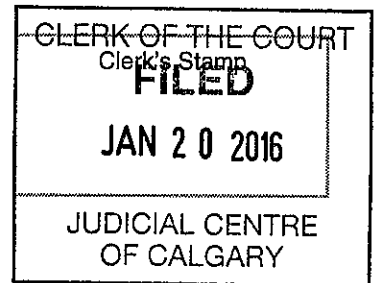


COURT FILE NUMBER 1501-00955
COURT COURT OF QUEEN'S BENCH
OF ALBERTA
IN BANKRUPTCY AND INSOLVENCY
JUDICIAL CENTRE CALGARY



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

APPLICANTS LUTHERAN CHURCH – CANADA, THE
ALBERTA – BRITISH COLUMBIA DISTRICT,
ENCHARIS COMMUNITY HOUSING AND
SERVICES, ENCHARIS MANAGEMENT AND
SUPPORT SERVICES, AND LUTHERAN
CHURCH – CANADA, THE ALBERTA – BRITISH
COLUMBIA DISTRICT INVESTMENTS LTD.

DOCUMENT **ORDER (EMSS Sanction Order)**

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT Bishop & McKenzie LLP
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Attention: Francis N. J. Taman / Ksena J. Court

Telephone: 403-237-5550

Fax: 403-243-3623

File No.: 103,007-003

DATE ON WHICH ORDER WAS PRONOUNCED: WEDNESDAY, JANUARY 20, 2016

LOCATION WHERE ORDER WAS PRONOUNCED: CALGARY, ALBERTA

NAME OF JUSTICE WHO MADE THIS ORDER: JUSTICE K.D.YAMAUCHI

UPON THE APPLICATION of Lutheran Church – Canada, the Alberta – British Columbia District (the “District”), EnCharis Community Housing and Services (“ECHS”), EnCharis Management and Support Services (“EMSS”), and Lutheran Church – Canada, the

Alberta – British Columbia District Investments Ltd. (“DIL”) (collectively the “Applicants”) for an Order sanctioning the Amended Amended Plan of Compromise and Arrangement of EMSS filed December 8, 2015 (the “EMSS Plan”); **AND UPON HAVING READ** the Application, and the Affidavit of Cameron Sherban; **AND UPON READING** the Reports of the Monitor; **AND UPON HEARING** counsel for the Applicants, counsel for the Monitor, and other interested parties; **AND UPON** this Honourable Court determining that the EMSS Plan has the required support of the Affected Creditors, provides them with a more favourable recovery than they would otherwise receive and should be sanctioned; **AND UPON** having considered and being satisfied as to the fairness and reasonableness of the EMSS Plan both substantively and procedurally, and the appropriateness of the transactions contemplated thereby and therein and in this EMSS Sanction Order;

IT IS HEREBY ORDERED AND DECLARED THAT:

INTERPRETATION AND SERVICE

1. All capitalized terms not otherwise defined in this Order shall have the meaning ascribed to them in the EMSS Plan.
2. Service of notice of the application for this Order, and all supporting materials, as set out in the Affidavit of Charlene Everett respecting the Application filed January 11, 2016 is good and sufficient, and the time for notice hereof is shortened to the time actually given.
3. The dissemination of the EMSS Plan and all accompanying materials to the Affected Creditors has been duly effected as described in the Affidavit of Service filed December 1, 2015 and in the Eleventh Report of the Monitor, and:
 - (a) service and delivery of the Meeting Order and all documents referred to therein is deemed good and sufficient and the time therefore is shortened to the time actually given;
 - (b) proper notice of the Creditors’ Meeting was duly given to all Creditors entitled to vote at the Creditors’ Meeting; and
 - (c) the Creditors’ Meeting was duly convened and held, all in conformity with the CCAA and the Orders of this Honourable Court made in these proceedings.

SANCTION OF THE PLAN

4. The classification of creditors of EMSS for the purposes of voting to approve the EMSS Plan was fair and reasonable.
5. The EMSS Plan has been agreed to and approved by the requisite majority of the Eligible Affected Creditors voting in this class created under the EMSS Plan, achieving the Required Majority.
6. EMSS has complied with the provisions of the CCAA and the Orders of this Honourable Court in these proceedings in all respects.
7. EMSS has acted in good faith and with due diligence and the EMSS Plan and all the terms and conditions of, and matters, transactions, corporate reorganizations and proceedings contemplated by the EMSS Plan are fair, reasonable, not oppressive and are in the best interests of the Applicants and the Persons affected by the EMSS Plan.
8. The EMSS Plan is hereby finally and absolutely sanctioned and approved pursuant to the provisions of the CCAA and all terms, conditions, compromises and releases set forth in the EMSS Plan are binding and effective on all Persons affected by the EMSS Plan.

