

August 16, 2016

Notice to the creditors of Lutheran Church – Canada, the Alberta – British Columbia District (the “District”)

As you are aware, the District obtained an Initial Order under the *Companies’ Creditors Arrangement Act, R.S.C. 1985 c. C-36, as amended* (the “CCAA”) on January 23, 2015 (the “Filing Date”). Deloitte Restructuring Inc. acts as the Monitor in the CCAA proceedings. Information on the CCAA proceedings can be accessed on Deloitte’s website at www.insolvencies.deloitte.ca under the link entitled “Lutheran Church – Canada, the Alberta – British Columbia District et. al.” (the “Monitor’s Website”).

On August 2, 2016, the Court granted an Order sanctioning the District’s plan of compromise and arrangement (the “District Plan”), declaring that the District Plan is fair and reasonable and declaring that the District Plan and all associated steps, compromises, transactions, arrangements, assignments, releases and reorganizations effected by the District Plan are approved, binding and effective upon those creditors affected by the District Plan (the “District Sanction Order”). Any lawful party wishing to appeal the District Sanction Order, may seek leave to file such an appeal within 21 days (the “Appeal Period”). The District Plan will not be implemented until following the Appeal Period and assuming that the District Sanction Order is not appealed.

Attached is a statement outlining the following initial payments that will be made pursuant to the District Plan (the “Statement”):

1. The “Convenience Payment(s)” being the lesser of \$5,000 or the total amount of your claim. The Convenience Payments are being made net of any amount that was previously paid to you pursuant to the emergency fund implemented prior to the Filing Date and approved by the Court as part of the Initial Order (the “Emergency Fund”); and
2. The “Initial Cash Distribution(s)” being a pro-rata share of cash from the sale of the District’s assets to date, outside of the District’s mortgage on properties owned by ECHS within the development known as the Prince of Peace (the “Non-Core Assets”). The Initial Cash Distributions are being made net of any amount that was previously paid to you pursuant to the Emergency Fund.

Where funds are being paid through the estate of a deceased creditor, the corresponding estate or beneficiary(ies) are listed in the Statement. Where complete information on the beneficiaries to a deceased creditor’s estate is not available, distributions will be made to the estate itself. Please contact Joseph

Sithole at 1-587-293-3203 if you require changes made to the estate or beneficiaries reflected in the Statement.

The payments outlined in the Statement are anticipated to be issued to you from the District via regular mail on or before August 31, 2016. **This timing assumes that no application for leave to appeal is filed in respect of the District Sanction Order.** Any updates as to the timing of the payments described in the Statement will be posted on the Monitor's Website.

The following additional distributions will be made in the future pursuant to the District Plan:

1. Further cash distributions from the sale of the Non-Core Assets, which have not yet been disposed. Pursuant to the District Plan, distributions will be made each time the quantum of funds held in trust from the liquidation of the Non-Core Assets, net of applicable holdbacks reaches \$3.0 million; and
2. Shares (the "NewCo Shares") will be distributed forthwith upon the formation of a new company ("NewCo") pursuant to the District Plan.

All creditors would have previously received the Monitor's First Report to the Creditors of the District, dated March 28, 2016 (the "First Report"). "Schedule 5" of the First Report includes a memorandum prepared by Gowlings WLG (Canada) LLP with respect to the tax implications of the District Plan for Eligible Affected Creditors (the "Tax Opinion"). Please refer to the Tax Opinion if you have any questions regarding the tax implications of the District Plan.

If you have any questions, please contact the undersigned or Joseph Sithole at 1-587-293-3203.

Yours truly,

DELOITTE RESTRUCTURING INC.

In its capacity as the 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. and not in its personal or corporate capacity



Vanessa Allen, B. Comm, CIRP
Vice-President