

ARRANGEMENT AGREEMENT

THIS ARRANGEMENT AGREEMENT is made effective the 17th day of October, 2011.

AMONG:

CARFINCO INCOME FUND, an unincorporated, open-ended, limited purpose, mutual fund trust existing under the laws of the province of Alberta (the "**Fund**")

-and-

CARFINCO HOLDINGS TRUST, a unit trust existing under the laws of the Province of Alberta ("**CHT**")

-and-

CARFINCO LIMITED PARTNERHSIP, a limited partnership existing under the laws of the Province of Alberta ("**CLP**")

-and-

CARFINCO INC., a corporation continued under the laws of the Province of Alberta ("**GP Inc.**")

-and-

1632060 ALBERTA LTD., a corporation incorporated under the laws of the Province of Alberta ("**Midco**")

-and-

CARFINCO FINANCIAL GROUP INC., a corporation incorporated under the laws of the Province of Alberta ("**New Carfinco**")

WHEREAS the parties wish to propose an arrangement involving the Fund, CHT, CLP, GP Inc., Midco, New Carfinco and the Unitholders (as defined herein) in order to reorganize the affairs of the Fund and carry out certain transactions on the basis hereinafter set forth; and

WHEREAS the parties hereto intend to carry out the transactions contemplated herein pursuant to a statutory plan of arrangement under the ABCA (as defined herein);

NOW THEREFORE IN CONSIDERATION of the covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereto covenant and agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement, the following terms have the following meanings:

- (a) "**ABCA**" means the *Business Corporations Act* (Alberta), R.S.A. 2000, c. B-9, as amended, including the regulations promulgated thereunder;
- (b) "**Affiliate**" has the meaning ascribed to it in the Securities Act;

- (c) "**Agreement**", "**herein**", "**hereof**", "**hereto**", "**hereunder**" and similar expressions mean and refer to this arrangement agreement (including the schedules hereto) as supplemented, modified or amended, and not to any particular article, section, schedule or other portion hereof;
- (d) "**Arrangement**" means the arrangement pursuant to Section 193 of the ABCA set forth in the Plan of Arrangement and includes any supplement, modification or amendment thereto made in accordance with Section 6.1 of this Agreement and Article 6 of the Plan of Arrangement;
- (e) "**Arrangement Resolution**" means the special resolution to approve the Arrangement to be voted upon by Unitholders at the Meeting;
- (f) "**Articles of Arrangement**" means the articles of arrangement in respect of the Arrangement required by subsection 193(10) of the ABCA to be filed with the Registrar after the Final Order has been granted to give effect to the Arrangement;
- (g) "**Business Day**" means a day, which is not a Saturday, Sunday or statutory holiday, when banks in the place at which any action is required to be taken hereunder are generally open for the transaction of commercial banking business;
- (h) "**Certificate**" means the certificate or proof of filing to be issued by the Registrar on the Effective Date pursuant to subsection 193(11) or subsection 193(12) of the ABCA giving effect to the Arrangement;
- (i) "**CHT**" means Carfinco Holdings Trust, a unit trust within the meaning of the Tax Act, existing and governed by the laws of the Province of Alberta pursuant to the CHT Deed of Trust;
- (j) "**CHT Deed of Trust**" means the deed of trust of CHT dated August 26, 2002, as amended, supplemented or restated from time to time;
- (k) "**CLP**" means Carfinco Limited Partnership, a limited partnership existing pursuant to the laws of the province of Alberta by the CLP Agreement;
- (l) "**CLP Agreement**" means the limited partnership agreement dated as of August 1, 2002 of CLP, as amended, supplemented or restated from time to time;
- (m) "**Common Shares**" means the Common Shares in the capital of New Carfinco;
- (n) "**Court**" means the Court of Queen's Bench of Alberta;
- (o) "**Deed of Trust**" means the amended and restated deed of trust of the Fund dated as of April 23, 2004, as further amended, supplemented or restated from time to time;
- (p) "**Effective Date**" means the date shown on the Certificate issued by the Registrar;
- (q) "**Effective Time**" means 12:01 a.m. (Edmonton time) on the Effective Date;
- (r) "**Final Order**" means the final order of the Court approving the Arrangement pursuant to paragraph 193(9)(a) of the ABCA as such order may be affirmed, amended or modified by any court of competent jurisdiction;
- (s) "**Fund**" means Carfinco Income Fund, an unincorporated, open-ended, limited purpose, mutual fund trust existing under and governed by the laws of the province of Alberta pursuant to the Deed of Trust;
- (t) "**Fund Options**" means outstanding options granted by the Fund to purchase Trust Units;

- (u) "**GP Inc.**" means Carfinco Inc., a corporation incorporated and existing under the *Business Corporations Act* (Ontario), but to be continued pursuant to the ABCA;
- (v) "**Information Circular**" means the information circular to be prepared by the trustees of the Fund and management of GP Inc. and forwarded to Unitholders as part of the proxy solicitation materials in respect of the Meeting;
- (w) "**Interim Order**" means the interim order of the Court pursuant to subsection 193(4) of the ABCA containing declarations and directions with respect to the Arrangement, as such order may be affirmed, amended or modified by any court of competent jurisdiction;
- (x) "**Meeting**" means the special meeting of Unitholders to be held to consider, among other things, the Arrangement, and any adjournments thereof;
- (y) "**Midco**" means 1632060 Alberta Ltd., a corporation incorporated under the ABCA;
- (z) "**New Carfinco**" means Carfinco Financial Group Inc., a corporation incorporated under the ABCA;
- (aa) "**Newco Options**" means the stock options to be issued pursuant to the Plan of Arrangement in exchange for the Fund Options;
- (bb) "**Person**" means an individual, partnership, association, body corporate, trust, unincorporated organization, government, regulatory authority or other entity;
- (cc) "**Plan of Arrangement**" means the plan of arrangement attached hereto as Schedule One, as amended, modified or supplemented from time to time;
- (dd) "**Registrar**" means the Registrar of Corporations duly appointed under section 263 of the ABCA;
- (ee) "**Securities Act**" means the *Securities Act*, R.S.A. 2000, c. S-4, as amended;
- (ff) "**Subsidiary**" has the meaning ascribed to it in the Securities Act;
- (gg) "**Tax Act**" means the *Income Tax Act*, R.S.C. 1985, c.1, (5th Supp.), and the Income Tax Regulations applicable with respect thereto, as amended from time to time;
- (hh) "**Trust Units**" means the trust units of the Fund authorized for issuance pursuant to the Deed of Trust;
- (ii) "**Trustees**" means the trustees of the Fund;
- (jj) "**TSX**" means the Toronto Stock Exchange; and
- (kk) "**Unitholders**" means the holders of Trust Units at any time and from time to time;

1.2 General

- (a) The division of this Agreement into articles, sections, subsections, paragraphs and schedules and the insertion of headings is for convenience of reference only and shall not affect the construction or interpretation of this Agreement.
- (b) Unless reference is specifically made to some other document or instrument, all references herein to articles, sections, subsections, paragraphs and schedules are to articles, sections, subsections, paragraphs and schedules of and to this Agreement.

- (c) Unless the context otherwise requires, words importing the singular number shall include the plural and vice versa, and words importing any gender shall include all genders.
- (d) In the event that the date on which any action is required to be taken hereunder by any of the parties hereto is not a Business Day in the place where the action is required to be taken, such action shall be required to be taken on the next succeeding day which is a Business Day in such place, with the exception of actions required to be taken on the Effective Date to which this subsection 1.2(d) shall have no application.
- (e) Unless otherwise stated, all sums of money which are referred to in this Agreement are expressed in lawful money of Canada unless otherwise specified.
- (f) The Schedules hereto are incorporated into and form an integral part of this Agreement.
- (g) This Agreement, together with Schedules hereto, constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, between the parties hereto with respect to the subject matter hereof. This Agreement is not intended to confer upon any other Person any rights or remedies hereunder.
- (h) This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable in the Province of Alberta and shall be treated in all respects as an Alberta contract.

ARTICLE 2 THE ARRANGEMENT

2.1 Arrangement

As soon as reasonably practicable, the Fund, CHT, GP Inc., CLP, Midco and New Carfinco shall apply to the Court pursuant to Section 193 of the ABCA for an order approving the Arrangement and in connection with such application shall:

- (a) forthwith file, proceed with and diligently prosecute an application for an Interim Order under Section 193 of the ABCA, providing for, among other things, the calling and holding of the Meeting for the purpose of considering and, if deemed advisable, approving the Arrangement Resolution;
- (b) subject to obtaining all necessary approvals of the Unitholders as contemplated in the Interim Order and as may be directed by the Court in the Interim Order, take the steps necessary to submit the Arrangement to the Court and apply for the Final Order; and
- (c) subject to the fulfillment of the conditions precedent set forth herein, deliver to the Registrar the Articles of Arrangement and such other documents as may be required to give effect to the Arrangement, whereupon the transactions comprising the Arrangement shall occur and shall be deemed to have occurred in the order and at the times set out in the Plan of Arrangement without any further act or formality.

