedule 2.

SCHEDULE 1

1. The authorized capital of the Corporation shall consist of:
 - (a) an unlimited number of Common Shares; and
 - (b) that number of Preferred Shares, issuable in series, determined in accordance with Section 3(b) below.

COMMON SHARES

2. The Common Shares shall have attached thereto the following rights, privileges, restrictions and conditions:
 - (a) **Voting Rights.** The holders of the Common Shares shall be entitled to receive notice of and to attend all meetings of shareholders of the Corporation and to one (1) vote in respect of each Common Share held at all such meetings (except meetings at which only holders of another specified class or series of shares are entitled to vote, pursuant to the provisions of the Canada Business Corporations Act (the "CBCA")).
 - (b) **Dividends.** Subject to the prior rights, privileges, restrictions and conditions attaching to the Preferred Shares and to any other class of shares ranking senior to the Common Shares, the holders of the Common Shares shall be entitled to receive dividends, if, as and when declared by the board of directors of the Corporation (the "Board") out of assets of the Corporation properly applicable to the payment of dividends in such amounts and payable in such manner as the Board may determine.
 - (c) **Liquidation, etc.** In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs, subject to the rights, privileges, restrictions and conditions attaching to the Preferred Shares and to any other class of shares ranking senior to the Common Shares, the holders of the Common Shares shall be entitled to receive the remaining property of the Corporation.

PREFERRED SHARES

3. The Preferred Shares shall, as a class, have attached thereto the following rights, privileges, restrictions and conditions:
 - (a) **Series.** The Preferred Shares may at any time and from time to time be issued in one or more series. The Board shall, subject to the provisions of Section 3(b) and Section 3(c) and subject to the CBCA and any conditions attaching to any outstanding series of Preferred Shares, by resolution, duly passed before the

issuance of the Preferred Shares of each series, fix the number of the Preferred Shares in such series and determine the designation, rights, privileges, restrictions and conditions attaching to the Preferred Shares of such series, including, but without in anyway limiting or restricting the generality of the foregoing, the rate or rates, amount or method or methods of calculation of preferential dividends, whether cumulative or non-cumulative or partially cumulative, and whether such rate(s), amount or method(s) of calculation shall be subject to change or adjustment in the future, the currency or currencies of payment, the date or dates and place or places of payment thereof and the date or dates from which such preferential dividends shall accrue, the redemption price and terms and conditions of redemption (if any), the rights of retraction (if any), and the prices and other terms and conditions of any rights of retraction, voting rights (if any) and conversion or exchange rights (if any) and any sinking fund, purchase fund or other provisions attaching thereto, the whole subject to filing with the Director under the CBCA (or successor legislation thereto) of articles of amendment setting forth the number, designation, rights, privileges, restrictions and conditions to be attached to the Preferred Shares of such series and the issuance of a certificate of amendment in respect thereof.

- (b) **Number.** The number of Preferred Shares of all series that the Corporation is authorized to issue, at any time and from time to time, is limited to that number equal to 50% of the number of Common Shares that are issued and outstanding at the time of the issuance of any series of Preferred Shares.
- (c) **Ranking of Preferred Shares.** The Preferred Shares of each series shall rank on parity with the Preferred Shares of every other series with respect to accumulated dividends and return of capital. The Preferred Shares shall be entitled to a preference over the Common Shares and over any other shares of the Corporation ranking junior to the Preferred Shares with respect to priority in the payment of dividends and in the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs. If any cumulative dividends or amounts payable on a return of capital are not paid in full, the Preferred Shares of all series shall participate rateably in respect of such dividends, including accumulations, if any, in accordance with the sums that would be payable on such shares if all such dividends were declared and paid in full, and in respect of any repayment of capital in accordance with the sums that would be payable on such repayment of capital if all sums so payable were paid in full; provided, however, that in the event of there being insufficient assets to satisfy in full all such claims as aforesaid, the claims of the holders of the Preferred Shares with respect to repayment of capital shall first be paid and satisfied and any assets remaining thereafter shall be applied towards the payment in satisfaction of claims in respect of dividends.

SCHEDULE 2

The directors may, between annual meetings of shareholders, appoint one or more additional directors of the Corporation to serve until the next annual meeting of shareholders, but the number of additional directors shall not at any time exceed one-third of the number of directors who held office at the expiration of the last meeting of the shareholders of the Corporation.