

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 APPLICATION BY THE APPLICANTS

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

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

Telephone: 403-237-5550
Fax: 403-263-3423

File: 103,007-003

NOTICE TO RESPONDENT(S)

This application is made against you. You are a respondent.

You have the right to state your side of this matter before the judge.

To do so, you must be in Court when the application is heard as shown below:

Date: Friday, July 15, 2016
Time: 9:00 AM
Where: Calgary Courts Centre, 601 - 5th Street SW, Calgary, Alberta
Before Whom: The Honourable Justice B.E.C. Romaine in Chambers

Go to the end of this document to see what else you can do and when you must do it.

Remedy claimed or sought:

1. Orders substantially in the form attached as **Schedule "A"**:
 - (a) declaring service of notice of this application and the supporting materials to be good and sufficient, and shortening the time for service, if necessary;
 - (b) sanctioning the Fifth Amended Plan of Compromise and Arrangement of Lutheran Church – Canada, the Alberta – British Columbia District, filed June 10, 2016 (the "District Plan"), the original District Plan was filed on February 16, 2016;
 - (c) confirming the settlement of all claims of Minor Affected Creditors, as defined in the Order,
 - (d) directing that distributions to Minor Affected Creditor who shall receive cash and shares in NewCo with a total value of less than \$10,000.00, shall be paid to the guardian of the Minor Affected Creditor upon the guardian proving the Monitor with an executed Guardian's Acknowledgment of Responsibility form;
 - (e) appointing the guardians of Minor Affected Creditor who shall receive cash and shares in NewCo with a total value of more than \$10,000.00, as Trustees of such Minor Affected Creditors property upon the guardian proving the Monitor with a sworn Trustee Appointment form and dispensing with the requirement for the Trustee to provide a bond or other security; and
2. Such further and other relief as this Honourable Court may allow.

Grounds for making this application:

3. On June 10, 2016 the District Plan was filed for the District.
4. Notices of a meeting of the Affected Creditors of the District (the "Creditors' Meeting") were provided to Affected Creditors of the District in accordance with the Meeting Order granted March 22, 2016.
5. The Creditors' Meeting of the District was held on May 14, 2016 and reconvened on June 10, 2016, after being adjourned. At the Creditors' Meeting the requisite majority of the Eligible Affected Creditors voted in favour of the District Plan.

6. The District Plan was filed with the intention of providing the greatest possible recovery for the Affected Creditors. If the Plan is sanctioned by this Honourable Court, the District anticipates implementing the Plan upon all conditions precedent having been met.
7. Throughout these proceedings, there has been strict compliance with all statutory requirements and adherence to all previous Orders of this Honourable Court. The Applicants are not aware of any actions taken in these proceedings that were not authorized by the CCAA or that are in contravention of any Court Orders.
8. The Applicants continue to work closely with the Monitor and stakeholders. The Applicants have acted and continue to act in good faith and with diligence with respect to these CCAA proceedings.
9. The District Plan is fair and reasonable in the circumstances for the following reasons:
 - (a) All creditors are unsecured creditors in a single class.
 - (b) The District Plan contemplates that Affected Creditors with proven claims will receive a Convenience Payment of the lesser of either \$5,000 or the full amount of their claim.
 - (c) There will be one or more additional cash distributions following the sale of the balance of the Non-Core Assets. Any such distribution shall be based on the amount of each Eligible Affected Creditor's proven claim after deducting the Convenience Payment and will be allocated on a pro-rata basis, as set out more fully in the District Plan.
 - (d) The Monitor will determine a value for the NewCo Shares in accordance with the process set out in paragraphs 20 to 22 of the Monitor's First Report to the Creditors, dated March 28, 2016. All resident Affected Creditors of Canada shall receive shares in NewCo on a pro-rata basis, as set out more fully in the District Plan. All Non-resident Affected Creditors shall receive payment of the discounted amount of the pro-rated cash value of their claim, as set out more fully in the District Plan. These distributions will be based in the amount of each Eligible Affected Creditor's proven claim after deducting the Convenience Payment.
 - (e) The Core Assets will be rolled into NewCo in a tax planned transaction.

- (f) The mandate of Newco will be determined by Newco Shareholders at a meeting of Newco Shareholders to be held within six months of the District Plan taking effective.
 - (g) If the decision is made to sell the Core Assets, the Core Assets will be sold by NewCo rather than by a receiver or the Court. That sale can be delayed to a more favourable time in the market.
 - (h) There were multiple information meetings held by the Monitor.
 - (i) The District Meeting was adjourned and reconvened at the request of voters to allow time for further consideration.
 - (j) The Monitor is supportive of the District Plan.
 - (k) The District Plan has been approved by more than 80% of Affected Creditors of the District representing more than 75% of the value of proven claims.
 - (l) The approval of the District Plan is in the public interest as it will facilitate and streamline possible future legal proceedings through the establishment of the Representative Action as well as minimizing the impact of the District's insolvency on the seniors who reside in the Manor and Harbour which form part of the Core Assets.
10. There are 193 District Depositors who are under 18 years old. The Minors' Property Act permits the Court to direct the transfer of proceeds under \$10,000.00 directly to minor's guardians, while amounts over \$10,000.00 require the minor's guardians to be appointed as Trustees prior to the transfer of proceeds.
11. Of these 194 minors, there are only 3 minors who may receive cash and shares in NewCo having a total value of more than \$10,000.00. These 3 minors are aged 4, 7, and 15 years old and the maximum estimated proceeds they are anticipated to receive are \$12,200.00, \$11,050.00, and \$13,640.00, respectively.
12. The Applicants continue to work closely with the Monitor and the Monitor approves of the proposed relief and supports this application.
13. The Applicants are working in good faith and with due diligence in these proceedings and believe it is within the best interest of the Applicants and all stakeholders to continue in these proceedings as outlined above.

Material or evidence to be relied on:

14. Affidavit of Cameron Sherban, sworn June 30, 2016;
15. the Monitor's Nineteenth and Twentieth Report;
16. the pleadings and other materials filed herein; and
17. such other and further material as counsel may advise and this Honourable Court may permit.

Applicable rules:

18. Part 6 - Division 1, Rule 13.5, Part 6 Division 4.

Applicable Acts and regulations:

19. *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended.
20. *Minors' Property Act*, S.A. 2004, c. M.18.1

Any irregularity complained of or objection relied on:

21. None.

How the application is proposed to be heard or considered:

22. In person.

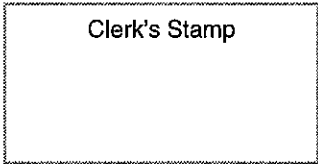
WARNING

If you do not come to Court either in person or by your lawyer, the Court may give the applicant(s) what they want in your absence. You will be bound by any order that the Court makes. If you want to take part in this application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of the form. If you intend to give evidence in response to the application, you must reply by filing an affidavit or other evidence with the Court and serving a copy of that affidavit or other evidence on the applicant(s) a reasonable time before the application is to be heard or considered.