ARTICLE 3 COVENANTS

3.1 Covenants of the Fund

The Fund covenants and agrees with CHT, GP Inc., CLP, Midco and New Carfinco that it will:

- (a) take, and cause its Subsidiaries to take, all reasonable action necessary to give effect to the transactions contemplated by this Agreement and the Arrangement;

- (b) use all reasonable efforts to obtain all necessary consents, assignments, waivers and amendments to or terminations of any instruments and take such measures as may be appropriate to fulfill its obligations hereunder and to carry out the transactions contemplated hereby;
- (c) apply to the Court, in conjunction with CHT, GP Inc., CLP, Midco and New Carfinco, for the Interim Order;
- (d) solicit proxies to be voted at the Meeting in favour of the Arrangement Resolution and prepare, in consultation and cooperation with GP Inc. and New Carfinco, the Information Circular and proxy solicitation materials and any amendments or supplements thereto as required by, and in compliance with, the Interim Order, and applicable corporate and securities laws, and file and distribute the same to the Unitholders in a timely and expeditious manner in all jurisdictions where the same are required to be filed and distributed;
- (e) convene the Meeting as ordered by the Interim Order and conduct the Meeting in accordance with the Interim Order and as otherwise required by law;
- (f) until the Effective Date, conduct its operations and those of its Subsidiaries in the ordinary and normal course of business and in accordance with applicable laws, generally accepted industry practice and any operating and other agreements applicable to its assets and those of its Subsidiaries;
- (g) use all reasonable efforts to cause each of the conditions precedent set forth in Article 5 which are within its control to be satisfied on or before the Effective Date;
- (h) subject to the approval of the Arrangement Resolution by the Unitholders, submit the Arrangement to the Court and apply, in conjunction with CHT, GP Inc., CLP, Midco and New Carfinco, for the Final Order and diligently prosecute such application and any appeal of the Final Order;
- (i) upon issuance of the Final Order and subject to the satisfaction or waiver of the conditions precedent in Article 5, forthwith proceed to file the Articles of Arrangement, the Final Order and all related documents with the Registrar;
- (j) carry out the terms of the Final Order to the extent applicable to it;
- (k) not, except as specifically contemplated hereunder or in the Plan of Arrangement, merge into or with, or consolidate with, any other Person except a Subsidiary or, except in the ordinary and normal course of business, perform any act or enter into any transaction or negotiation which might interfere or be inconsistent with the consummation of the transactions contemplated by this Agreement;
- (l) until the Effective Date, except as specifically provided for hereunder and in the Plan of Arrangement, not alter or amend its constating or governing documents or those of its Subsidiaries as the same exist at the date of this Agreement without the prior consent of New Carfinco, not to be unreasonably withheld; and
- (m) prior to the Effective Date, make application to list the Common Shares issuable pursuant to the Arrangement upon the exchange of Units on the TSX on a substitutional listing basis.

3.2 Covenants of CHT

CHT covenants and agrees with the Fund, GP Inc., CLP, Midco and New Carfinco that it will:

- (a) take, and cause its Subsidiaries to take, all reasonable action necessary to give effect to the transactions contemplated by this Agreement and the Arrangement;
- (b) use all reasonable efforts to obtain all necessary consents, assignments, waivers and amendments to or terminations of any instruments and take such measures as may be appropriate to fulfill its obligations hereunder and to carry out the transactions contemplated hereby;
- (c) apply to the Court, in conjunction with the Fund, GP Inc., CLP, Midco and New Carfinco, for the Interim Order;
- (d) until the Effective Date, conduct its operations and those of its Subsidiaries in the ordinary and normal course of business and in accordance with applicable laws, generally accepted industry practice and any operating and other agreements applicable to its assets and those of its Subsidiaries;
- (e) use all reasonable efforts to cause each of the conditions precedent set forth in Article 5 which are within its control to be satisfied on or before the Effective Date;
- (f) subject to the approval of the Arrangement Resolution by the Unitholders, submit the Arrangement to the Court and apply, in conjunction with the Fund, GP Inc., CLP, Midco and New Carfinco, for the Final Order and diligently prosecute such application and any appeal of the Final Order;
- (g) upon issuance of the Final Order and subject to the satisfaction or waiver of the conditions precedent in Article 5, forthwith proceed to file the Articles of Arrangement, the Final Order and all related documents with the Registrar;
- (h) carry out the terms of the Final Order to the extent applicable to it;
- (i) not, except as specifically contemplated hereunder or in the Plan of Arrangement, merge into or with, or consolidate with, any other Person except a Subsidiary or, except in the ordinary and normal course of business, perform any act or enter into any transaction or negotiation which might interfere or be inconsistent with the consummation of the transactions contemplated by this Agreement; and
- (j) until the Effective Date, except as specifically provided for hereunder and in the Plan of Arrangement, not alter or amend its constating or governing documents or those of its Subsidiaries as the same exist at the date of this Agreement without the prior consent of New Carfinco, not to be unreasonably withheld.

3.3 Covenants of CLP

CLP covenants and agrees with the Fund, CHT, GP Inc., Midco and New Carfinco that it will:

- (a) take all reasonable action necessary to give effect to the transactions contemplated by this Agreement and the Arrangement;
- (b) use all reasonable efforts to obtain all necessary consents, assignments, waivers and amendments to or terminations of any instruments and take such measures as may be appropriate to fulfill its obligations hereunder and to carry out the transactions contemplated hereby;
- (c) apply to the Court, in conjunction with Fund, CHT, GP Inc., Midco and New Carfinco, for the Interim Order;

- (d) until the Effective Date, conduct its operations in the ordinary and normal course of business and in accordance with applicable laws, generally accepted industry practice and any operating and other agreements applicable to its assets;
- (e) use all reasonable efforts to cause each of the conditions precedent set forth in Article 5 which are within its control to be satisfied on or before the Effective Date;
- (f) subject to the approval of the Arrangement Resolution by the Unitholders, submit the Arrangement to the Court and apply, in conjunction with Fund, CHT, GP Inc., Midco and New Carfinco, for the Final Order and diligently prosecute such application and any appeal of the Final Order;
- (g) upon issuance of the Final Order and subject to the satisfaction or waiver of the conditions precedent in Article 5, forthwith proceed to file the Articles of Arrangement, the Final Order and all related documents with the Registrar;
- (h) carry out the terms of the Final Order to the extent applicable to it;
- (i) not, except as specifically contemplated hereunder or in the Plan of Arrangement, merge into or with, or consolidate with, any other Person except an Affiliate or, except in the ordinary and normal course of business, perform any act or enter into any transaction or negotiation which might interfere or be inconsistent with the consummation of the transactions contemplated by this Agreement; and
- (j) until the Effective Date, except as specifically provided for hereunder and in the Plan of Arrangement, not alter or amend its constating or governing documents as the same exist at the date of this Agreement without the prior consent of New Carfinco, not to be unreasonably withheld.

3.4 Covenants of GP Inc.

GP Inc. covenants and agrees with the Fund, CHT, CLP, Midco and New Carfinco that it will:

- (a) take all reasonable action necessary to give effect to the transactions contemplated by this Agreement and the Arrangement;
- (b) use all reasonable efforts to obtain all necessary consents, assignments, waivers and amendments to or terminations of any instruments and take such measures as may be appropriate to fulfill its obligations hereunder and to carry out the transactions contemplated hereby;
- (c) apply to the Court, in conjunction with the Fund, CHT, CLP, Midco and New Carfinco, for the Interim Order;
- (d) solicit proxies to be voted at the Meeting in favour of the Arrangement Resolution and prepare, in consultation and cooperation with the Fund and New Carfinco, the Information Circular and proxy solicitation materials and any amendments or supplements thereto as required by, and in compliance with, the Interim Order, and applicable corporate and securities laws, and file and distribute the same to Unitholders in a timely and expeditious manner in all jurisdictions where the same are required to be filed and distributed;
- (e) until the Effective Date, conduct its operations in the ordinary and normal course of business and in accordance with applicable laws, generally accepted industry practice and any operating and other agreements applicable to its assets;

- (f) use all reasonable efforts to cause each of the conditions precedent set forth in Article 5 which are within its control to be satisfied on or before the Effective Date;
- (g) subject to the approval of the Arrangement Resolution by the Unitholders, submit the Arrangement to the Court and apply, in conjunction with the Fund, CHT, CLP, Midco and New Carfinco, for the Final Order and diligently prosecute such application and any appeal of the Final Order;
- (h) upon issuance of the Final Order and subject to the satisfaction or waiver of the conditions precedent in Article 5, forthwith proceed to file the Articles of Arrangement, the Final Order and all related documents with the Registrar;
- (i) carry out the terms of the Final Order to the extent applicable to it;
- (j) not, except as specifically contemplated hereunder or in the Plan of Arrangement, merge into or with, or consolidate with, any other Person or, except in the ordinary and normal course of business, perform any act or enter into any transaction or negotiation which might interfere or be inconsistent with the consummation of the transactions contemplated by this Agreement; and
- (k) until the Effective Date, except as specifically provided for hereunder and in the Plan of Arrangement, not alter or amend its constituting or governing documents as the same exist at the date of this Agreement without the prior consent of New Carfinco, not to be unreasonably withheld.

3.5 Covenants of Midco

Midco covenants and agrees with the Fund, CHT, GP Inc., CLP and New Carfinco that it will:

- (a) take, and cause its Subsidiaries to take, all reasonable action necessary to give effect to the transactions contemplated by this Agreement and the Arrangement;
- (b) use all reasonable efforts to obtain all necessary consents, assignments, waivers and amendments to or terminations of any instruments and take such measures as may be appropriate to fulfill its obligations hereunder and to carry out the transactions contemplated hereby;
- (c) apply to the Court, in conjunction with the Fund, CHT, GP Inc., CLP and New Carfinco, for the Interim Order;
- (d) until the Effective Date, conduct its operations and those of its Subsidiaries in the ordinary and normal course of business and in accordance with applicable laws, generally accepted industry practice and any operating and other agreements applicable to its assets and those of its Subsidiaries;
- (e) use all reasonable efforts to cause each of the conditions precedent set forth in Article 5 which are within its control to be satisfied on or before the Effective Date;
- (f) subject to the approval of the Arrangement Resolution by the Unitholders, submit the Arrangement to the Court and apply, in conjunction with the Fund, CHT, GP Inc., CLP and New Carfinco, for the Final Order and diligently prosecute such application and any appeal of the Final Order;
- (g) upon issuance of the Final Order and subject to the satisfaction or waiver of the conditions precedent in Article 5, forthwith proceed to file the Articles of Arrangement, the Final Order and all related documents with the Registrar;

- (h) carry out the terms of the Final Order to the extent applicable to it;
- (i) not, except as specifically contemplated hereunder or in the Plan of Arrangement, merge into or with, or consolidate with, any other Person or, except in the ordinary and normal course of business, perform any act or enter into any transaction or negotiation which might interfere or be inconsistent with the consummation of the transactions contemplated by this Agreement; and
- (j) until the Effective Date, except as specifically provided for hereunder or in the Plan of Arrangement, not alter or amend its constating or governing documents or those of its Subsidiaries as the same exist at the date of this Agreement without the prior consent of New Carfinco, not to be unreasonably withheld.