PLAN IMPLEMENTATION

9. EMSS and the CRO are hereby authorized and directed to take all actions necessary or appropriate, in accordance with the terms of the EMSS Plan, to enter into, adopt, execute, deliver, implement and consummate the contracts, instruments, releases, all other agreements or documents to be created or which are to come into effect in connection with the EMSS Plan and all matters contemplated under the EMSS Plan involving corporate action of EMSS and such actions are hereby approved and will occur and be effective as of the Effective Date in accordance with the EMSS Plan, in all respects and for all purposes without any requirement of further action by directors or officers of EMSS. Further, to the extent not previously given, all necessary approvals to take such actions shall be and are hereby deemed to have been obtained from the directors of EMSS, including the deemed passing of any resolution or special resolution.
10. Upon the filing with the Court of the Monitor's Certificate in accordance with Article 6.3 of the EMSS Plan, substantially in the form attached hereto as Schedule "1", stating that the

EMSS Plan Completion Date has occurred, the EMSS Plan and all associated steps, compromises, transactions, conveyances, assignments, arrangements, releases and reorganizations shall be deemed implemented in accordance with their terms, and the Monitor shall be deemed to be discharged from its duties as Monitor of EMSS.

11. Upon the Completion Date, the EMSS Plan and all associated steps, compromises, transactions, conveyances, assignments, arrangements, releases and reorganizations effected thereby are hereby approved, binding and effective in accordance with the provisions of the EMSS Plan, and shall enure to the benefit of and be binding upon EMSS, all Affected Creditors and all other Persons affected by the EMSS Plan.

CONVEYANCE OF THE EMSS ASSETS

12. If the plans of compromise and arrangement of the District and ECHS are sanctioned by this Court and all appeal periods respecting such Orders shall have expired, then the sequence of events stated in Article 6.1(c) of the EMSS Plan, as may be modified, amended or clarified by the Order sanctioning the plan of compromise and arrangement of the District, is authorized and approved.

13. The conveyance of the EMSS Assets to NewCo, further to and in accordance with the EMSS Plan (including Article 6.1(c) thereto), be and is hereby authorized and approved.

14. EMSS, the CRO, and the Monitor are hereby authorized and directed to execute all deeds, documents, and agreements, and to do all things reasonably necessary to carry out the terms of this Sanction Order.

15. Following the Effective Date, and subject to the satisfaction of the condition precedent contained in Article 6.1(c) of the EMSS Plan:

- (a) the EMSS Assets shall be vested in the name of NewCo free of all estate, right, title, interest, royalty, rental, and equity of redemption of EMSS and all Persons who claim by, through or under EMSS in respect of the EMSS Assets, subject to any obligations, including Claims, in respect of Unaffected Creditors;
- (b) EMSS and all persons who claim by, through or under EMSS in respect of the EMSS Assets, save and except in respect of the Claims of the Unaffected Creditors, shall stand absolutely barred and foreclosed from all estate, right, title, interest, royalty,

rental, and equity of redemption of the EMSS Assets and, to the extent that any such Person remains in possession or control of any of the EMSS Assets, they shall forthwith deliver possession of same to NewCo or its nominee; and

- (c) NewCo shall be entitled to enter into and upon, hold and enjoy the EMSS Assets for its own use and benefit without any interference of or by EMSS, or any Person claiming by or through or against EMSS, other than the Claims of Unaffected Creditors.

16. Without limiting the generality of paragraph 14, EMSS and the CRO are authorized and empowered, in respect of the EMSS Assets, to execute and deliver:

- (a) such additional, related and ancillary documents and assurances governing or giving effect to the conveyance of the EMSS Assets, which, in EMSS' or the CRO's discretion are reasonably necessary or advisable to conclude the transactions contemplated in or in furtherance of the transfer of the EMSS Assets and/or this Sanction Order; and
- (b) any and all instruments and documents in respect of the EMSS Assets as may be required by the Registrar of the Land Titles Office of Alberta or deemed necessary by EMSS, and the Registrar is hereby directed, notwithstanding section 191(1) of the *Land Titles Act (Alberta)* to effect registration of any such instrument or document so executed by EMSS or its solicitors.