A person may make an application for an order restricting publication only if a judge has authority to make such an order under an enactment or at common law.

Schedule "A"

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



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

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

DOCUMENT **ORDER (District Subcommittee Order)**

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

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

Telephone: 403-237-5550
Fax: 403-263-3423

File No.: 103,007-003

DATE ON WHICH ORDER WAS PRONOUNCED: FRIDAY, JULY 15, 2016

LOCATION WHERE ORDER WAS PRONOUNCED: CALGARY, ALBERTA

NAME OF JUSTICE WHO MADE THIS ORDER: JUSTICE B.E.C. ROMAINE

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 Fifth Amended Plan of Compromise and Arrangement of the District, filed June 10, 2016 (the "District 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, counsel for the District Creditors Committee, counsel for the DIL Creditors Committee and other interested parties; **AND UPON NOTING** this Honourable Court having sanctioned the District Plan by Order of Justice B.E.C. Romaine, granted July 15, 2016 (the "District Sanction Order"); **AND UPON** noting that the District Plan, as approved by the District Sanction Order, contains a Representative Action (as that term is defined by the District Plan); **AND UPON DETERMINING** that the granting of this Order would facilitate the implementation of the District Plan;

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 District Plan.
2. Service of notice of the application for this Order, and all supporting materials, as set out in the Affidavit of Charlene Everett, filed July [REDACTED], 2016 is good and sufficient, and the time for notice hereof is shortened to the time actually given.

DISTRICT SUBCOMMITTEE

3. The District Committee shall, within a reasonable time from the date of this Order, appoint a District Subcommittee from the District Representative Action Class.
4. Prior to appointing the District Subcommittee, the District Committee shall send out to all the District Depositors who have not submitted a Notice of Opting Out, an invitation to participate on the District Subcommittee.
5. Subject to the following, the size of the District Subcommittee shall be between three (3) and five (5) members. The District Committee shall determine the size of the District Subcommittee by majority vote of its members. The District Committee may thereafter, from time to time, vary the size of the District Subcommittee if they determine, acting reasonably, that such a change is necessary or desirable. The members of the District Subcommittee shall be determined by majority vote of the members of the District Committee. All individuals being considered for inclusion in the District Subcommittee shall be required to disclose any conflict of

interest to the District Committee prior to beginning their tenure on the District Subcommittee and to the District Subcommittee as such conflict becomes relevant during the course of their tenure.

6. Any person elected to the District Subcommittee may later resign, or may be removed or replaced by a majority vote of the District Subcommittee at any time, provided the District Subcommittee acts reasonably in making such removal or replacement, provide always if it is impractical or impossible for the District Subcommittee to replace one or more of its members, the District Committee may, by majority vote, replace such members.

7. Unless otherwise ordered by the Court and subject to paragraph 8 hereof, in order to be a member of the District Subcommittee, an individual shall:

- (a) Be a District Depositor;
- (b) Not be in a conflict of interest with respect to the District Representative Action, including, without limitation, being the parent, spouse or child of a Partially Released Party or serving on any DIL Subcommittee established to or as a plaintiff in any action brought to pursue a DIL Representative Action on behalf of the creditors under DIL Plan of compromise and arrangement;
- (c) Not have served a Notice of Opting Out to the Monitor or District Representative Counsel; and
- (d) Not be a Partially Released Party.

8. Notwithstanding paragraph 7 hereof, an individual may be a member of the District Subcommittee if they are the committee, trustee or personal representative of an individual who is a District Depositor, provided that:

- (a) the individual otherwise qualifies under paragraph 7 hereof; and
- (b) the committee, trustee or personal representative qualifies under subparagraph 7 (b), (c) and (d) herein.

9. The mandate of the District Subcommittee, in accordance with the District Plan shall include, but is not limited to:

- (a) taking reasonable steps to maximize the amount of funds that are ultimately available for distribution to the District Representative Action Class under the District Representative Action;
- (b) conducting themselves substantially in accordance with the principles laid out in the charter document attached hereto as Schedule "1"; and
- (c) serving in a fiduciary capacity to all the District Representative Action Class with respect to the District Representative Action.

10. The District Subcommittee shall have the following duties and responsibilities:

- (a) appointing District Representative Counsel in accordance with the process set out in the District Plan;
- (b) providing instructions to District Representative Counsel;
- (c) in consultation with District Representative Counsel, appointing one or more District Representative Plaintiffs;
- (d) in consultation with District Representative Counsel, providing information and updates with respect to the District Representative Action to the District Representative Action Class on a regular basis, taking into account solicitor client privilege and the need to keep certain information, including, without limitation, litigation strategy and settlement positions, confidential so as not to compromise the success of the District Representative Action;
- (e) working with the District Representative Counsel and the Monitor to establish the amount of the District Representative Holdback; and
- (f) prior to the commencement of the District Representative Action, to work with District Representative Counsel, in consultation with the Monitor, to provide such information to the District Representative Action Class, as it exists at that time, as they deem necessary or desirable, in their discretion, to permit the members of the District Representative Action Class to determine if they wish to continue to participate in the District Representative Action.

11. In carrying out its mandate, duties and responsibilities under the District Plan and this District Subcommittee Order, the District Subcommittee shall be entitled to take into account and rely upon the advice of District Representative Counsel, including advice with respect to the risks and costs of taking any particular step or course of action, including the need to keep certain information, including, without limitation, litigation strategy and settlement positions, confidential so as not to compromise the success of the District Representative Action.

DISTRICT REPRESENTATIVE COUNSEL

12. Without limiting the duties and professional responsibilities of District Representative Counsel at law or pursuant to the rules and code of conduct of the applicable law society, District Representative Counsel shall:

- (a) assist the District Subcommittee in identifying one or more appropriate District Representative Plaintiffs;
- (b) assist the District Subcommittee and the Monitor in determining a reasonable and realistic District Representative Holdback taking into account such matters District Representative Counsel considers relevant including, without limitation, the number and types of District Representative Actions which may be advanced and the form of retainer required by District Representative Counsel;
- (c) prosecute the District Representative Action on behalf of the District Representative Action Class;
- (d) advise the District Subcommittee with respect to any and all alternatives, including, without limitation, settlement and mediation and other forms of alternative dispute resolution;
- (e) take instructions with respect to the District Representative Action from the District Subcommittee; and
- (f) do all other things that legal counsel should do to advance the cause of their clients.

