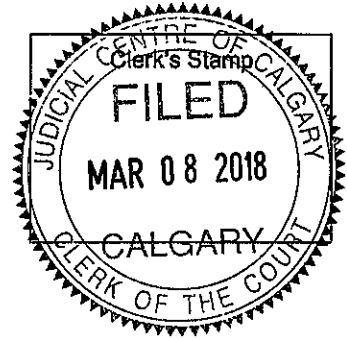


COURT FILE NUMBER 1501-00955
COURT COURT OF QUEEN'S BENCH OF ALBERTA ~~IN BANKRUPTCY AND INSOLVENCY~~
JUDICIAL CENTRE CALGARY



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.

I hereby certify this to be a true copy of the original ORDER

Dated this 8 day of March 2018
[Signature]
for Clerk of the Court

DOCUMENT **ORDER** (Prince of Peace Church and School Settlement)

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT **Fasken Martineau DuMoulin LLP**
First Canadian Centre
3400, 350 – 7th Avenue S.W.
Calgary, AB T2P 3N9

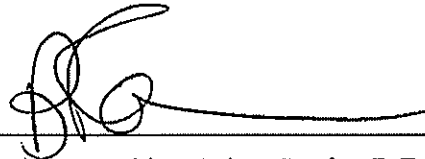
Attention: Travis Lysak / Hannah Roskey
Phone: (403) 261-5350
Facsimile: (403) 261-5351
File No.: 307842.00003

Date on which Order was pronounced: March 8, 2018
Location where Order was pronounced: Calgary, Alberta
Name of Justice who made this Order: Madam Justice B.E.C. Romaine

UPON HEARING the Application of the Lutheran Church – Canada, the Alberta – British Columbia District (the “**District**”), Encharis Community Housing and Services (“**ECHS**”), Encharis Management and Support Services (“**EMSS**”), and the Lutheran Church – Canada, the Alberta – British Columbia District Investments Ltd. (“**DIL**”) (together, the “**Applicants**”); **AND UPON REVIEWING** the Affidavit sworn by Cameron Sherban in support of the Application; **AND UPON HEARING** submissions from counsel for the Applicants;

IT IS HEREBY ORDERED AND DECLARED THAT:

1. Service of notice of the Application for this Order, and all supporting materials respecting the Application, filed March 1, 2018, is hereby declared to be good and sufficient, and no other person is required to have been served with notice of the Application for this Order, and the time for service of the Application for this Order is abridged to the time actually given.
2. All capitalized terms not otherwise defined in this Order shall have the meaning ascribed to them in the Affidavit of Cameron Sherban, sworn March 1, 2018.
3. The terms of settlement between the District and the POP Church and School are hereby approved, and the execution of the Settlement Agreement between the District and the POP Church and School is hereby approved, with such minor amendments as may be deemed necessary by the District and the POP Church and School. The District is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the implementation of the Settlement Agreement, which is attached to this Order as Schedule “A”.
4. In accordance with the Settlement Agreement, Sage is hereby directed to cancel the shares held in Sage by the POP Church and School upon being served with a filed copy of this Order.



The Honourable Madam Justice B.E.C. Romaine

SETTLEMENT AGREEMENT

THIS AGREEMENT made effective the 27 day of February, 2018.

BETWEEN:

**LUTHERAN CHURCH, CANADA - THE ALBERTA - BRITISH
COLUMBIA DISTRICT**

(the "District")

- and -

PRINCE OF PEACE CHURCH AND SCHOOL

(the "POP Church and School")

(Collectively referred to as the "Parties")

WHEREAS the District has advanced two loans to the POP Church and School (the "Loans"), which were used to construct the buildings that house the POP Church and School (the "Buildings") and to fund other church activities;

AND WHEREAS as part of the Plan of Compromise and Arrangement of the District (the "District Plan"), the POP Church and School agreed to transfer the Buildings to Sage Properties Corp. ("Sage");

AND WHEREAS the POP Church and School has provided the District with information to support that the amount of \$4,654,022 from the Loans was used to construct the Buildings;

AND WHEREAS the total amount owing under the Loans is approximately \$8,720,024.26, inclusive of interest accrued to December 31, 2015, and \$1,815,346.02, inclusive of interest accrued to August 14, 2016 (collectively, the "Indebtedness");

AND WHEREAS the District and the POP Church and School wish to settle the Indebtedness, in accordance with the terms set out herein;

NOW THEREFORE in consideration of the terms, covenants, and conditions set out below, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1 TERMS OF SETTLEMENT

1.1 Court Approval

- (a) The terms of this Agreement are subject to the approval of the Alberta Court of Queen's Bench (the "Approval Order").

1.2 Settlement

- (a) The POP Church and School agrees:
 - (i) to pay to the District the lump-sum amount of \$40,000, within 1 week of the date of filing of the Approval Order;
 - (ii) to transfer to Sage, for cancellation, the shares in Sage that the POP Church and School received pursuant to the District Plan, within 1 week of the date of filing of the Approval Order; and
 - (iii) as of December 19, 2017, to forgo any further distributions that the POP Church and School may have been or may be entitled to under the District Plan.
- (b) The District agrees:
 - (i) the amount of the Indebtedness is reduced by the amount of \$4,654,022, in recognition of the transfer of the Buildings from the POP Church and School to Sage; and
 - (ii) to release the POP Church and School from all claims relating to the remaining face value of the Indebtedness and any interest owed on the Indebtedness.

2 GENERAL

2.1 Entire Agreement

- (a) This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior agreements, understandings, warranties, representations, negotiations, and discussions, whether oral or written, of the Parties, except as specifically set forth herein.

2.2 Non-Waiver

- (a) No consent or waiver, express or implied, by either Party to or of any breach or default by the other Party in the performance by the other Party of its obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance of obligations by such Party. Failure on the part of either Party to complain of any act or failure to act of the other Party or to declare the other Party in default, irrespective of how long such failure continues, shall not constitute a waiver by such Party of its rights hereunder.

2.3 Governing Law and Submission to Jurisdiction

- (a) This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein, and the Parties attorn to the exclusive jurisdiction of the Court of Queen's Bench of Alberta in the Judicial Centre of Calgary.

2.4 Time of Essence

- (a) Time shall be of the essence of this Agreement and of every part hereof.

2.5 Unenforceable Terms

- (a) In the event that any particular provision or provisions of this Agreement is or are determined to be invalid, illegal, or unenforceable in any respect, then the particular provision or provisions will be deemed to be severed from this Agreement and this Agreement will not in any way be affected or impaired.

2.6 Further Assurances

- (a) Each Party will, from time to time both during the term of this Agreement and after its termination, as requested and without further consideration, do such further acts and deliver all such further assurances, deeds, and documents as shall be reasonably required in order to fully perform and carry out the terms of this Agreement.

2.7 Counterparts

- (a) This Agreement may be executed in several counterparts each of which when so executed shall be deemed to be an original, and such counterparts shall constitute the one and same instrument and notwithstanding their date of execution shall be deemed to bear date as of the date of this Agreement. Facsimile, email, scanned, or photocopied signatures to this Agreement shall be as effective as originals and may be delivered by electronic transmission, including email.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF this Agreement has been executed by the Parties hereto as of the date first written above.

LUTHERAN CHURCH, CANADA - THE
ALBERTA - BRITISH COLUMBIA
DISTRICT

By: 
Authorized Signatory

PRINCE OF PEACE CHURCH AND
SCHOOL

By:  (LENNARD SIHLIS, CHAIRMAN)
Authorized Signatory