17. On or after the Effective Date, the Monitor may discharge, or authorize the discharge of, any security registration or registrations in the Personal Property Registry or the Land Titles Office of Alberta as may be required to properly convey clear title of the EMSS Assets to NewCo.

ASSIGNMENT OF CONTRACTS

18. Further to and in accordance with the EMSS Plan, upon or after the Effective Date, the Assumed Trade Creditor Contracts and the FSA be and are hereby assigned to NewCo. Except as expressly modified herein or any subsequent Orders of this Court, NewCo will be bound by the terms of the Assumed Trade Creditor Contracts and the FSA. For greater certainty, the terms of the Assumed Trade Creditor Contracts and the FSA may only be altered or terminated in accordance with the terms of those contracts.

19. Upon or after the Effective Date, the Post-Filing Claims relating to the Assumed Trade Creditor Contracts be and are hereby assigned to NewCo.

DISTRIBUTIONS

20. Upon the Effective Date, EMSS shall pay to the Monitor the amount of the Plan Pool. The Monitor is hereby authorized and directed to pay from the Plan Pool the Proven Claims of the Trade Creditors in accordance with the EMSS Plan.

21. If the plans of compromise and arrangement of the other Applicants are sanctioned by this Court, subject to further Order of this Court, any balance of the following shall be paid to NewCo:

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

DISCHARGE OF EXISTING CCAA CHARGES

22. Upon the Completion Date, the Administration Charge, the Directors' Charge, and the Critical Supplier Charge, as defined in the Initial Order and amended by subsequent Orders in the CCAA Proceedings, are fully and finally terminated, discharged and released with respect to EMSS as of the Completion Date.

COMPROMISE OF CLAIMS AND EFFECT OF EMSS PLAN

23. In accordance with the EMSS Plan, upon the Completion Date the releases referred to in Article 7 and the other provisions of the EMSS Plan shall become effective in accordance with the EMSS Plan.

24. On the Completion Date, all liens, encumbrances, charges, security interests and registrations in favour of Affected Creditors, including all registrations made in accordance with the *Personal Property Security Act*, the *Land Titles Act*, or similar legislation against the interests of EMSS in favour of any Affected Creditor, other than in respect of an Unaffected Claim, shall be and are hereby deemed to be released, discharged and extinguished.

25. Upon receipt of a certified copy of this Sanction Order together with the Monitor's certificate contemplated in paragraph 10 of this Sanction Order, all registrars or similar government departments and land titles offices are hereby directed and required to give effect to the discharges contemplated by this Order. The directions contemplated by this Order are to be given full effect by all such registries and offices notwithstanding section 191(1) of the *Land Titles Act* (Alberta) or any similar provision contained in any other legislation of any jurisdiction.

26. All Claims proven in accordance with the Claims Process Order and the EMSS Plan shall be final and binding on EMSS and all Affected Creditors.

27. Without limiting the provisions of the Claims Process Order, an Affected Creditor that did not file a Proof of Claim (as defined in the Claims Process Order) by the Claims Bar Date in accordance with the provisions of the Claims Process Order and the EMSS Plan, whether or not such Affected Creditor received notice of the claims process established by the Claims Process Order, except as otherwise permitted by an Order of this Court, shall be and is hereby forever barred from making a Claim against EMSS and shall not be entitled to any claim against NewCo or distribution under the EMSS Plan, and such Affected Claims are forever extinguished. Nothing in the EMSS Plan extends or shall be interpreted as extending or amending the Claims Bar Date or gives or shall be interpreted as giving any rights to any Person in respect of Claims that have been barred or extinguished pursuant to the Claims Process Order.

28. Each Affected Creditor is hereby deemed to have consented and agreed to all of the terms and provisions in the EMSS Plan, in its entirety.

STAY OF PROCEEDINGS AND WAIVER

29. The stay of proceedings under the Initial Order, as extended from time to time in the CCAA Proceedings, shall be and is hereby extended in respect of EMSS until the certificate contemplated in paragraph 10 of this Sanction Order has been filed with the Court.

