



Deloitte Restructuring Inc.
700, 850 – 2nd Street S.W.
Calgary AB T2P 0R8
Canada

Tel: 403-298-5955
Fax: 403-718-3681
www.deloitte.ca

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 the Monitor’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 July 29, 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 the District Sanction Order is not appealed.

Attached is a statement indicating the following initial payments that will be made to you 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 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.

If the payment is to be distributed to an estate and if you have not already done so, please provide the District with a copy of the death certificate and the last will and testament for the deceased party so that they can ensure that any payment is being made according to the instructions contained therein.

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 appeal is filed in respect of the District Sanction Order.** Any update as to the timing of the payments described in the Statement will be posted on the Monitor's Website.

Further cash distributions will be payable to you from the sale of the Non-Core Assets and upon the issuance of shares in a new company to be formed pursuant to the District Plan (the "NewCo Shares"). These distributions will be equal to the value of your pro-rata portion of the NewCo Shares less a 20% discount to reflect the fact that you are receiving cash ahead of the other creditors. 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.


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