3.6 Covenants of New Carfinco

New Carfinco covenants and agrees with the Fund, CHT, GP Inc., CLP and Midco that it will:

- (a) take all reasonable action necessary to give effect to the transactions contemplated by this Agreement and the Arrangement;
- (b) use all reasonable efforts to obtain all necessary consents, assignments, waivers and amendments to or terminations of any instruments and take such measures as may be appropriate to fulfill its obligations hereunder and to carry out the transactions contemplated hereby;
- (c) apply to the Court, in conjunction with the Fund, CHT, GP Inc., CLP and Midco, for the Interim Order;
- (d) prepare, in consultation and cooperation with the Fund and GP Inc., the Information Circular and proxy solicitation materials and any amendments or supplements thereto as required by, and in compliance with, the Interim Order, and applicable corporate and securities laws, and file and distribute the same to Unitholders in a timely and expeditious manner in all jurisdictions where the same are required to be filed and distributed;
- (e) until the Effective Date, other than as contemplated herein, in the Plan of Arrangement or in the Information Circular, not carry on any business, enter into any transaction or effect any corporate act whatsoever without the prior consent of the Fund;
- (f) use all reasonable efforts to cause each of the conditions precedent set forth in Article 5 which are within its control to be satisfied on or before the Effective Date;
- (g) subject to the approval of the Arrangement Resolution by the Unitholders, submit the Arrangement to the Court and apply, in conjunction with the Fund, CHT, GP Inc., CLP and Midco, for the Final Order and diligently prosecute such application and any appeal of the Final Order;
- (h) upon issuance of the Final Order and subject to the satisfaction or waiver of the conditions precedent in Article 5, forthwith proceed to file the Articles of Arrangement, the Final Order and all related documents with the Registrar;
- (i) carry out the terms of the Final Order to the extent applicable to it;
- (j) not, except as specifically contemplated hereunder or in the Plan of Arrangement, merge into or with, or consolidate with, any other Person except a Subsidiary or, except in the ordinary and normal course of business, perform any act or enter into any transaction or negotiation which might interfere or be inconsistent with the consummation of the transactions contemplated by this Agreement;

- (k) until the Effective Date, except as specifically provided for hereunder or in the Plan of Arrangement, not alter or amend its constating or governing documents as the same exist at the date of this Agreement without the prior consent of the Fund, not to be unreasonably withheld;
- (l) prior to the Effective Date, cooperate with the Fund in making the application to list the Common Shares issuable pursuant to the Arrangement upon the exchange of Units on the TSX on a substitutional listing basis; and
- (m) on the Effective Date, issue the Common Shares in exchange for the Units in accordance with the Arrangement.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties of the Fund

The Fund represents and warrants to and in favour of CHT, GP Inc., CLP, Midco and New Carfinco as follows, and acknowledges that CHT, GP Inc., CLP, Midco and New Carfinco are relying upon such representations and warranties:

- (a) the Fund is a trust validly existing under the laws of Alberta and has the power and capacity to enter into this Agreement and to perform its obligations hereunder;
- (b) the execution and delivery of this Agreement and the completion of the transactions contemplated hereby have been duly approved by the Administrator on behalf of the Fund and this Agreement constitutes a valid and binding obligation of the Fund enforceable against it in accordance with its terms;
- (c) the Fund is a reporting issuer or the equivalent in the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and, to the best of its knowledge, is not in default of any requirement of securities and corporate laws, regulations, rules, orders, notices and policies;
- (d) the Trust Units are listed and posted for trading on the TSX and, to the best of its knowledge, the Fund is in compliance, in all material respects, with all rules or policies of the TSX;
- (e) as of the dates as of which the information is given, such information set forth in the Information Circular regarding the Fund and its Subsidiaries shall be true and correct in all material respects and shall not contain any misrepresentation (as defined in applicable securities legislation); and
- (f) as of the date hereof, the Trustees of the Fund have determined unanimously that:
 - (i) the Arrangement is fair to the Unitholders and is in the best interests of the Fund; and
 - (ii) they will recommend that Unitholders vote in favour of the Arrangement Resolution.

4.2 Representations and Warranties of CHT

CHT represents and warrants to and in favour of the Fund, GP Inc., CLP, Midco and New Carfinco as follows, and acknowledges that the Fund, GP Inc., CLP, Midco and New Carfinco are relying upon such representations and warranties:

- (a) CHT is a trust validly existing under the laws of Alberta and has the power and capacity to enter into this Agreement and to perform its obligations hereunder;

- (b) the execution and delivery of this Agreement and the completion of the transactions contemplated hereby have been duly approved by CHT and this Agreement constitutes a valid and binding obligation of CHT enforceable against it in accordance with its terms; and
- (c) as of the dates as of which the information is given, such information set forth in the Information Circular regarding CHT and its Subsidiaries shall be true and correct in all material respects and shall not contain any misrepresentation (as defined in applicable securities legislation).

4.3 Representations and Warranties of CLP

CLP, by its general partner, GP Inc., represents and warrants to and in favour of the Fund, CHT, Midco and New Carfinco as follows, and acknowledges that the Fund, CHT, GP Inc., Midco and New Carfinco are relying upon such representations and warranties:

- (a) CLP is a limited partnership existing under the laws of Alberta and has the power and capacity, through GP Inc., to enter into this Agreement and to perform its obligations hereunder;
- (b) the execution and delivery of this Agreement and the completion of the transactions contemplated hereby have been duly approved by GP Inc., as general partner for and on behalf of CLP, and this Agreement constitutes a valid and binding obligation of CLP enforceable against it in accordance with its terms; and
- (c) as of the dates as of which the information is given, such information set forth in the Information Circular regarding CLP and its Subsidiaries shall be true and correct in all material respects and shall not contain any misrepresentation (as defined in applicable securities legislation).

4.4 Representations and Warranties of GP Inc.

GP Inc. represents and warrants to and in favour of the Fund, CHT, CLP, Midco and New Carfinco as follows, and acknowledges that the Fund, CHT, CLP, Midco and New Carfinco are relying upon such representations and warranties:

- (a) GP Inc. is a corporation duly incorporated and is validly existing under the laws of Alberta and has the corporate power and capacity to own or lease its property and assets, to carry on its business as now conducted by it, to enter into this Agreement, and to perform its obligations hereunder;
- (b) the execution and delivery of this Agreement and the completion of the transactions contemplated hereby have been duly approved by the board of directors of GP Inc. and this Agreement constitutes a valid and binding obligation of GP Inc. enforceable against it in accordance with its terms; and
- (c) as of the dates as of which the information is given, such information set forth in the Information Circular regarding GP Inc. and its Subsidiaries shall be true and correct in all material respects and shall not contain any misrepresentation (as defined in applicable securities legislation).

4.5 Representations and Warranties of Midco

Midco represents and warrants to and in favour of the Fund, CHT, GP Inc., CLP and New Carfinco as follows, and acknowledges that the Fund, CHT, GP Inc., CLP and New Carfinco are relying upon such representations and warranties:

- (a) Midco is a corporation duly incorporated and is validly existing under the laws of Alberta and has the corporate power and capacity to own or lease its property and assets, to carry on its business as now conducted by it, to enter into this Agreement, and to perform its obligations hereunder;

- (b) the execution and delivery of this Agreement and the completion of the transactions contemplated hereby have been duly approved by the board of directors of Midco and this Agreement constitutes a valid and binding obligation of Midco enforceable against it in accordance with its terms;
- (c) the authorized capital of Midco consists of an unlimited number of Class "A" Common Shares, an unlimited number of Class "B" Common Shares, and unlimited number of Class "C" Redeemable Preferred and an unlimited number of Class "D" Redeemable Preferred Shares, of which one hundred (100) Class "A" Common Share issued and outstanding as fully paid and non-assessable which such share is legally and beneficially owned by New Carfinco;
- (d) Midco is not under any obligation, contractual or otherwise, to issue any securities, except as required pursuant to this Agreement and the Arrangement; and
- (e) Midco has not carried on any business since its incorporation other than as provided for herein.

4.6 Representations and Warranties of New Carfinco

New Carfinco represents and warrants to and in favour of the Fund, CHT, GP Inc., CLP and Midco as follows, and acknowledges the Fund, CHT, GP Inc., CLP and Midco are relying upon such representations and warranties:

- (a) New Carfinco is a corporation duly incorporated and is validly existing under the laws of Alberta and has the corporate power and capacity to own or lease its property and assets, to carry on its business as now conducted by it, to enter into this Agreement, and to perform its obligations hereunder;
- (b) the execution and delivery of this Agreement and the completion of the transactions contemplated hereby have been duly approved by the board of directors of New Carfinco and this Agreement constitutes a valid and binding obligation of New Carfinco enforceable against it in accordance with its terms;
- (c) the authorized capital of New Carfinco consists of an unlimited number of Common Shares, an unlimited number of Class "B" Common Shares and an unlimited number of Preferred Shares, of which one (1) Common Share is issued and outstanding as fully paid and non-assessable which such share is legally and beneficially owned by Ben Horcica;
- (d) New Carfinco is not under any obligation, contractual or otherwise, to issue any Common Shares or other securities, except as required pursuant to this Agreement and the Arrangement; and
- (e) New Carfinco has not carried on any business since its incorporation other than as provided for herein.