13. The District Representative Counsel shall take instructions from the District Subcommittee with respect to the District Representative Action and for greater clarity, but without otherwise limiting the generality of the foregoing, the District Subcommittee shall be deemed to be the client of the District Representative Counsel with respect to the District

Representative Action with respect to privilege. Without limiting the generality of the foregoing, District Representative Counsel shall have no obligation to consult with nor take instructions from individual members of the District Representative Action Class in connection with the District Representative Action.

DISTRICT REPRESENTATIVE PLAINTIFF

14. Subject to paragraph 16 hereof, in order to be a District Representative Plaintiff, an individual must:

- (a) Be a District Depositor;
- (b) Not be in a conflict of interest with respect to the District Representative Action, including, without limitation, being the parent, spouse or child of a Partially Released Party or serving on any DIL Subcommittee established to or as a plaintiff in any action brought to pursue a DIL Representative Action on behalf of the creditors under DIL Plan of compromise and arrangement;
- (c) Not have served a Notice of Opting Out upon the Monitor or District Representative Counsel; and
- (d) Not be a Partially Released Party.

15. Subject to paragraph 16 hereof, a District Representative Plaintiff shall at all times be a member of the District Subcommittee and, notwithstanding paragraphs 4 and 5 of this District Subcommittee Order, should a District Representative Plaintiff be appointed by the District Subcommittee who is not already a member of the District Subcommittee, such District Representative Plaintiff shall upon appointment become a member of the Subcommittee.

16. Notwithstanding paragraphs 14 and 15 hereof, should all or a portion of the causes of action which make up the District Representative Action require the District to be a plaintiff in the District Representative Action, then:

- (a) the District Representative Plaintiff shall be deemed to include the District;
- (b) paragraphs 15 and 17 of this District Subcommittee Order shall not apply to the District;

- (c) District Representative Counsel shall have no obligation to take instructions from or report to the District;
- (d) Sections 240 and 241 of the *Business Corporations Act*, R.S.A. 2000, c. B-9 shall apply to such portion of the Representative Action;
- (e) the District Subcommittee shall be entitled to give District Representative Counsel instructions with respect to that portion of the District Representative Action that involves the District as Plaintiff and for greater clarity, but without otherwise limiting the generality of the foregoing, the District Subcommittee shall be deemed to be the client of the District Representative Counsel with respect to the District Representative Action with respect to privilege; and
- (f) the District Subcommittee may apply for advice and direction to clarify this District Subcommittee Order and the District Plan with respect to District's participation in the District Representative Action if they deem such advice and direction necessary or desirable.

17. The District Representative Plaintiff is entitled to be indemnified for any liability for any costs award issued in any District Representative Action from the District Representative Action Holdback, up to the maximum amount of funds remaining in the District Representative Action Holdback at the time of such costs award.

18. The District Representative Plaintiff shall be entitled to commence one or more proceedings as a part of the District Representative Action with respect to the District Representative Action Claims on behalf of the District Representative Action Class.

19. The District Subcommittee is hereby irrevocably appointed as true and lawful attorney of the District Representative Plaintiff for all purposes related to or arising from the District Representative Action, including, without limitation, providing instruction to District Representative Counsel.

DISTRICT REPRESENTATIVE ACTION

20. The District Subcommittee is hereby authorized and enabled to take any and all such steps as they deem necessary and desirable to commence and prosecute the District Representative Action on behalf of the District Representative Action Class. For greater clarity, but without otherwise limiting the generality of the foregoing, should the District Subcommittee

determine, in consultation with District Representative Counsel, that it is necessary or desirable to commence more than one District Representative Action, the District Subcommittee may commence more than one proceeding and all such proceedings shall be deemed to be part of the District Representative Action for the purposes of the District Plan and this District Subcommittee Order.

21. The District Representative Action shall be governed by the terms of the District Plan, this District Subcommittee Order and any subsequent Order within the CCAA Proceedings. Except as subsequently ordered by this Court within the CCAA Proceedings and only to the extent so ordered, the District Representative Action shall not be governed by the *Class Proceedings Act*, R.S.B.C. 1996, c. 50 (British Columbia) and *Class Proceedings Act*, S.A. 2003, c C-16.5, as amended by the *Class Proceedings Amendment Act*, 2010, c. 15 (Alberta), or any legislation of similar purpose or intent in any Canadian Province or Territory, or State of the United States. Notwithstanding the foregoing, should the District Representative Action, or in the case that more than one District Representative Action is filed by the District Representative Counsel, one of the proceedings be commenced by the District Representative Counsel on behalf of the District Depositors participating in the District Representative Action under the *Class Proceedings Act*, R.S.B.C. 1996, c. 50 (British Columbia) or *Class Proceedings Act*, S.A. 2003, c. C-16.5, as amended by the *Class Proceedings Amendment Act*, 2010, c. 15 (Alberta), such legislation shall be deemed to govern such District Representative Action except to the extent such legislation is inconsistent with or modified by the District Plan, this District Subcommittee Order or subsequent Order made within the CCAA Proceedings.

22. Subject to paragraph 24, the District Representative Action shall be the sole recourse of any District Depositor with respect to a District Representative Action Claim, except if such District Depositor is also a DIL Depositor (as that term is defined in the DIL Plan), he or she may also participate in any representative action commenced pursuant to the DIL Plan. No legal proceedings shall be commenced by any District Depositor or any other Person for a claim that is an actual or potential District Representative Action Claim except for any representative action commenced pursuant to the DIL Plan, if applicable. Without limiting the generality of the foregoing, but for greater clarity, those District Depositors who are deemed to be participating in the Representative Action, or those District Depositors who have elected not to participate in or to have opted out of the District Representative Action, pursuant to paragraph 26 and 27, are not eligible to be members of any "class" for purposes of the *Class Proceedings Act*, R.S.B.C. 1996, c. 50 (British Columbia) and *Class Proceedings Act*, S.A. 2003, c. C-16.5, as amended by the *Class Proceedings Amendment Act*, 2010, c. 15 (Alberta), or any legislation of similar

purpose or intent in any Canadian Province or Territory, or State of the United States in any other legal proceeding(s) other than the District Representative Action except for any representative action commenced pursuant to the DIL Plan, if applicable.