30. Upon the Effective Date, and except to the extent either: (i) already disclaimed, repudiated or resiliated, or (ii) expressly contemplated by the EMSS Plan or the Sanction Order, all agreements to which EMSS is a party (including all equipment leases) shall be and remain in full force and effect, unamended as at the Effective Date, unless terminated or repudiated by EMSS, and no Person who is a party to any such obligation or agreement shall, on or after the Effective Date, accelerate, terminate, rescind, refuse to renew, refuse to perform or otherwise

repudiate its obligations thereunder, or enforce or exercise, or purport to enforce or exercise, any right (including any right of set-off, combination of account, dilution, buy-out, divestiture, forced purchase or sale option, or other remedy) or make any demand under or in respect of any such obligation or agreement, by reason of:

- (a) any event or events which occurred on or before the Effective Date and is not continuing after the Effective Date or which is or continues to be suspended or waived under the EMSS Plan, which would have entitled any party thereto to enforce such rights or remedies (including defaults or events of default arising as a result of the insolvency of EMSS);
- (b) EMSS having sought or obtained relief or having taken steps as part of the EMSS Plan or under the CCAA;
- (c) any compromises, arrangements, settlements, reorganizations, assignments or transactions effected pursuant to the EMSS Plan or completed during the CCAA Proceedings;
- (d) any default or event of default arising prior to the Effective Date as a result of the financial condition or insolvency of EMSS; or
- (e) the effect upon EMSS of the completion of any of the transactions contemplated under the EMSS Plan or completed during the CCAA Proceedings.

31. Except for those Claims provided for by the Representative Action and any other Claims that are not released by the EMSS Plan, any and all Persons shall be and are hereby permanently stayed from commencing, taking, applying for or issuing or continuing any and all steps or proceedings, including, without limitation, administrative hearings and orders, declarations or assessments, commenced, taken or proceeded with or that may be commenced, taken or proceeded with against EMSS, any Partially Released Party, or Released Representative in respect of all Affected Claims and any other matter which is released pursuant to this Sanction Order and the EMSS Plan.

32. Except for those Claims provided for by the Representative Action and any other Claims that are not released by the EMSS Plan, from and after the Effective Date, all Persons shall be deemed to have waived any and all defaults of EMSS then existing or previously committed by EMSS, or caused by EMSS, or non-compliance with any covenant, warranty, representation,

term, provision, condition or obligation, express or implied, in any agreements, and any and all notices of default and demands for payment or any step or proceeding taken or commenced in connection therewith under any agreement shall be deemed to have been rescinded and of no further force or effect, provided that nothing shall excuse or be deemed to excuse EMSS from performing its obligations under the EMSS Plan. For greater certainty but without otherwise limiting the generality of the foregoing:

- (a) nothing herein shall be deemed to be a waiver of defaults by EMSS under the EMSS Plan and the related documents; and
- (b) each Affected Creditor shall be deemed on their own behalf and on behalf of their heirs, executors, administrators, successors and assigns, for all purposes:
 - (i) to have executed and delivered to EMSS all consents, releases, assignments and waivers, statutory or otherwise, required to implement and carry out the EMSS Plan in its entirety;
 - (ii) to have waived any default by EMSS in any provision, express or implied, in any agreement or other arrangement existing between such Creditor and EMSS that occurred on or prior to the Effective Date;
 - (iii) to have agreement that if there is any conflict between the provision, express or implied, of any agreement (other than those entered into by EMSS on, after, or with effect from, the Effective Date) and the provisions of the EMSS Plan, then the provisions of the EMSS Plan take precedence and priority and the provisions of such agreement or other arrangement are amended accordingly; and
 - (iv) to have released absolutely and in their entirety, all Affected Claims in accordance with the provisions of the EMSS Plan and this Sanction Order.

RELEASES

33. The releases set out in Article 7 of the EMSS Plan shall be effective and binding on the Completion Date in accordance with the terms pursuant to the EMSS Plan.

THE MONITOR AND THE CCAA PROCEEDINGS

34. Except as otherwise provided in this Sanction Order and the EMSS Plan, the Monitor has satisfied all of its obligations respecting EMSS and as required pursuant to the CCAA, the CCAA Proceedings, and the Orders made in the course of the CCAA Proceedings, and the Monitor shall have no liability in respect of any information disclosed in the CCAA Proceedings.