ARTICLE 5 CONDITIONS PRECEDENT

5.1 Mutual Conditions Precedent

The respective obligations of the Fund, CHT, GP Inc., CLP, Midco and New Carfinco to complete the transactions contemplated by this Agreement shall be subject to the fulfillment or satisfaction, on or before the Effective Date of each of the following conditions, any of which may be waived collectively by them without prejudice to their right to rely on any other condition:

- (a) the Interim Order shall have been granted in form and substance satisfactory to the Fund, CHT, GP Inc., CLP, Midco and New Carfinco, acting reasonably, not later than October 19, 2011 or

such later date as the parties hereto may agree and shall not have been set aside or modified in a manner unacceptable to such parties on appeal or otherwise;

- (b) pursuant to the Interim Order, the Arrangement Resolution must be approved by not less than 66 2/3% of the votes cast by Unitholders in person or represented by proxy at the Meeting;
- (c) the Final Order shall have been granted in form and substance satisfactory to the Fund, CHT, GP Inc., CLP, Midco and New Carfinco, acting reasonably, not later than Friday November 25, 2011 or such later date as the parties may agree;
- (d) the Arrangement shall have become effective on or about January 1, 2012 or such other date as the parties may agree;
- (e) the Articles of Arrangement and all necessary related documents filed with the Registrar in accordance with the Arrangement shall be in form and substance satisfactory to each of the Fund, CHT, GP Inc., CLP, Midco and New Carfinco, acting reasonably and shall have been accepted for filing by the Registrar together with the Final Order in accordance with subsection 193(10) of the ABCA;
- (f) there shall be no action taken under any existing applicable law or regulation, nor any statute, rule, regulation or order, which is enacted, enforced, promulgated or issued by any court, department, commission, board, regulatory body, government or governmental authority or similar agency, domestic or foreign, or there shall not be in force any order or decree of any such entity that:
 - (i) makes illegal or otherwise directly or indirectly restrains, enjoins or prohibits the Arrangement or any other transactions contemplated herein; or
 - (ii) results in any judgment or assessment of material damages directly or indirectly relating to the transactions contemplated herein;
- (g) all necessary material third party and regulatory consents, approvals and authorizations with respect to the transactions contemplated hereby shall have been completed or obtained including, but not limited to, the consent of the Fund's senior lenders; and
- (h) the approval of the TSX to the substitutional listing of the Common Shares issuable pursuant to the Arrangement upon the exchange of the Units and the Common Shares issuable pursuant to the New Carfinco Options shall have been obtained, subject only to the filing with the TSX of required documents.

5.2 Additional Conditions to Obligations of the Fund, CHT, GP Inc. and CLP

In addition to the conditions contained in Section 5.1, the obligation of each of the Fund, CHT, GP Inc., and CLP to complete the transactions contemplated by this Agreement is subject to the fulfillment or satisfaction, on or before the Effective Date of each of the following conditions, any of which may be waived collectively by them without prejudice to their right to rely on any other condition:

- (a) each of the covenants, acts and undertakings of New Carfinco and Midco to be performed or complied with on or before the Effective Date pursuant to the terms of this Agreement shall have been duly performed or complied with;
- (b) except as affected by the transactions contemplated by this Agreement, the representations and warranties of New Carfinco and Midco contained in Article 4 hereof shall be true in all material respects on the Effective Date with the same effect as if made at and as of such dates;

- (c) the Trustees shall not have determined in its sole and absolute discretion that to proceed with the Arrangement would not be in the best interests of the Unitholders; and
- (d) the Trustees shall have been appointed as directors of New Carfinco.

5.3 Additional Conditions to Obligations of New Carfinco and Midco

In addition to the conditions contained in Section 5.1, the obligation of New Carfinco and Midco to complete the transactions contemplated by this Agreement is subject to the fulfillment or satisfaction, on or before the Effective Date of the following conditions, any of which may be waived by New Carfinco without prejudice to their rights to rely on any other condition:

- (a) each of the covenants, acts and undertakings of the Fund, CHT, GP Inc., CLP and Midco to be performed or complied with on or before the Effective Date pursuant to the terms of this Agreement shall have been duly performed or complied with;
- (b) except as affected by the transactions contemplated by this Agreement, the representations and warranties of the Fund, CHT, GP Inc., CLP and Midco contained in Article 4 hereof shall be true in all material respects on the Effective Date with the same effect as if made at and as of such dates;
- (c) the Trustees of the Fund shall not have modified or amended, in any respect, its affirmative recommendation that the Unitholders vote in favor of the Arrangement Resolution; and
- (d) prior to the Effective Date, there shall have been no material adverse change in the business, affairs, operations or financial condition of the Fund and its Subsidiaries (on a consolidated basis) from that reflected in the Information Circular.

5.4 Notice and Effect of Failure to Comply with Conditions

If any of the conditions precedent set forth in Sections 5.1, 5.2 or 5.3 hereof shall not be complied with or waived by the party or parties for whose benefit such conditions are provided on or before the date required for the performance thereof, then a party or parties, as the case may be, for whose benefit the condition precedent is provided may, in addition to any other remedies they may have at law or in equity, rescind and terminate this Agreement provided that prior to the filing of the Articles of Arrangement for the purpose of giving effect to the Arrangement, the party or parties, as the case may be, intending to rely thereon has delivered a written notice to the other party or parties, as the case may be, specifying in reasonable detail all breaches of covenants or other matters which the party or parties, as the case may be, delivering such notice is asserting as the basis for the non-fulfillment of the applicable conditions precedent and the party in breach shall have failed to cure such breach within five (5) Business Days of receipt of such written notice thereof (except that no cure period shall be provided for a breach which by its nature cannot be cured). More than one such notice may be delivered by a party or parties, as the case may be.

5.5 Satisfaction of Conditions

The conditions set out in this Article 5 shall be conclusively deemed to have been satisfied, waived or released when, with the agreement of the parties, the Articles of Arrangement, the Final Order and such other documents as are required are filed with the Registrar under the ABCA to give effect to the Arrangement.

ARTICLE 6 AMENDMENT AND TERMINATION

6.1 Amendments

This Agreement may, at any time and from time to time before or after the Meeting, be amended in any respect whatsoever by written agreement of the parties hereto without further notice to or authorization on the part of their respective securityholders, and any such amendment may, without limitation:

- (a) change the time for performance of any of the obligations or acts of the parties hereto;
- (b) waive any inaccuracies or modify any representation or warranty contained herein or in any document delivered pursuant hereto; and
- (c) waive compliance with or modify any of the covenants or conditions herein contained and waive or modify performance of any of the obligations of the parties hereto.

6.2 Termination

This Agreement shall be terminated in each of the following circumstances:

- (a) if the Arrangement shall not have become effective on or about January 1, 2012 or such later date as may be agreed to in writing by the parties hereto;
- (b) by agreement to terminate if executed and delivered by all parties hereto; or
- (c) upon any other circumstances hereunder that give rise to a termination of this Agreement by the Fund, CHT, GP Inc., CLP, Midco and New Carfinco, including the failure to satisfy the conditions set forth in Sections 5.1, 5.2 and 5.3 hereof.

ARTICLE 7 NOTICES

All notices which may or are required to be given pursuant to any provision of this Agreement shall be given or made in writing and shall be served personally, and in the case of:

7.1 Notices

- (a) the Fund, addressed to:
 - c/o Carfinco Inc.
 - Suite 300, 4245 - 97 Street NW
 - Edmonton, Alberta
 - T6E 5Y7
 - Attention: Chief Operating Officer
- (b) CHT, addressed to:
 - c/o Carfinco Inc.
 - Suite 300, 4245 - 97 Street NW
 - Edmonton, Alberta
 - T6E 5Y7
 - Attention: Trustees

- (c) CLP, addressed to:

c/o Carfinco Inc.
Suite 300, 4245 - 97 Street NW
Edmonton, Alberta
T6E 5Y7

Attention: Chief Operating Officer
- (d) GP Inc., addressed to:

Suite 300, 4245 - 97 Street NW
Edmonton, Alberta
T6E 5Y7

Attention: Chief Operating Officer
- (e) Midco, addressed to:

c/o Carfinco Inc.
Suite 300, 4245 - 97 Street NW
Edmonton, Alberta
T6E 5Y7

Attention: President
- (f) New Carfinco, addressed to:

c/o Carfinco Inc.
Suite 300, 4245 - 97 Street NW
Edmonton, Alberta
T6E 5Y7

Attention: President

ARTICLE 8 GENERAL

8.1 Binding Effect

This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors and permitted assigns.

8.2 Expenses

GP Inc. shall pay all expenses in connection with the preparation and execution of this Agreement and the completion of the transactions contemplated hereby or incidental hereto in the event of the successful implementation of the Arrangement pursuant to the terms of this Agreement.

8.3 No Assignment

The parties may not assign their rights or obligations under this Agreement.

8.4 Equitable Remedies

All covenants herein as to enforceability in accordance with the terms of any covenant, agreement or document shall be qualified as to applicable bankruptcy and other laws affecting the enforcement of creditors' rights generally and to the effect that specific performance, being an equitable remedy, may not be ordered.

8.5 Severability

If any one or more of the provisions or parts of this Agreement should be or become invalid, illegal or unenforceable in any respect in any jurisdiction, the remaining provisions or parts thereof contained herein shall be and shall be conclusively deemed to be, as to such jurisdiction, severable therefrom and:

- (a) the validity, legality or enforceability of such remaining provisions or parts thereof shall not in any way be affected or impaired by the severance of the provisions or parts thereof severed; and
- (b) the invalidity, illegality or unenforceability of any provision or part thereof contained in this Agreement in any jurisdiction shall not affect or impair such provision or part thereof or any other provisions of this Agreement in any other jurisdiction.

8.6 Time of Essence

Time shall be of the essence.

8.7 Further Assurances

Each party hereto shall, from time to time, and at all times hereafter, at the request of any other parties hereto, but without further consideration, do all such further acts and things and execute and deliver all such further documents and instruments as shall be reasonably required in order to fully perform and carry out the terms and intent hereof.

8.8 Execution and Delivery in Counterparts

This Agreement may be executed in identical counterparts, each of which is and is hereby conclusively deemed to be an original and counterparts collectively are to be conclusively deemed one instrument. Delivery of counterparts may be effected by facsimile transmission or scanned e-mail.

8.9 Waiver

No waiver by any party hereto shall be effective unless in writing and any waiver shall affect only the matter, and the occurrence thereof, specifically identified and shall not extend to any other matter or occurrence.

IN WITNESS WHEREOF each party hereto has executed this Agreement by its duly authorized officers as the date first above written.