23. Those District Depositors who elect not to participate in the District Representative Action pursuant to paragraph 26 or who opt out of the District Representative Action pursuant to paragraph 27:

- (a) are forever barred from participating in the District Representative Action;
- (b) are not entitled to receive any recovery of any kind, including but not limited to a dividend or distribution under the District Plan, that is payable out of proceeds recovered pursuant to the District Representative Action;
- (c) shall have no liability for any costs in the District Representative Action; and
- (d) are not eligible to be members of any “class” pursuant to the *Class Proceedings Act*, R.S.B.C. 1996, c. 50 (British Columbia) and *Class Proceedings Act*, S.A. 2003, c C-16.5, as amended by the *Class Proceedings Amendment Act*, 2010, c. 15. (Alberta), or any legislation of similar purpose or intent in any Canadian Province or Territory, or State of the United States with respect to any claim which was or could have been a District Representative Action Claim in any other legal proceeding(s) other than the District Representative Action except for any representative action commenced pursuant to the DIL Plan, if applicable.

24. Notwithstanding paragraph 23(d), should the DIL Plan not be sanctioned by the Court in the CCAA Proceedings or should the DIL Plan as sanctioned not contain a representative action, District Depositors who are also DIL Depositors shall be entitled to participate in any legal action which would have constituted a “representative action claim” (as that term is defined in the DIL Plan) under the DIL Plan in their capacity as a DIL Depositor.

25. Following the selection of District Representative Counsel by the District Subcommittee, the Monitor will provide to the District Representative Action Class an estimate of the amount of the District Representative Action Holdback together with information regarding opting out of the District Representative Action, the name of District Representative Counsel, the deadline for opting out of the District Representative Action and the names of the District Subcommittee members, which information will be posted on the Monitor’s website.

26. District Depositors may elect not to participate in the District Representative Action by completing and delivering the Notice of Opting Out form attached hereto as Schedule "2" to the Monitor on or before 5:00 p.m. (Calgary time) on the last business day preceding the date of the commencement of the Representative Action. District Depositors who fail to deliver the Notice of Opting Out to the Monitor in accordance with this paragraph 26 shall be deemed to have elected to participate in the District Representative Action.

27. A District Depositor who has elected or been deemed to have elected to participate in the District Representative Action may, at any time prior to the commencement of any District Representative Action, opt out of the District Representative Action by providing notice to the District Representative Counsel, or in the event that District Representative Counsel has not yet been retained, to the Monitor. Notice of opting out of the District Representative Action must be written, dated, and signed on the Notice of Opting Out form attached hereto as Schedule "2". Upon receipt of the Notice of Opting Out form by the District Representative Counsel or the Monitor, the District Depositor shall have their status changed from participating in the District Representative Action to not participating in the District Representative Action. Within a reasonable period of time of receiving the Notice of Opting Out, the District Representative Counsel or the Monitor, as the case may be, shall calculate such District Depositor's Proportionate Share of Costs incurred until the Sunday of the week in which the Notice of Opting Out was received by the District Representative Counsel or the Monitor, as the case may be. The District Representative Counsel or the Monitor, as the case may be, shall deduct the Proportionate Share of Costs from the amount which was contributed by such District Depositor as his or her share of the District Representative Action Holdback and shall remit the balance to the District Depositor.

28. On the application of the District Subcommittee or any member of the District Representative Action Class, the Court may extend the deadline for members of the District Representative Action Class to opt out of the District Representative Action.

29. Parties to a proceeding which is part of the District Representative Action shall have the same rights of discovery under the Rules of Court of the jurisdiction in which such proceeding is commenced as they would in any other proceeding. Notwithstanding that a proceeding which is part of the District Representative Action is brought in the name of the District Representative Plaintiff, a defendant may, with the permission of the Court in such proceeding, discover other members of the District Representative Action Class. In granting such permission, the Court may take into account such matters that the Court deems relevant to that determination and grant such permission on such terms and conditions as it deems appropriate.

30. The District Subcommittee or a member of the District Representative Action Class may apply for advice and direction with respect to any proceedings which are part of the District Representative Action and the Court may make any Order it deems appropriate to facilitate the prosecution of such proceeding as a part of the District Representative Action.

31. Any documents produced by, received by, provided to or exchanged with or among the District Committee, its individual members or their counsel during the course of the performance of their duties as the District Committee shall not be producible in the District Representative Action without the prior consent of the Monitor and further Order of this Court.

32. No member of the District Committee shall be compellable as a witness at discovery or trial or give testimony in the District Representative Action with respect to any matters relating to or information, including without limitation, any documents, received during the course of the performance of their duties as members of the District Committee.

33. Upon the conclusion of the District Representative Action, any funds remaining in the District Representative Action Pool following payment from the District Representative Action Pool of such amounts payable in accordance with the District Plan and the Sanction Order will be distributed on a pro-rata basis to the District Depositors who remain part of the District Representative Action Class.

GENERAL

34. The District Subcommittee shall have no obligation to consult with individual District Depositors in connection with the discharge of its duties under this Order.

35. Upon the Completion 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.

36. The District, the Monitor, the District Committee, the District Subcommittee or the CRO 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 District Plan or this District Subcommittee Order, including, without limitation, the interpretation of this District Subcommittee Order and the District Plan and 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.

37. The District Subcommittee and its members shall incur no liability or obligations in respect of the performance of their duties or in carrying out the provisions of this Order, save and except for liability arising out of breach of fiduciary duty, gross negligence or wilful misconduct.

38. 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, the District Subcommittee, the District Committee, 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, the CRO, the District Subcommittee and the District Committee, 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, the District Subcommittee, the District Committee, and their respective agents in carrying out the terms of this Order.

Justice of the Court of Queen's Bench of Alberta

SCHEDULE "1"LUTHERAN CHURCH CANADA,
THE ALBERTA – BRITISH COLUMBIA DISTRICTCHARTER OF THE DISTRICT SUBCOMMITTEEBACKGROUND

Lutheran Church Canada, the Alberta – British Columbia District (the "**District**") made an application pursuant to the *Companies' Creditors' Arrangement Act*, R.S.C. 1985, c. C-36, as amended ("**CCAA**") to reorganize its affairs for the benefit of its creditors (the "**District Depositors**"). An order was granted by the Court of Queen's Bench of Alberta (the "**Court**") on March 22, 2015 (the "**Order**") to approve the presentation of a Plan of Compromise and Arrangement as the Fifth Amended Plan of Compromise and Arrangement of the District (the "**District Plan**") to District Depositors. A meeting of District Depositors was convened on May 14, 2016 and June 10, 2016 in Calgary, AB (the "**Creditors Meeting**") to vote upon the District Plan.

At the Creditors Meeting, the District Plan was approved and passed by the District Depositors in accordance with its terms, and the Court was requested to sanction the District Plan. On July 15, 2016 the Court approved and sanctioned the District Plan and thus, the District Plan is to be implemented (the "**District Sanction Order**").