35. The Monitor, in addition to its prescribed rights and obligations under the CCAA and the powers provided to the Monitor herein, shall be and is hereby authorized, directed and empowered to perform its functions and fulfill its obligations and necessary administrative functions under the EMSS Plan, the Claims Process Order and this Sanction Order.

36. EMSS is hereby authorized and directed to pay the accounts of the Monitor, its legal counsel, legal counsel to EMSS, and the CRO, pursuant to the EMSS Plan at such times and from time to time as appropriate.

GENERAL

37. Notwithstanding:

- (a) the pendency of the CCAA Proceedings and the declaration of insolvency made therein;
- (b) a bankruptcy or act of bankruptcy of any of the Applicants; or
- (c) the provisions of any federal or provincial statute,


none of the transactions, payments, steps, releases or compromises made during the CCAA Proceedings or contemplated to be performed or effected pursuant to the EMSS Plan shall constitute settlements, fraudulent preferences, fraudulent conveyances or other challengeable or reviewable transactions under any applicable law, federal, provincial or otherwise, nor shall they constitute conduct meriting an oppression remedy.

38. Upon the Effective Date, this Sanction Order shall have full force and effect in all Provinces and Territories in Canada and abroad and as against all Persons and parties against whom it may otherwise be enforced.

39. EMSS, the Monitor, the CRO, or NewCo may apply to this Court for advice and direction, or to seek relief in respect of any matter arising out of or incidental to the EMSS Plan or this

Sanction Order, including without limitation, the interpretation of this Sanction Order and the EMSS Plan or the implementation thereof, and for any further Order that may be required, on notice to any party likely to be affected by the Order sought or on such notice as this Court orders.

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


Justice of the Court of Queen's Bench of Alberta

SCHEDULE "1"

COURT FILE NUMBER

1501-00955

Clerk's Stamp

COURT

COURT OF QUEEN'S BENCH
OF ALBERTA

IN BANKRUPTCY AND INSOLVENCY

JUDICIAL CENTRE

CALGARY

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

APPLICANTS

LUTHERAN CHURCH – CANADA, THE ALBERTA –
BRITISH COLUMBIA DISTRICT, ENCHARIS COMMUNITY
HOUSING AND SERVICES, ENCHARIS MANAGEMENT
AND SUPPORT SERVICES, AND LUTHERAN CHURCH –
CANADA, THE ALBERTA – BRITISH COLUMBIA
DISTRICT INVESTMENTS LTD.

DOCUMENT

MONITOR'S CERTIFICATE (EMSS)

WHEREAS:

1. Pursuant to the Order of this Honourable Court dated January 23, 2015 (the "Initial Order") the Applicants filed for and obtained protection from creditors under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended.
2. Pursuant to the Initial Order, Deloitte Restructuring Inc. was appointed the Monitor of the Applicants (the "Monitor") with the powers, duties and obligations set out in the Initial Order, as amended from time to time.
3. Pursuant to the Order of this Honourable Court dated May 19, 2015, Kluane Financial Services Inc. was appointed Chief Restructuring Officer of the Applicants (the "CRO") with the powers, duties and obligations set out in that Order and in the Order of this Honourable Court dated March 6, 2015, as amended from time to time.
4. On December 8, 2015, EMSS filed an Amended Amended Plan of Compromise and Arrangement under the CCAA dated December 5, 2015 (the "EMSS Plan"), which has been sanctioned by this Honourable Court by Order dated January 20, 2016.
5. The CRO has advised the Monitor in writing that the conditions set out in Article 6.2 of the EMSS Plan have been satisfied and that the EMSS Plan is capable of being implemented.
6. Unless otherwise indicated herein, initially capitalized terms used herein have the meaning set out in the EMSS Plan.

THE MONITOR HEREBY CERTIFIES that all conditions precedent set out in Article 6.2 of the EMSS Plan have been satisfied and that the EMSS Plan has, as of this date, been implemented.

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

Deloitte Restructuring Inc., in its capacity as Court-appointed Monitor of Lutheran Church – Canada, the Alberta – British Columbia District, Encharis Community Housing and Services, Encharis Management and Support Services, and Lutheran Church – Canada, the Alberta – British Columbia District Investments Ltd.

Per: _____
Jeff Keeble, CA, CIRP, CBV
Senior Vice-President