CARFINCO INCOME FUND

Per: (signed) "Tracy A. Graf"

Name: T. (Tracy) A. Graf
Title: Chief Executive Officer

**CARFINCO LIMITED PARTNERSHIP, by its
General Partner, CARFINCO INC.**

Per: (signed) "Troy S.F. Graf"

Name: Troy S.F. Graf
Title: Vice-President

1632060 ALBERTA LTD.

Per: (signed) "Troy S.F. Graf"

Name: Troy S.F. Graf
Title: President

CARFINCO HOLDINGS TRUST

Per: (signed) "David Rosenkrantz"

Name: David Rosenkrantz
Title: Trustee

CARFINCO INC.

Per: (signed) "Troy S.F. Graf"

Name: Troy S.F. Graf
Title: Vice-President

CARFINCO FINANCIAL GROUP INC.

Per: (signed) "Tracy A. Graf"

Name: T. (Tracy) A. Graf
Title: President

SCHEDULE ONE - PLAN OF ARRANGEMENT

SCHEDULE ONE

To the Arrangement Agreement made effective
the 17th day of October, 2011 among
Carfinco Income Fund, Carfinco Holdings Trust, Carfinco Inc.,
Carfinco Limited Partnership, Carfinco Financial Group Inc. and 1632060 Alberta Ltd.

PLAN OF ARRANGEMENT MADE PURSUANT TO SECTION 193 OF THE *BUSINESS CORPORATIONS ACT (ALBERTA)*

ARTICLE 1 INTERPRETATION

1.1 In this Arrangement, the following words shall have the following meanings:

- (a) "**ABCA**" means the *Business Corporations Act* (Alberta), R.S.A. 2000, c. B-9, as amended, including the regulations promulgated thereunder;
- (b) "**Amalco**" means the continuing corporation constituted upon the amalgamation, pursuant to the Amalgamation Agreement, of Midco and GP Inc.;
- (c) "**Amalgamation Agreement**" means the amalgamation agreement in the form attached hereto as to Appendix I;
- (d) "**Arrangement**", "**herein**", "**hereof**", "**hereto**", "**hereunder**" and similar expressions mean and refer to the arrangement, pursuant to section 193 of the ABCA, on the terms and conditions set forth in this Plan of Arrangement as supplemented, modified or amended, and not to any particular article, section or other portion hereof;
- (e) "**Arrangement Agreement**" means the arrangement agreement made as of October 17, 2011 among the Fund, CHT, GP Inc., CLP, Midco and New Carfinco with respect to the Arrangement and all amendments thereto;
- (f) "**Articles of Arrangement**" means the articles of arrangement in respect of the Arrangement required by subsection 193(10) of the ABCA to be filed with the Registrar after the Final Order has been granted to give effect to the Arrangement;
- (g) "**Business Day**" means a day, which is not a Saturday, Sunday or statutory holiday, when banks in the place at which any action is required to be taken hereunder are generally open for the transaction of commercial banking business;
- (h) "**Certificate**" means the certificate or proof of filing to be issued by the Registrar on the Effective Date pursuant to subsection 193(11) or subsection 193(12) of the ABCA giving effect to the Arrangement;
- (i) "**CHT Deed of Trust**" means the deed of trust of CHT dated August 26, 2002, as amended, supplemented or restated from time to time;
- (j) "**CHT**" means Carfinco Holdings Trust, a unit trust within the meaning of the Tax Act, existing under and governed by the laws of the province of Alberta pursuant to the CHT Deed of Trust;
- (k) "**CHT CLP Interest**" means the limited partnership units of CLP legally and beneficially owned by CHT, together with all debt receivables owing to CHT by CLP at the Effective Time;

- (l) "**CLP**" means Carfinco Limited Partnership, a limited partnership existing pursuant to the laws of the province of Alberta by the CLP Agreement;
- (m) "**CLP Agreement**" means the limited partnership agreement dated as of August 1, 2002 of CLP, as amended, supplemented or restated from time to time;
- (n) "**Common Shares**" means the Common Shares in the capital of New Carfinco;
- (o) "**Court**" means the Court of Queen's Bench of Alberta;
- (p) "**Deed of Trust**" means the amended and restated deed of trust of the Fund dated as of April 23, 2004, as further amended, supplemented or restated from time to time;
- (q) "**Depository**" means Equity Financial Trust Company;
- (r) "**Effective Date**" means the date shown on the Certificate issued by the Registrar;
- (s) "**Effective Time**" means 12:01 a.m. (Edmonton time) on the Effective Date;
- (t) "**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;
- (u) "**Final Order**" means the final order of the Court approving the Arrangement pursuant to paragraph 193(9)(a) of the ABCA, as such order may be affirmed, amended or modified by any court of competent jurisdiction;
- (v) "**FMV**" means fair market value;
- (w) "**Fund**" means Carfinco Income Fund, an unincorporated, open-ended, limited purpose, mutual fund trust existing under and governed by the laws of the province of Alberta pursuant to the Deed of Trust;
- (x) "**Fund Options**" means outstanding options granted by the Fund to purchase Trust Units;
- (y) "**GP Inc.**" means Carfinco Inc., a corporation continued pursuant to the ABCA;
- (z) "**GP Common Shares**" means Common Shares in the capital of GP Inc.;
- (aa) "**Initial New Carfinco Share**" means the one (1) Common Share of New Carfinco issued to Ben Horcica on incorporation of New Carfinco;
- (bb) "**Information Circular**" means the information circular to be prepared by the trustees of the Fund and the management of GP Inc. and forwarded to Unitholders as part of the proxy solicitation materials in respect of the Meeting;
- (cc) "**Interim Order**" means the interim order of the Court pursuant to subsection 193(4) of the ABCA containing declarations and directions with respect to this Arrangement, as such order may be affirmed, amended or modified by any court of competent jurisdiction;
- (dd) "**Meeting**" means the special meeting of Unitholders to be held to consider, among other things, the Arrangement, and any adjournments thereof;
- (ee) "**Midco**" means 1632060 Alberta Ltd., a corporation incorporated pursuant to the ABCA;

- (ff) **"Midco Common Shares"** means Class "A" Common Shares in the capital of Midco;
- (gg) **"New Carfinco"** means Carfinco Financial Group Inc., a corporation incorporated pursuant to the ABCA;
- (hh) **"New Carfinco Options"** shall have the meaning ascribed to it in Section 3.1(c);
- (ii) **"Person"** means an individual, partnership, association, body corporate, trust, unincorporated organization, government, regulatory authority or other entity;
- (jj) **"Plan of Arrangement"** means this Plan of Arrangement, as amended, modified or supplemented from time to time;
- (kk) **"Record Date"** means 5:00 p.m. (Edmonton time) on October 17, 2011;
- (ll) **"Registrar"** means the Registrar of Corporations duly appointed under section 263 of the ABCA;
- (mm) **"Securityholders"** means the registered holders of Trust Units immediately prior to the Effective Date;
- (nn) **"Tax Act"** means the *Income Tax Act*, R.S.C. 1985, c.1, (5th Supp.), and the Income Tax Regulations applicable with respect thereto, as amended from time to time;
- (oo) **"Trust Units"** means the trust units of the Fund authorized for issuance by the Fund pursuant to the Deed of Trust;
- (pp) **"TSX"** means the Toronto Stock Exchange; and
- (qq) **"Unitholders"** means the holders of Trust Units.

- 1.2 The division of this Plan of Arrangement into articles and sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Arrangement.
- 1.3 Unless reference is specifically made to some other document or instrument, all references herein to articles, sections and subsections are to articles, sections and subsections of this Plan of Arrangement.
- 1.4 Unless the context otherwise requires, words importing the singular number shall include the plural and vice versa; and words importing any gender shall include all genders.
- 1.5 Other than the events and transactions set forth in Section 3.1 hereof, in the event that the date on which any action is required to be taken hereunder by any of the parties is not a Business Day in the place where the action is required to be taken, such action shall be required to be taken on the next succeeding day which is a Business Day in such place.
- 1.6 References in this Plan of Arrangement to any statute or sections thereof shall include such statute as amended or substituted and any regulations or rules promulgated thereunder from time to time in effect.
- 1.7 Unless otherwise stated, all references in this Plan of Arrangement to sums of money are expressed in lawful money of Canada.

ARTICLE 2 PURPOSE AND EFFECT OF THE ARRANGEMENT

- 2.1 The following is only intended to be a general statement of the purpose of the Arrangement and is qualified in its entirety by the specific provisions of the Arrangement:

The purpose of the Arrangement is to effect a reorganization and restructuring of the Fund in a manner that provides consistent and equitable treatment among Securityholders and holders of Fund Options and maintains the business and goodwill of the Fund in New Carfinco as a publicly listed going concern. The reorganization will, among other things, result in: (i) Unitholders becoming holders of Common Shares; (ii) Amalco assuming all of the obligations of the Fund, CHT and CLP; and (iii) New Carfinco, directly and indirectly, carrying on the business of the Fund and its subsidiaries.

- 2.2 The Arrangement shall be binding upon the Fund, CHT, GP Inc., CLP, Midco, New Carfinco and the Securityholders.
- 2.3 Articles of Arrangement shall be filed with the Registrar with the purpose and intent that none of the provisions of the Arrangement shall become effective unless all of the provisions of the Arrangement shall have become effective. The Certificate shall be conclusive evidence that the Arrangement has become effective and that each of the provisions of Article 3 has become effective on the Effective Date in the sequence set out therein.