Any defined term used in this Charter shall be as defined herein or, if not defined in this Charter, as defined in the District Plan.

ORGANIZATION

Pursuant to the District Plan, a District Subcommittee has been established and authorized and enabled by the District Subcommittee Order granted by Justice Romaine on July 15, 2016, to take any and all such steps as the District Subcommittee deems necessary and desirable to commence and prosecute a legal action or actions undertaken in respect of any District Representative Action Claims, which action(s) may be advanced as a class proceeding for the benefit of all the District Depositors who participate in the District Representative Action in accordance with the terms of the District Plan (the "**District Representative Action Class**"). The District Subcommittee operates pursuant to the District Sanction Order, the District Plan, any subsequent Order issued by the Court within the CCAA Proceedings or any direction from the Court regarding the CCAA Proceeding (collectively, the "**Governing Documents and Directives**"). This Charter shall be interpreted in the context of and governed by the terms of the District Plan and the District Sanction Order. To the extent that there is any inconsistency between this Charter, the District Plan and the District Sanction Order, the District Sanction Order shall govern. To the extent that the District Sanction Order is silent but there is an inconsistency between this Charter and the District Plan, the District Plan shall govern. This Charter shall also be subject to the terms of any subsequent Order of the Court in the CCAA Proceeding obtained with respect to the District Subcommittee or the District Representative Action.

PROCEDURES

All procedures and actions by the District Subcommittee must be in accordance with the Governing Documents and Directives. Subject to the Governing Documents and Directives, the District Subcommittee retains the responsibility for managing its own affairs, including selecting its Chairman, delegating duties to the District Subcommittee members and determining committee member reimbursement, if any.

PURPOSE

The main purposes of the District Subcommittee are to:

1. be the one group or entity to pursue any and all legal proceedings on behalf of the District Representative Action Class.
2. assist in providing a streamlined and timely process for the District Representative Action Class to pursue the Representative Action and prevent a situation where District Depositors are being contacted by multiple groups seeking to commence legal actions or where recoveries are complicated by multiple groups commencing legal action against the same parties;
3. choose legal counsel to represent the District Representative Action Class in the District Representative Action and to provide direction and instructions to the legal counsel selected by the District Subcommittee on behalf of the District Representative Action Class;
4. ensure that recoveries are maximized through cost control, budgeting and timely and efficient advancement of the District Representative Action;
5. pursue all legal proceedings on behalf of District Representative Action Class and make decisions regarding the District Representative Action on behalf of the District Representative Action Class; and
6. any other purpose indicated in the Governing Documents and Directives.

DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the District Subcommittee and the duties and responsibilities of each District Subcommittee member shall include, but are not limited to the following:

1. all duties and responsibilities detailed in Article 5 of the District Plan and the District Sanction Order;
2. choose a Chairman of the District Subcommittee;
3. ensure that the legal documents and records regarding the District Representative Action have been properly prepared, approved, maintained and kept in safekeeping;
4. act honestly, in good faith and with a view to the best interests of District Representative Action Class and to exercise the care, diligence and skill that

reasonable, prudent people would exercise in comparable circumstances with regard to any District Representative Action;

5. ensure that each member of the District Subcommittee discloses all actual or potential conflicts of interest in relation to the District Representative Action and recuses themselves from all discussion and votes which are related to such conflict which a reasonable person would believe could materially impair the exercise of independent judgment;
6. commit the time and energy necessary to properly carry out his or her duties as a District Subcommittee member;
7. attend all regularly scheduled District Subcommittee meetings, as applicable, in person or by telephone;
8. review in advance all meeting materials and otherwise adequately prepare for all regularly scheduled District Subcommittee meetings;
9. review continuously the District Subcommittee's strategies and their implementation in light of evolving conditions regarding the District Representative Action;
10. make independent determinations and conclusions regarding the District Representative Action and, accordingly, shall not be bound by any determinations or conclusions reached by any District Representative Action Class members who are not a member of the District Subcommittee;
11. report at reasonable intervals to the District Representative Action Class regarding the status of the District Representative Action and the status of the District Representative Action Holdback; and
12. to do or cause to be done all such other acts and things as they may consider necessary or advisable in order to carry out its duties and responsibilities.

MONITORING, REPORTING AND COMMUNICATION

The District Subcommittee has the responsibility to:

1. monitor the District Subcommittee's progress towards its goals and objectives and to revise and alter its direction through management in response to changing circumstances;
2. ensure and make regular assessments that the District Subcommittee has implemented adequate internal control and information systems which ensure the effective discharge of its responsibilities to the extent not delegated and of the District Subcommittee's effectiveness;
3. develop appropriate measures for receiving District Representative Action Class' feedback.

4. take action when performance falls short of its goals and objectives or when other special circumstances warrant;
5. ensure the timely reporting of any other developments that have a significant and material impact on District Representative Action Class in conjunction with District Representative Counsel; and
6. report its findings and conclusions to District Representative Action Class in a manner and at such times as District Representative Counsel shall determine is consistent with the charge to the District Subcommittee duties.

MEETINGS

The Chairman of the District Subcommittee shall be responsible for developing the agenda and determining the time, place and frequency of District Subcommittee meetings. Meetings of the District Subcommittee will be conducted in accordance with the Governing Documents and Directives. Meetings of the District Subcommittee can be conducted by telephone conference call, if appropriate. The District Subcommittee shall establish its own procedures including the appointment of a chairing director and secretary, the establishment of a quorum for its meetings, the timing and place of its meetings and such other procedures as it considers necessary or advisable for meetings. The secretary shall be responsible for ensuring accurate minutes of all meetings are kept.

Schedule "2" – Notice of Opting Out

COURT FILE NUMBER	1501-00955
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
DOCUMENT	NOTICE OF OPTING OUT (District Representative Action)
APPLICANTS	LUTHERAN CHURCH – CANADA, THE ALBERTA – BRITISH COLUMBIA DISTRICT, ENCHARIS COMMUNITY HOUSING AND SERVICES, ENCHARIS MANAGEMENT AND SUPPORT SERVICES, AND LUTHERAN CHURCH – CANADA, THE ALBERTA – BRITISH COLUMBIA DISTRICT INVESTMENTS LTD.

I, _____ a creditor (or I _____, representative of _____, a creditor), in the above matter hereby request District Representative Counsel (or in the event that District Representative Counsel is not retained, the Monitor) take notice that I shall no longer participate in the District Representative Action.