ARTICLE 3 ARRANGEMENT

- 3.1 Effective at the Effective Time, each of the events set out below shall occur and shall be deemed to occur consecutively in the following order without any further authorization, act or formality:
- (a) each of the Deed of Trust, CHT Deed of Trust, CLP Agreement, and any other agreement among any of, or constating document of, the Fund, CHT, GP Inc., CLP and Midco shall be amended to the extent necessary to facilitate the Arrangement and the implementation of the steps and transactions contemplated herein;
 - (b) each outstanding Trust Unit held by Unitholders shall be transferred, pursuant to subsection 85.1(8) of the Tax Act, to New Carfinco (free and clear of any Encumbrances) in exchange for one (1) fully paid and non-assessable Common Share;
 - (c) Each of the Fund Options outstanding immediately prior to the Effective Date shall become an option (each a "**New Carfinco Option**") to acquire one (1) fully paid and non-assessable Common Share. All terms and conditions of such New Carfinco Options will be the same as the terms and conditions of such Fund Options. Option agreements previously evidencing such Fund Options shall thereafter evidence and be deemed to evidence such New Carfinco Options issued in replacement thereof;
 - (d) upon the issuance of the Common Shares in accordance with subsection 3.1(b) there shall be added to the stated capital account maintained for the Common Shares an amount determined by the board of directors of New Carfinco in accordance with subsection 28(3) of the ABCA;
 - (e) the Initial New Carfinco Share shall be repurchased by New Carfinco for an aggregate purchase price of \$10.00 and cancelled;
 - (f) the Trust Units transferred to New Carfinco in accordance with subsection 3.1(b) shall be transferred, pursuant to subsection 85(1) of the Tax Act, to Midco (free and clear of any Encumbrances) in exchange for 10,000 fully paid and non-assessable Midco Common Shares;
 - (g) GP Inc. will satisfy any indebtedness owing by it to CLP in full by a transfer of certain assets from GP Inc. to CLP;
 - (h) CHT will make a capital contribution to CLP equal to the net amount of indebtedness owing by CLP to CHT, and CHT's pro rata interest in CLP will be increased by the amount (expressed as a percentage) that results from dividing the amount of the capital contribution by the FMV of all the

issued and outstanding interests in CLP immediately prior to CHT's capital contribution, and GP Inc.'s pro rata interest in CLP will be decreased by that same percentage;

- (i) CHT and GP Inc. shall assume (the "**Initial Assumption**") all remaining indebtedness, liabilities and obligations of CLP (the "**CLP Liabilities**") in proportion to their resulting capital interests in CLP, and CLP shall increase the capital accounts of CHT and GP Inc. by the amount of the CLP Liabilities so assumed;
- (j) All assets, rights, benefits, entitlements and interests of CLP and all notices and registrations thereof in all registries or records ("**CLP Assets**") shall be transferred, assigned and conveyed (the "**Initial Transfer**") to CHT and GP Inc. on a *pro rata* basis based on their respective percentage interests in CLP in satisfaction of their capital accounts therein, all pursuant to subsection 98(3) of the Tax Act . Immediately thereafter CLP shall cease to exist.
- (k) The Initial Assumption and Initial Transfer shall be deemed to:
 - (i) transfer a *pro rata* undivided interest in each CLP Asset to each of CHT and GP Inc. based on their respective percentage interests in CLP;
 - (ii) transfer, assign and convey to CHT and GP Inc. a *pro rata* undivided interest in all rights, defenses and counter-claims, of any kind whatsoever, that CLP ever had, now has or may have in the future or prior to the Effective Time in connection with the CLP Liabilities; and
 - (iii) operate as a novation, without the need of obtaining any further consents or providing any further notices, by substituting CHT and GP Inc. for CLP as legal and beneficial owners of all rights, benefits, entitlements and interests in connection with the CLP Liabilities and CLP Assets that CLP ever had, now has or may have in the future or prior to the Effective Time, including but not limited to (A) the rights, benefits and entitlements as secured party under all registrations in the name of CLP at any personal property registries, (B) the benefit of any insurance policy in which CLP is listed as a "loss payee", and (C) the obligations and liabilities as debtor under any and all registrations in the name of CLP as debtor at any personal property registries;
- (l) All assets, rights, benefits, entitlements and interests of CHT and all notices and registrations in all registries and records (the "**CHT Assets**") (including its *pro rata* undivided interest in each CLP Asset) shall be transferred (the "**Second Transfer**") to the Fund pursuant to subsection 88.1 of the Tax Act, all indebtedness, liabilities and obligations (the "**CHT Liabilities**") of CHT (including the CLP Liabilities assumed by CHT) shall be assumed (the "**Second Assumption**") by the Fund and CHT shall be terminated;
- (m) The Second Assumption and Second Transfer shall be deemed to:
 - (i) transfer, assign and convey to the Fund all rights, defenses and counter-claims, of any kind whatsoever, that CHT ever had, now has or may have in the future or prior to the Effective Time in connection with the CHT Liabilities; and
 - (ii) operate as a novation, without the need of obtaining any further consents or providing any further notices, by substituting the Fund for CHT as legal and beneficial owner of all rights, benefits, entitlements and interests in connection with the CHT Liabilities (including its proportionate responsibility for the CLP Liabilities) and CHT Assets (including its undivided *pro rata* interest in the CLP Assets) that CHT ever had, now has or may have in the future or prior to the Effective Time, including but not limited to (A) the rights, benefits and entitlements of CHT as secured party under all registrations in the name of CLP at any personal property registries, (B) the benefit of CHT in any insurance

policy in which CLP is listed as a "loss payee", and (C) the obligations and liabilities of CHT as debtor under any and all registrations in the name of CLP as debtor at any personal property registries;

- (n) All assets, rights, benefits, entitlements and interests of the Fund and all notices and registrations in all registries and records (the "**Fund Assets**") (including its *pro rata* undivided interest in each CLP Asset) shall be transferred (the "**Third Transfer**") to Midco pursuant to subsection 88.1 of the Tax Act, all indebtedness, liabilities and obligations (the "**Fund Liabilities**") of the Fund (including the CLP Liabilities assumed by the Fund) shall be assumed (the "**Third Assumption**") by Midco and the Fund shall be terminated;
- (o) The Third Assumption and Third Transfer shall be deemed to:
 - (i) transfer, assign and convey to Midco all rights, defenses and counter-claims, of any kind whatsoever, that the Fund ever had, now has or may have in the future or prior to the Effective Time in connection with the Fund Liabilities; and
 - (ii) operate as a novation, without the need of obtaining any further consents or providing any further notices, by substituting Midco for the Fund as legal and beneficial owner of all rights, benefits, entitlements and interests in connection with the Fund Liabilities (including its proportionate responsibility for the CLP Liabilities) and Fund Assets (including its undivided *pro rata* interest in the CLP Assets) that the Fund ever had, now has or may have in the future or prior to the Effective Time, including but not limited to (A) the rights, benefits and entitlements of the Fund as secured party under all registrations in the name of CLP at any personal property registries, (B) the benefit of the Fund in any insurance policy in which CLP is listed as a "loss payee", and (C) the obligations and liabilities of the Fund as debtor under any and all registrations in the name of CLP as debtor at any personal property registries;
- (p) Midco and GP Inc. shall amalgamate pursuant to the Amalgamation Agreement;
- (q) Grant Thornton LLP will become the first auditors of New Carfinco.

ARTICLE 4 OUTSTANDING CERTIFICATES

- 4.1 Following the Effective Date, certificates representing Trust Units need not be tendered for certificates representing Common Shares. Following the Effective Date, the existing certificates for Trust Units will represent, from and after the completion of the Arrangement, Common Shares and the right to receive certificates representing an equivalent number of Common Shares on exchange of such Trust Unit certificates for share certificates of New Carfinco.
- 4.2 Following the Effective Date, New Carfinco shall deposit with the Depositary, for the benefit of Securityholders, sufficient Common Shares to comply with Section 3.1(b). Upon surrender to the Depositary for cancellation of a certificate which immediately prior to the Effective Time represented outstanding Trust Units that are to be exchanged for Common Shares, together with such additional documents and instruments as the Depositary may reasonably require, the Securityholder of such surrendered certificate shall be entitled to receive from the Depositary, and the Depositary shall deliver as soon as possible to such Securityholder, the Common Shares which such Securityholder has the right to receive under the Arrangement.
- 4.3 Until surrendered as contemplated by Section 4.1, each certificate which immediately prior to the Effective Time represented Trust Units shall be deemed after the Effective Time to represent Common Shares issued to holders of Securityholders pursuant to Section 3.1(b).

- 4.4 From and after the Effective Time, each certificate which immediately prior to the Effective Time represented Fund Options shall be deemed after the Effective Time to represent New Carfinco Options issued to holders of Fund Options pursuant to Section 3.1(c).
- 4.5 Securityholders retaining certificates representing Trust Units after the Effective Date shall receive dividends or other distributions which may be declared on Common Shares after the Effective Date.

ARTICLE 5 PROCESS

- 5.1 With respect to each Trust Unit to which Section 3.1(b) applies:
- (a) the Unitholder thereof shall cease to be a holder of such Trust Unit and such Unitholder's name shall be removed from the register of holders of Trust Units with respect to such Trust Units as of the Effective Time; and
 - (b) New Carfinco shall be, and be deemed to be, the transferee of such Trust Units (free and clear of any Encumbrances) and shall be entered in the register of holders of Trust Units as the holder thereof as of the Effective Time.
- 5.2 With respect to each Common Share to which Section 3.1(b) applies, the former holders of Trust Units shall be entered in the register of holders of Common Shares as the holders thereof as of the Effective Time.

ARTICLE 6 AMENDMENTS

- 6.1 The Fund, CHT, GP Inc., CLP, Midco and New Carfinco reserve the right to amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Date provided that any such amendment, modification or supplement must be contained in a written document that is: (a) filed with the Court and, if made following the Meeting, approved by the Court; and (b) communicated to Unitholders in the manner required by the Court (if so required).
- 6.2 Any amendment, modification or supplement to this Plan of Arrangement may be proposed by the Fund, CHT, GP Inc., CLP, Midco and New Carfinco at any time and from time to time prior to or at the Meeting with or without any other prior notice or communication, and if so proposed and accepted by the Persons voting at the Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.
- 6.3 Any amendment, modification or supplement to this Plan of Arrangement which is approved by the Court following the Meeting shall be effective only: (a) if it is consented to by the Fund, CHT, GP Inc., CLP, Midco and New Carfinco; and (b) if required by the Court or applicable law, it is consented to by the Unitholders.

ARTICLE 7 FURTHER ASSURANCES

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

APPENDIX I - AMALGAMATION AGREEMENT

AMALGAMATION AGREEMENT

THIS AMALGAMATION AGREEMENT made January 1, 2012.

BETWEEN:

1632060 ALBERTA LTD., a corporation
incorporated pursuant to the *Business Corporations Act* (Alberta)
("Midco")

OF THE FIRST PART

- and -

CARFINCO INC., a corporation
continued pursuant to the *Business Corporations Act* (Alberta)
("GP Inc.")

OF THE SECOND PART

ARTICLE 1 AGREEMENT TO AMALGAMATE

1.1 Midco and GP Inc. hereby agree to amalgamate (the "Amalgamation") and continue as one corporation ("Amalgamated Corporation") under the name "Carfinco Inc."

ARTICLE 2 ARTICLES OF AMALGAMATION

2.1 The Articles of Amalgamation shall be as set forth in Schedule "A" attached hereto, including the schedules to the Articles of Amalgamation. As required by Section 182(1)(a) of the Business Corporations Act (Alberta) ("ABCA"), the Articles of Amalgamation provide for those provisions which are required to be included in the articles of incorporation pursuant to Section 6 of the ABCA.

ARTICLE 3 PROPOSED DIRECTORS

3.1 The name and address of each proposed director of the Amalgamated Corporation is:

Name	Municipality of Residence
T. (Tracy) A. Graf	300, 4245 - 97 Street Edmonton, AB T6E 5Y7
Troy S.F. Graf	300, 4245 - 97 Street Edmonton, AB T6E 5Y7

ARTICLE 4 AUTHORIZED SHARE CAPITAL

4.1 The authorized share capital of the Amalgamated Corporation shall be that set forth in the "Schedule of Share Structure" to the Articles of Amalgamation as set forth in Schedule "A", attached hereto.

ARTICLE 5 EXCHANGE OR CANCELLATION OF ISSUED SHARE CAPITAL

5.1 In conjunction with and as part of the Amalgamation:

- (a) the outstanding Class "A" Common Shares of Midco shall be cancelled and one hundred (100) Class "A" Common Shares of the Amalgamated Corporation shall be issued in exchange; and
- (b) the outstanding GP Inc. shares held by Midco shall be cancelled without the issuance of any shares of the Amalgamated Corporation or the repayment of capital.

ARTICLE 6 BYLAWS

6.1 The Bylaws of the Amalgamated Corporation shall be the Bylaws of GP Inc. as the same exists immediately prior to the Amalgamation.

ARTICLE 7 DIRECTORS' RIGHT TO TERMINATE

7.1 At any time before the issuance of a Certificate of Amalgamation, this Agreement may be terminated by the directors of an amalgamating corporation, notwithstanding the approval of this Amalgamation Agreement by the shareholders of all or any of the amalgamating corporations. Termination shall be by written notice delivered to the registered office of each of the amalgamating corporations.

ARTICLE 8 MISCELLANEOUS PROVISIONS

8.1 Any director of an amalgamating corporation or any proposed director of the Amalgamated Corporation is authorized to execute the Articles of Amalgamation, Notice of Directors, Notice of Address and the required Statutory Declaration and to file the aforesaid together with a signed copy of this Amalgamation Agreement and any and all further documents or assurances that are necessary or desirable in respect of completion of this amalgamation according to the intent of this Amalgamation Agreement.

8.2 Upon the issuance of a Certificate of Amalgamation, the property of each amalgamating corporation (except amounts receivable from an amalgamating corporation by another amalgamating corporation or shares in the capital stock of an amalgamating corporation owned by another amalgamating corporation) continues to be the property of the Amalgamated Corporation, the Amalgamated Corporation continues to be liable for the obligations of each amalgamating corporation (except amounts payable to an amalgamating corporation by another amalgamating corporation), any existing cause of action, claim or liability to prosecution is unaffected, a civil, criminal or administrative action or proceeding pending by or against an amalgamating corporation may be continued to be prosecuted by or against the Amalgamated Corporation, a conviction against or ruling, order of judgment in favour of or against an amalgamating corporation may be enforced by or against the Amalgamated Corporation, and the Articles of Amalgamation are deemed to be the Articles of Incorporation of the Amalgamated Corporation and the Certificate of Amalgamation is deemed to be the Certificate of Incorporation of the Amalgamated Corporation.

8.3 The foregoing may be signed in counterparts and/or transmitted by facsimile, portable document format or such similar device, each of which so executed shall be deemed to be an original and such counterparts together shall constitute but one and the same instrument.

IN WITNESS WHEREOF this Agreement has been duly executed by the parties on the day and year first above written.

1632060 ALBERTA LTD.

Per: _____
Name: Troy S.F. Graf
Title: President

CARFINCO INC.

Per: _____
Name: Troy S.F. Graf
Title: Vice-President

SCHEDULE A - ARTICLES OF AMALGAMATION

Articles of Amalgamation

Business Corporations Act

Section 185

1.	Name of Amalgamated Corporation:	
	CARFINCO INC.	
2.	The classes of shares, and any maximum number of shares that the corporation is authorized to issue:	
	SEE ATTACHED SCHEDULE.	
3.	Restrictions on share transfers (if any):	
	SEE ATTACHED SCHEDULE.	
4.	Number, or minimum and maximum number of directors:	
	MINIMUM ONE (1), MAXIMUM TWENTY (20).	
5.	If the corporation is restricted FROM carrying on a certain business or restricted TO carrying on a certain business, specify the restriction(s):	
	NONE.	
6.	Other rules or provisions (if any):	
	NONE.	
7.	Name of Amalgamating Corporations:	Corporate Access Number
	CARFINCO INC.	▲
	1632060 ALBERTA LTD.	2016320604

<hr style="border: none; border-top: 1px solid black; margin-bottom: 5px;"/> Authorized Signature	Troy S. F. Graf <hr style="border: none; border-top: 1px solid black; margin-bottom: 5px;"/> Name of Person Authorizing <i>(please print)</i>	<hr style="border: none; border-top: 1px solid black; margin-bottom: 5px;"/> Date
		<hr style="border: none; border-top: 1px solid black; margin-bottom: 5px;"/> Director Title <i>(please print)</i>

SCHEDULE OF SHARE STRUCTURE TO THE
ARTICLES OF AMALGAMATION OF
CARFINCO INC.
(the “Corporation”)

The Corporation is authorized to issue:

- an unlimited number of Class A Common Shares;
- an unlimited number of Class B Common Shares;
- an unlimited number of Class C Redeemable Preferred Shares;
- an unlimited number of Class D Redeemable Preferred Shares;

all of which shares shall have the following rights, restrictions, privileges and conditions, and all such rights, restrictions, privileges and conditions attaching to the shares of any class shall be subject to the rights, restrictions, privileges and conditions attaching to any other class of shares now existing or hereafter created or amended.

THE CLASS A COMMON SHARES AND CLASS B COMMON SHARES SHALL HAVE THE FOLLOWING RIGHTS, RESTRICTIONS, PRIVILEGES AND CONDITIONS ATTACHED THERETO:

VOTING

The holders of the Class A Common Shares in the Corporation shall be entitled to notice of and to attend at meetings of the Shareholders of the Corporation, and shall be entitled to one (1) vote in respect of each such share so held and the holder shall also be entitled to consent to and sign a resolution in writing to be signed by the Shareholders of the Corporation.

Except as provided in the *Business Corporations Act* (Alberta) (the Act) as amended from time to time, the holders of the Class B Common Shares shall not, as such, be entitled to vote at, nor to receive notice of or attend shareholders meetings nor shall the holders be entitled to consent to or sign a resolution in writing to be signed by the shareholders of the Corporation.

DIVIDENDS

The holders of the Class A Common Shares and Class B Common Shares shall be entitled to receive a dividend when, as, and if declared by the Directors of the Corporation on the Class A Common Shares or Class B Common Shares, as the case may be. Notwithstanding anything to the contrary herein contained, no dividends or other payment or distribution of assets or property of the Corporation shall be made to the holders, as such, of shares of the Corporation, if the payment thereof would result in the fair market value of the Corporation’s assets, net of liabilities owed by the Corporation and the stated capital of all the classes of shares of the Corporation (except the stated capital of the Class C Redeemable Preferred Shares and Class D Redeemable Preferred Shares) being less than the aggregate of the Redemption Price of all of the Class C Redeemable Preferred Shares and Class D Redeemable Preferred Shares then outstanding, but subject to the foregoing and for greater certainty, dividends may be declared and paid on the Class A Common Shares or Class B Common Shares to the complete exclusion of dividends being declared and paid on any other class of shares of the Corporation.

WINDING-UP

The holders of the Class A Common Shares and Class B Common Shares shall rank *pari passu* with one another and shall be entitled to receive the remaining property of the Corporation on liquidation, dissolution, or winding-up.

THE CLASS C REDEEMABLE PREFERRED SHARES AND CLASS D REDEEMABLE PREFERRED SHARES SHALL HAVE THE FOLLOWING RIGHTS, RESTRICTIONS, PRIVILEGES, AND CONDITIONS ATTACHED THERETO:

NON-VOTING

Except as provided in the Act as amended from time to time, the holders of the Class C Redeemable Preferred Shares and Class D Redeemable Preferred Shares shall not, as such, be entitled to vote at, nor to receive notice of or attend shareholders meetings nor shall the holders be entitled to consent to or sign a resolution in writing to be signed by the shareholders of the Corporation.

DIVIDENDS

The holders of the Class C Redeemable Preferred Shares and Class D Redeemable Preferred Shares shall be entitled to receive a dividend as, when, and if declared by the Directors of the Corporation on the Class C Redeemable Preferred Shares or Class D Redeemable Preferred Shares, as the case may be.

Notwithstanding anything to the contrary herein contained, no dividends or other payment or distribution of assets or property of the Corporation shall be made to the holders, as such, of shares of the Corporation, if the payment thereof would result in the fair market value of the Corporation's assets, net of liabilities owed by the Corporation and the stated capital of all the classes of shares of the Corporation (except the stated capital of the Class C Redeemable Preferred Shares and Class D Redeemable Preferred Shares) being less than the aggregate of the Redemption Price of all of the Class C Redeemable Preferred Shares and Class D Redeemable Preferred Shares then outstanding, but subject to the foregoing and for greater certainty, dividends may be declared and paid on the Class A Common Shares or Class B Common Shares to the complete exclusion of dividends being declared and paid on any other class of shares of the Corporation.

The dividend shall not be adjusted retroactively to reflect an adjustment to the Redemption Price, if any, as hereinafter provided.