I acknowledge that by signing this document, I am or the creditor is:

- (a) waiving all rights as a participant within the District Representative Action Claim(s);
- (b) to be removed from the members of the District Representative Action Class;
- (c) not entitled to any further notice of or information regarding the District Representative Action, save what is available on the public record;
- (d) forever barred from participating in the District Representative Action;
- (e) not entitled to receive any recovery of any kind, including but not limited to a dividend or distribution under the Plan, that is payable out of proceeds recovered pursuant to the District Representative Action; and

- (f) not eligible to be a member of any "class" pursuant to the *Class Proceedings Act*, R.S.B.C. 1996, c. 50 (British Columbia) and *Class Proceedings Act*, S.A. 2003, c C-16.5, as amended by the *Class Proceedings Amendment Act, 2010*, c. 15. (Alberta), or any legislation of similar purpose or intent in any Canadian Province or Territory, or State of the United States, except for any representative action commenced pursuant to the DIL Plan, if applicable.

HIS NOTICE, ONCE DULY COMPLETED, DATED AND SIGNED, MUST BE SENT TO THE DISTRICT REPRESENTATIVE COUNSEL, OR IF THERE IS NO DISTRICT REPRESENTATIVE COUNSEL THEN TO THE MONITOR, BY MAIL, FACSIMILE TRANSMISSION OR COURIER, AND UPON THE DATE OF RECEIPT SHALL BE DEEMED ACCEPTED AND ENFORCEABLE.

Dated at _____ this _____ day of _____, 20____.

Witness

Individual Creditor

Witness

Name of Corporate Creditor

Name and Title of Signing Officer

Return to:
Representative Counsel

OR:

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

Telephone: 403-267-1777
Fax: 403-718-3681
Email: CalgaryRestructuring@deloitte.ca

COURT FILE NUMBER

1501-00955

COURT

COURT OF QUEEN'S BENCH
OF ALBERTA

Clerk's Stamp

IN BANKRUPTCY AND INSOLVENCY

JUDICIAL CENTRE

CALGARY

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

APPLICANTS

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

DOCUMENT

ORDER (District Sanction Order)

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT

Bishop & McKenzie LLP
Barristers & Solicitors
1700, 530 - 8th Avenue SW
Calgary, Alberta T2P 3S8

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

Telephone: 403-237-5550
Fax: 403-263-3423

File No.: 103,007-003

DATE ON WHICH ORDER WAS PRONOUNCED:

FRIDAY, JULY 15, 2016

LOCATION WHERE ORDER WAS PRONOUNCED:

CALGARY, ALBERTA

NAME OF JUSTICE WHO MADE THIS ORDER:

JUSTICE B.E.C. ROMAINE

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 Fifth Amended Plan of Compromise and Arrangement of the District, filed June 10, 2016 (the “District 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, counsel for the District Creditors Committee, counsel for the DIL Creditors Committee, and other interested parties; **AND UPON** this Honourable Court determining that the District Plan has the required support of the Eligible 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 District Plan both substantively and procedurally, and the appropriateness of the transactions contemplated thereby and therein and in this District 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 District 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 July 1, 2016 is good and sufficient, and the time for notice hereof is shortened to the time actually given.
3. The dissemination of the District Plan and all accompanying materials to the Affected Creditors has been duly effected as described in the Affidavit of Service, filed June 27, 2016 and in the Twentieth 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 and the reconvening of the Creditors' Meeting following its adjournment were duly given to all Affected 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 the District for the purposes of voting to approve the District Plan was fair and reasonable.

5. The District Plan has been agreed to and approved by the requisite majority of the Eligible Affected Creditors, achieving the Required Majority.
6. The District has complied with the provisions of the CCAA and the Orders of this Honourable Court in these proceedings in all respects.
7. The District has acted in good faith and with due diligence and the District Plan and all the terms and conditions of, and matters, transactions, corporate reorganizations and proceedings contemplated by the District Plan are fair, reasonable, not oppressive and are in the best interests of the Applicants and the Persons affected by the District Plan.
8. The District 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 District Plan are binding and effective on all Persons affected by the District Plan.

PLAN IMPLEMENTATION

9. The District, the Monitor, and the CRO are hereby authorized and directed to take all actions necessary or appropriate, in accordance with the terms of the District 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 District Plan and all matters contemplated under the District Plan involving corporate action of the District and such actions are hereby approved and will occur and be effective as of the Effective Date in accordance with the District Plan, in all respects and for all purposes without any requirement of further action by directors or officers of the District. 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 the District, 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 7.3 of the District Plan, substantially in the form attached hereto as **Schedule "1"**, stating that the District Plan Completion Date has occurred, the District 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 the District.
11. Upon the Completion Date, the District 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 District Plan, and shall enure to the benefit of and be binding upon the District, all Affected Creditors and all other Persons affected by the District Plan.

CONVEYANCE OF ASSETS TO NEWCO

12. Following the Effective Date and subject to the satisfaction of the conditions precedent in Article 7.2 of the District Plan, the District is hereby authorized to incorporate NewCo in accordance with Article 7.1(d) of the District Plan. The sequence of events stated in Article 6.1(d) of the ECHS Plan, and Article 6.1(c) of the EMSS Plan, which were authorized and approved by Orders granted on January 20, 2016, and in Article 7.1(e) and (f) of the District Plan, shall proceed.

DISTRIBUTION TO AFFECTED CREDITORS

13. Affected Creditors shall receive distributions as set forth below only to the extent that such Claims are Proven Claims and have not been paid, released or otherwise satisfied prior to the Effective Date. The timing of the payments shall be in accordance with Article 4.4 of the District Plan.

14. Following the Effective Date and subject to the satisfaction of the conditions precedent in Article 7.2 of the District Plan and subject to paragraphs 16 to 22 of this Order dealing with Minor Affected Creditors:

- (a) Each Affected Creditor with a Proven Claim will receive payment from the Payment Pool of the lesser of the amount of their Proven Claim or the first \$5,000 of their Proven Claim (the "Convenience Payment").
- (b) At such time as the Payment Pool is at least \$3.0 million, net of the Representative Action Holdback and the Restructuring Holdback, each Affected Creditor with a Proven Claim that is not fully satisfied by the Convenience Payment will receive a cash payment from the Payment Pool in an amount equal to that Affected Creditor's Cash Distribution amount. Each subsequent time the Payment Pool is at least \$3.0 million, net of any Representative Action Holdback and the Restructuring Holdback, or upon all of the Non-Core Assets being sold, the District, as directed by the Monitor, shall make a further distribution from the Payment Pool, subject to any Representative Action Holdback and the Restructuring Holdback, to the Affected Creditors whose claims were not fully

satisfied by the Convenience Payment equal to that Affected Creditor's Cash Distribution.

- (c) The Monitor will determine the Discounted Value in accordance with the process set out in paragraphs 20 to 22 of the Monitor's First Report to the Creditors, dated March 28, 2016.
- (d) Each Resident Affected Creditor with a Proven Claim that is not fully satisfied by the Convenience Payment will receive, on the Effective Date or within a reasonable time following the issuance of the NewCo Common Shares, each Resident Affected Creditor shall receive a share certificate evidencing their equity in NewCo in the form of NewCo Common Shares equal to that Resident Affected Creditor's Pro-Rata Share Portion of the NewCo Common Shares.
- (e) Each Non-Resident Affected Creditor with a Proven Claim that is not fully satisfied by the Convenience Payment will receive the amount of their Pro-Rata Cash Portion of the Discounted Value.

15. Subject to further Order of this Court, any balance of the following shall be paid to and from part of the Payment Pool:

- (a) any balance of the Disputed Claims Reserves after the resolution of the Disputed Claims; and
- (b) any balance of the Restructuring Holdback after payment of the Restructuring Claims.

DISTRIBUTION TO MINOR AFFECTED CREDITORS

16. The Court directs that all Affected Creditors who are under 18 years old ("Minor Affected Creditors") are subject to the terms of this section, regardless of the minor's place of residence or the age of majority in their place of residence. Anyone who is over the age of 18 is deemed not to be a minor for the purposes of this Order and all distributions.

17. The Court directs that the *Minors' Property Act*, S.A. 2004, c. M-18.1 applies to the Minor Affected Creditors, however, strict compliance with the procedural requirements, including application of the Surrogate Court rules, is waived.

18. The settlement of the claims of all the Minor Affected Creditors as set out in this Order and the District Plan is in the best interests of the Minor Affected Creditors and is hereby confirmed pursuant to section 4(2) of the *Minors' Property Act*.

19. With respect to a Minor Affected Creditor who shall receive cash and shares in NewCo having a total value of less than \$10,000.00, the Court directs that all proceeds shall to be paid to the guardian of the Minor Affected Creditor upon the guardian providing the Monitor with an executed Guardian's Acknowledgment of Responsibility, as set out in **Schedule "2"** of this Order.

20. With respect to a Minor Affected Creditor who shall receive cash and shares in NewCo having a total value of more than \$10,000.00, subject to the requirements of paragraph 21 herein, the Court appoints the guardian of each Minor Affected Creditor as Trustee for all property received by that Minor Affected Creditor pursuant to the District Plan and this Order. The Trustee shall have the power and authority to do all things which Trustees of the estates of minors may and ought to do according to the laws of the Province of Alberta.

21. Pursuant to paragraph 20 herein, the appointment of the guardian of each Minor Affected Creditor as Trustee for the purposes of this Order shall only take effect upon the provision of the following records to the Monitor by such guardian:

(a) A sworn Appointment of Trustee for Minor Affected Creditor, as set out in **Schedule "3"** of this Order; and

(b) If the Minor Affected Creditor is 14 years of age or older, but less than 18 years of age, an executed Minor's Consent, as set out in **Schedule "4"** of this Order.

22. The Court further dispenses with the requirement for the guardian who has been appointed Trustee of a Minor Affected Creditor's property pursuant to paragraph 20 herein to provide a bond or other security pursuant to section 11(4) of the *Minors' Property Act*, as it is in the best interests of the Minor Affected Creditors having regard to other safeguards that will be in place.

AMENDMENT TO DISTRICT BYLAWS AND HANDBOOK

23. Following the Effective Date and subject to the satisfaction of the conditions precedent in Article 7.2 of the District Plan, the District's bylaws and handbook are hereby deemed amended to state, *mutatis mutandis*:

The District is prohibited from raising or administering funds through any form of investment vehicle, such as those previously established as CEF and DIL.

24. Notwithstanding paragraph 23 of this Order, the District is entitled to continue to own property in its name, sell its property, mortgage or grant security to an arm's length party over its property and otherwise deal with its property in the normal course of its business.

25. The amendment contained in paragraph 23 is effective and shall be binding on the District notwithstanding Articles 2 and 11 of the District bylaws and the bylaws of Lutheran Church – Canada (the "Synodical Bylaws"), including Section 3.07 of the Synodical Bylaws.

ORDERLY LIQUIDATION OF NON-CORE ASSETS

26. Following the Effective Date, the District shall continue its efforts to liquidate the Non-Core Assets, which sales will be subject to the approval of the District Committee and the Monitor.

27. Should either of the District Committee or the Monitor not approve of the District's intentions regarding the sale of any of the Non-Core Assets, or should the District, the Monitor or the District Committee deem it appropriate to do so, the District, the Monitor, or the District Committee have leave to apply for the advice and direction of the Court in respect of any such potential sale.

DISCHARGE OF EXISTING CCAA CHARGES

28. 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 District as of the Completion Date.

COMPROMISE OF CLAIMS AND EFFECT OF DISTRICT PLAN

29. In accordance with the District Plan, upon the Completion Date the releases referred to in Article 8 and the other provisions of the District Plan including, without limitation, Article 5, shall become effective in accordance with the District Plan.

30. The Subcommittee shall be established in accordance with the District Subcommittee Order granted on July 15, 2016 (the "District Subcommittee Order").

31. 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 the District in favour of any Affected Creditor, other than in respect of a Claim of an Unaffected Creditor, shall be and are hereby deemed to be released, discharged and extinguished.

32. 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 and transfers 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.

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

34. 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 District 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 District and shall not be entitled to any distribution under the District Plan, and such Affected Claims are forever extinguished. Nothing in the District 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.

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

STAY OF PROCEEDINGS AND WAIVER

36. 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 the District until the certificate contemplated in paragraph 10 of this Sanction Order has been filed with the Court.

37. Upon the Effective Date, and except to the extent either: (i) already disclaimed, repudiated or resiliated, or (ii) expressly contemplated by the District Plan or the Sanction Order, all agreements to which the District 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 the District, 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 District 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 the District);
- (b) the District having sought or obtained relief or having taken steps as part of the District Plan or under the CCAA;
- (c) any compromises, arrangements, settlements, reorganizations, assignments or transactions effected pursuant to the District 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 the District; or
- (e) the effect upon the District of the completion of any of the transactions contemplated under the District Plan or completed during the CCAA Proceedings.

38. Except for those Claims provided for by the District Representative Action, the DIL Representative Act, the District Subcommittee Order, the DIL Subcommittee Order and any other Claims that are not released by the District 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 the District, any Partially Released Party, or District Released Representative in respect of all Affected Claims and any other matter which is released pursuant to this Sanction Order and the District Plan.