For greater certainty, the holders of the Class C Redeemable Preferred Shares and Class D Redeemable Preferred Shares shall have no preference or priority as to the declaration or payment of dividends, and dividends may be declared and paid on any other class or classes of shares of the Corporation to the exclusion of a dividend being declared and paid on the Class C Redeemable Preferred Shares or Class D Redeemable Preferred Shares. Dividends may be declared and paid on the Class C Redeemable Preferred Shares or Class D Redeemable Preferred Shares to the exclusion of a dividend being declared and paid on any other class of shares of the Corporation.

PRIORITY ON LIQUIDATION, DISSOLUTION OR WINDING UP

In the event of a liquidation, dissolution, or winding up of the Corporation, the holders of the Class C Redeemable Preferred Shares and Class D Redeemable Preferred Shares shall rank pari passu with one another and shall have a priority over all other classes of shares of the Corporation as to the payment of the Redemption Price together with all declared but unpaid dividends thereon before any amount shall be paid or any property or assets of the Corporation distributed to the holders of any other class of shares of the Corporation; and for greater certainty, the Class C Redeemable Preferred Shares and Class D Redeemable Preferred Shares shall not have any other right to participate in the remaining property of the Corporation beyond the Redemption Price and all declared and unpaid dividends whether in a liquidation, dissolution, winding up or a reduction, redemption, or purchase by the Corporation of its shares.

REDEMPTION PRICE

The aggregate Redemption Price for the Class C Redeemable Preferred Shares issued on the acquisition of assets, which assets may include shares of the Corporation, shall be the fair market value of the assets acquired by the Corporation (hereinafter called the Purchased Assets) less any non-share consideration that the Corporation paid for the Purchased Assets; and the Redemption Price for each Class C Redeemable Preferred Share shall be the aggregate

Redemption Price divided by the number of Class C Redeemable Preferred Shares issued by the Corporation for the Purchased Assets.

The Redemption Price for the Class C Redeemable Preferred Shares shall be subject to adjustment as hereinafter provided.

The aggregate Redemption Price for the Class D Redeemable Preferred Shares issued on the acquisition of assets, which assets may include shares of the Corporation, shall be the fair market value of the assets acquired by the Corporation (hereinafter called the Purchased Assets) less any non-share consideration that the Corporation paid for the Purchased Assets; and the Redemption Price for each Class D Redeemable Preferred Share shall be the aggregate Redemption Price divided by the number of Class D Redeemable Preferred Shares issued by the Corporation for the Purchased Assets.

The Redemption Price for the Class D Redeemable Preferred Shares shall be subject to adjustment as hereinafter provided.

REDEMPTION BY HOLDER

Any holder of record of Class C Redeemable Preferred Shares or Class D Redeemable Preferred Shares shall be entitled to require the Corporation to redeem or purchase all or a part of the Class C Redeemable Preferred Shares or Class D Redeemable Preferred Shares so held by such holder by surrendering on a business day the certificate or certificates representing such Class C Redeemable Preferred Shares or Class D Redeemable Preferred Shares, properly endorsed in blank for transfer or accompanied by an appropriate form of transfer properly executed in blank, at the registered office of the Corporation or at such other place or places as the directors may from time to time designate. Such certificate or certificates so surrendered shall be accompanied by a notice in writing (hereinafter called a Redemption Notice) signed by such holder or his duly authorized attorney requiring the Corporation to redeem or purchase all or a specified number of such Class C Redeemable Preferred Shares or Class D Redeemable Preferred Shares represented thereby. If the Redemption Notice is signed by an attorney it shall be accompanied by evidence of the authority of such attorney satisfactory to the Corporation or transfer agent thereof.

A Redemption Notice shall be deemed to have been given when actually received at the registered office of the Corporation or at such other place or places as the directors from time to time designate and when so given, shall, subject to the provisions hereof, be irrevocable.

Payment of the Redemption Price for the Class C Redeemable Preferred Shares or Class D Redeemable Preferred Shares surrendered for redemption or purchase shall be made by or on behalf of the Corporation to the holders of record thereof, together with all unpaid dividends thereon, no later than the seventh day following the date on which the Redemption Notice is given as aforesaid. Payment for the Class C Redeemable Preferred Shares or Class D Redeemable Preferred Shares so surrendered for redemption or purchase shall be made by cheque payable in Canadian dollars and delivered to the holders of record of the Class C Redeemable Preferred Shares or Class D Redeemable Preferred Shares so surrendered or, at the option of the Corporation, such cheque shall be forwarded by mail, postage prepaid, to the holders of record of the Class C Redeemable Preferred Shares or Class D Redeemable Preferred Shares so surrendered at their addresses as the same appear in the records of the Corporation. In such case, each cheque so mailed shall be deemed to have been delivered to the registered holder as soon as the letter containing the same has been mailed as aforesaid.

If, at any given time, the redemption or purchase of all those Class C Redeemable Preferred Shares or Class D Redeemable Preferred Shares in respect of which the Corporation has received Redemption Notices would cause the Corporation to be in contravention of the provisions of the Act, the Corporation shall at that time redeem or purchase on a pro rata basis, disregarding fractions, only such number of Class C Redeemable Preferred Shares or Class D Redeemable Preferred Shares as can be redeemed or purchased without causing the Corporation to be in contravention of the provisions of the Act.

REDEMPTION BY CORPORATION

The Corporation may, by resolution of the Directors and upon giving notice as hereinafter provided, from time to time redeem or purchase the whole or any part of the Class C Redeemable Preferred Shares or Class D Redeemable Preferred Shares of any one or more holders without redeeming or purchasing the whole or any part of the Class C Redeemable Preferred Shares or Class D Redeemable Preferred Shares of any other holder or holders of such class, by paying for each share to be redeemed or purchased the Redemption Price thereof, together with all declared but unpaid dividends thereon. Not less than ten (10) clear days' notice in writing of such redemption or purchase shall be given by personal delivery or by mailing such notice to the registered holder at the last address as they appear in the records of the Corporation or its transfer agent. In the case of each notice so mailed, delivery thereof shall be deemed to have been made to the registered holder as soon as the letter containing the same has been mailed.

Such notice shall specify the date and place of redemption or purchase which may be a Canadian Chartered Bank or a trust company. If notice is given as aforesaid and an amount sufficient to redeem or purchase such shares is deposited at the place for redemption or purchase on or before the date fixed for redemption or purchase, dividends on the Class C Redeemable Preferred Shares or Class D Redeemable Preferred Shares to be redeemed or purchased shall cease to accrue after the date so fixed for redemption or purchase and the holders thereof shall have no rights whatsoever against the Corporation except upon the surrender of the certificate or certificates for such shares to receive payment out of the money so deposited. Surrender of the certificate or certificates for such shares to be redeemed or purchased is sufficient only if such certificate or certificates are duly and properly endorsed in blank for transfer or accompanied by a form of transfer acceptable to the Corporation and duly executed in blank.

ADJUSTMENT TO REDEMPTION PRICE

The Redemption Price for the Class C Redeemable Preferred Shares or Class D Redeemable Preferred Shares may be amended by the Directors of the Corporation after issuance of such shares only if such Class C Redeemable Preferred Shares or Class D Redeemable Preferred Shares were issued as partial or total consideration for the acquisition by the Corporation of any assets (the Purchased Assets) and it is determined at any time to the satisfaction of the directors of the Corporation whether or not in consultation with the representatives or agents of Minister of National Revenue and/or the tax or fiscal authority of any province or territory in Canada in which the Corporation carries on business, or, it is determined, by a judgment of a tribunal or court of competent jurisdiction after all appeal rights have expired, that the fair market value of the Purchased Assets at the date of acquisition by the Corporation is greater or less than the fair market value, as the case may be, of the Class C Redeemable Preferred Shares (in the aggregate) or Class D Redeemable Preferred Shares (in the aggregate), as the case may be, plus, if applicable, the fair market value of any non-share consideration issued by the Corporation in consideration for the Purchased Assets. In such case, the Redemption Price may, by directors resolution, be increased or decreased, as required, to eliminate such difference, and any resultant overpayment by the Corporation to the holders of such Class C Redeemable Preferred Shares or Class D Redeemable Preferred Shares (whether by way of redemption, repurchase or otherwise, but not by way of earlier dividend) shall be a debt due to the Corporation by the holders of such Class C Redeemable Preferred Shares or Class D Redeemable Preferred Shares and shall be repaid to the Corporation forthwith and any resultant underpayment by the Corporation to the holders of such Class C Redeemable Preferred Shares or Class D Redeemable Preferred Shares (whether by way of redemption, repurchase or otherwise, but not by way of earlier dividend) shall be a debt due by the Corporation to the holders of such Class C Redeemable Preferred Shares or Class D Redeemable Preferred Shares and shall be paid forthwith to such holders.

LIQUIDITY

Notwithstanding anything to the contrary herein contained, no dividends, redemptions, share purchases, capital reductions or other payments or distributions of assets or property of the Corporation shall be made or paid on or with respect to shares of the Corporation which rank subordinate to the Class C Redeemable Preferred Shares and Class D Redeemable Preferred Shares on a liquidation, dissolution or winding up, if the payment in respect thereof would result in the fair market value of the Corporation's assets, net of liabilities owed by the Corporation, being less than the aggregate of the Redemption Price for all of the then outstanding Class C Redeemable Preferred Shares and Class D Redeemable Preferred Shares, and the Redemption Price or amount payable on redemption or purchase

for all other shares then outstanding which rank equal to or in priority to the Class C Redeemable Preferred Shares and Class D Redeemable Preferred Shares on a liquidation, dissolution or winding up.

SCHEDULE OF SHARE TRANSFER RESTRICTIONS
TO THE ARTICLES OF AMALGAMATION OF
CARFINCO INC.
(the "**Corporation**")

Subject to the provisions of a Unanimous Shareholders Agreement among the shareholders of the Corporation, if any, every transfer of shares is subject to the approval of a majority of the Board of Directors, which approval may be withheld for any reason and if withheld, no transfer is of any force and effect or is binding upon the Corporation. The shares of the Corporation will be subject to a lien for any indebtedness owed by the holder thereof to the Corporation.