39. Except for those Claims provided for by the District Representative Action, the DIL Representative Act, the District Subcommittee Order, the DIL Subcommittee Order and any other Claims that are not released by the District Plan, from and after the Effective Date, all Persons shall be deemed to have waived any and all defaults of the District then existing or previously committed by the District, or caused by the District, 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 the District from performing its obligations under the District Plan. For greater certainty but without limiting the generality of the foregoing:

- (a) nothing herein shall be deemed to be a waiver of defaults by the District under the District 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 the District all consents, releases, assignments and waivers, statutory or otherwise, required to implement and carry out the District Plan in its entirety;
 - (ii) to have waived any default by the District in any provision, express or implied, in any agreement or other arrangement existing between such Creditor and the District 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 the District on, after, or with effect from, the Effective Date) and the provisions of the District Plan, then the provisions of the District 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 District Plan and this Sanction Order.

RELEASES

40. The releases set out in Article 8 of the District Plan shall be effective and binding on the Completion Date in accordance with the terms pursuant to the District Plan.

THE MONITOR AND THE CCAA PROCEEDINGS

41. Except as otherwise provided in this Sanction Order and the District Plan, the Monitor has satisfied all of its obligations respecting the District 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.

42. 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 District Plan, the Claims Process Order and this Sanction Order.

43. The District is hereby authorized and directed to pay the accounts of the Monitor, its legal counsel, legal counsel to the District, the District Creditor Committee Counsel, and the CRO, pursuant to the District Plan at such times and from time to time as appropriate.

GENERAL

44. 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 District 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.

45. 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.

46. The District, the Monitor, or the CRO 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 District Plan or this Sanction Order, including without limitation, the interpretation of this Sanction Order and the District 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.

47. 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

Confirmation by the court of the within settlement as set out in paragraph 18 pursuant to the Minors Property Act is recommended by the Public Trustee.

SCHEDULE "1"

COURT FILE NUMBER 1501-00955

COURT COURT OF QUEEN'S BENCH
OF ALBERTA

IN BANKRUPTCY AND INSOLVENCY

JUDICIAL CENTRE CALGARY

Clerk's Stamp

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 (District)**

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 June 10, 2016, the District filed the Fifth Amended Plan of Compromise and Arrangement under the CCAA, dated June 10, 2016 (the "District Plan"), which was sanctioned by this Honourable Court by Order, dated June 15, 2016.
5. The CRO has advised the Monitor in writing that the events set out in 7.1 of the District Plan have occurred and the conditions set out in Article 7.2 of the District Plan have been satisfied and that the District Plan is capable of being implemented.
6. Unless otherwise indicated herein, initially capitalized terms used herein have the meaning set out in the District Plan.

THE MONITOR HEREBY CERTIFIES that all conditions precedent set out in Article 7.2 of the District Plan have been satisfied and that the District 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

SCHEDULE "2"

GUARDIAN'S ACKNOWLEDGMENT OF RESPONSIBILITY
(MINORS' PROPERTY ACT (SECTION 8))

This acknowledgment of responsibility is given by:

Name _____

Address _____

1. This acknowledgment of responsibility relates to the minor, _____ *(name of minor)*,
who was born on _____ *(date of birth)*.

2. I am the minor's guardian because I am *(check one)*:

- the minor's mother or father.
- appointed guardian by the deed or will of the minor's parent, _____ *(name of parent)*,
who is now deceased.
- appointed guardian by a court order dated _____ *(date of guardianship order)*.

3. I have the power and responsibility to make day-to-day decisions affecting the minor.

4. I request **The District** to deliver to me, to hold as trustee for the minor, money or other property of a total value of \$ _____ that **The District** is holding for the minor.

5. I will use or expend the money or other property only for the minor's benefit.

6. When the minor reaches the age of 18 years I will account to the minor and transfer the balance of the money or other property remaining at that time to the minor.

Date _____

Guardian's Signature _____

Witness _____

SCHEDULE "3"

ACKNOWLEDGEMENT OF APPOINTMENT AS TRUSTEE FOR MINOR AFFECTED CREDITOR

This Appointment as Trustee is acknowledged by:

Name _____

Address _____

7. This Appointment of Trustee relates to the minor, _____ *(name of minor)*,
who was born on _____ *(date of birth)*.

8. I am the minor's Trustee because I am *(check one)*:

- the minor's mother or father.
- appointed guardian by the deed or will of the minor's parent, _____ *(name of parent)*,
who is now deceased.
- appointed guardian by a court order dated _____ *(date of guardianship order)*.

9. I have the power and responsibility to make day-to-day decisions affecting the minor.

10. I request **The District** to deliver to me, to hold as Trustee for the minor, money or other property that **The District** is holding for the minor.

11. I will use or expend the money or other property only for the minor's benefit.

12. When the minor reaches the age of 18 years I will account to the minor and transfer the balance of the money or other property remaining at that time to the minor.

13. I UNDERSTAND THAT I WILL HAVE THE POWER AN AUTHORITY TO DO ALL THINGS WHICH TRUSTEES OF MINORS PROPERTY MAY AND OUGHT TO DO ACCORDING TO THE LAWS OF THE PROVINCE OF ALBERTA.

I SWEAR/AFFIRM THAT I WILL PERFORM THE TRUST OF THE TRUSTEESHIP AND TO ADMINISTER THE PROPERTY OF THE MINOR ACCORDING TO THE LAWS OF THE PROVINCE OF ALBERTA.

SWORN BEFORE ME at the City/Town of _____)
_____, in the Province of _____,)
this ____ day of _____, 201___.)
_____))
A COMMISSIONER FOR OATHS in _____)
and for the Province of _____)

SCHEDULE "4"

CONSENT OF A MINOR AFFECTED TRUSTEE

To be completed by Minor Affected Creditors between the ages of 14 and 18 years old

This Consent of a Minor Affected Trustee is given by:

Name _____

Address _____

14. I am a minor, my name is: _____ *(name of minor)*,

I was born on _____ *(date of birth)*;

and am _____ years old.

15. I consent and elect my guardian as my Trustee.

16. My guardian is *(check one)*:

My mother or father: _____ *(name of mother or father)*.

My appointed guardian by the deed or will of my deceased parent, _____ *(name of parent)*,
who is now deceased.

My appointed guardian by a court order, dated _____ *(date of guardianship order)*.

17. My guardian/Trustee's name is: _____ *(name of guardian)*.

18. I request **The District** to deliver to my Trustee, to hold as my trustee, money or other property that **The District** is holding for me.

19. My Trustee will administer my property until I am the age of 18 years.

Date _____

Minor's Signature _____

Witness _____