

COURT FILE NUMBER: 1501-00955
COURT: COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE: CALGARY
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.
RESPONDENTS: ELVIRA KROEGER, RANDY KELLEN
DOCUMENT: EXPERT'S REPORT
ADDRESS FOR SERVICE Sugden, McFee & Roos LLP
AND CONTACT Barristers & Solicitors
INFORMATION OF PARTY #700 – 375 Water Street
FILING THIS DOCUMENT Vancouver, B.C. V6B 5C6

Attention: Errin A. Poyner

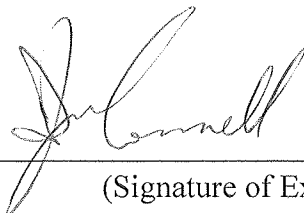
Telephone: 604-687-7700

Fax: 604-687-5596

File No. K-5820(1)

EXPERT REPORT OF DOUG MCCONNELL

June 30, 2016
(Date)



(Signature of Expert)

Doug J. McConnell
(Name)

June 29, 2016

Sudgen, McFee & Roos LLP
Errin A. Poyner
The Landing
700 – 375 Water Street
Vancouver, British Columbia
Canada V6B 5C6

Privileged and Confidential

Dear Ms. Errin A. Poyner

Re: Lutheran Church of Canada-Alberta and British Columbia District (the “ABC District”)

File Court Number: 1501-00955

1. You have asked my opinion as to whether NewCo Shares would be a suitable investment for your client Mrs. Elvira (Vera) Kroeger.

2. I have been involved in the investment industry in Canada for the past 36 years. My expertise with respect to investment characteristics, investment risks, returns on investment and portfolio construction was developed through my years of experience as a registered representative, a portfolio manager and investment advisor. I am presently a Vice-President with Raymond James Limited and my primary responsibilities include the research, evaluation and recommendation of suitable investments for my network of clients. At present I advise on approximately 55 million dollars. While my clients do vary in age the majority of them are greater than 65 years. In 1993 I received the International designation of CFA (Chartered Financial Analyst) and have been a member of both the Vancouver Society of CFAs as well as the CFA Institute based in Charlottesville VA. For more detail see **Tab 1**.

3. As you require...
 - a. I am aware that my duty as an expert witness is to assist the arbitrator and not to be an advocate for any party.
 - b. This report has been made in conformity with that duty.
 - c. I will, if called upon to give oral testimony, give that testimony in conformity with that duty.

Assumed Facts and Documents Provided

4. I conducted an hour interview with Vera Kroeger over the phone to ascertain her financial and personal situation. The results of which follow:

Profile of Elvira (Vera) Kroeger

Personal

Name: Elvira Kroeger
Address: 11331 80th Ave.
Delta, BC V4C 1X2
Telephone Number: 604-591-7679
SIN: [REDACTED]
Date of Birth: 12/23/1928
Citizenship: Canada
Occupation: Retired

Financial Information

Banking: Royal Bank and Canadian Western Bank
Net Liquid Assets: \$158,396
Net Fixed Assets: \$700,000
Estimated Total Net Worth: \$858,396
Total Claim Debt: \$70,600
Approximate Annual Income: \$27,600
Source of Income: Pensions and Investments

Investment Knowledge

Has no investment knowledge of private or public shares. Has never had an investment account

Investment Risk Tolerance

- Low risk taker
- Not at ease with investing in the stock market
- Tends to choose investments with lower risk even if the returns are lower
- Believes 'risk' is not associated with 'opportunity'
- Does not understand investment concepts easily
- Is not comfortable assuming large investment risk to earn large returns
- Not experienced in investing in the stock market
- Prefers to reduce how much is saved rather than increasing risk in portfolio
- Not willing to take any financial risk
- Currently withdrawing from saving and/or investments to meet income and emergency cash needs
- Current annual income \$27,600 – mostly pensions
- Value of household's investible assets is \$158,396

Notes

Claim represents about 31% of her accessible assets

Elvira is a retired teacher

She was married to a Pastor of the Lutheran Church

They were able to buy a house with an inheritance and money from the parish after he retired

Elvira's husband passed away in 2008

Her house needs several repairs

She is waiting for hip surgery

Elvira has one son that lives with her

5. My conclusions are that Vera is an unsophisticated investor that has never owned common shares or an equity based investment. At the age of 87 she requires a monthly income from her investment to pay her monthly expenses. She has no knowledge of the public stock market let alone a private company's common shares. At 87 she needs liquid investments that can be easily cashed in if her health changes and cash is needed

in a hurry. She is risk adverse and doesn't have the ability to earn any additional income for the remainder of her life. In my experience Vera has similar needs and preferences to other investors with like knowledge and age range.

6. I read the documents you provide plus researched Deloitte's website www.insolvencies.deloitte.ca (see list attached) in order to evaluate the investment characteristics of the NewCo common shares Mrs. Kroeger will receive from her proven claims.

The results of my research are below...

Assessment of the investment (NewCo)

Assets

The Harbour, The Manor, the school and church, and the undeveloped land (77 acres)

Value

Not included (it was stated that there were 2 appraisals done (the "CWPC appraisal" and the "Colliers appraisal" but neither were provided). There are statements of possible future value that indicate that the value of the NewCo should be between 53% and 60% of the claim amount.

Shareholders

It states that there would be about 1,000 shareholders and that each would receive their shares pro-rata however the specific numbers are not given at this time.

Investment Return

At this time there is no definitive return expectation. The return profile will be decided at a meeting that is expected to be held within 6 months of the Effective Date.

Liquidity

There is little liquidity. Shares can only be sold to those other shareholders who wish to purchase them, subject to shareholders conforming to a prospectus contained in National

Instrument 45-106 Prospectus and Registration Exemptions as outlined in Article 7 of the Amended Plan of Compromise and Arrangement sworn in March 21, 2016.

There is no price provided nor a plan to determine a price in any of the documents.

Management

The 3 individuals proposed to manage the company seem reasonable but they may change prior to the formation of the company in 6 months. They are under no obligation to take the proposed positions. Also they don't seem to have any financial involvement with the company and because of the restriction that only other shareholders can buy shares that doesn't seem likely to change.

Board

The 4 proposed individuals appear solid but again have no financial interest in NewCo.

Risks

They are listed in articles 42 and 43 of the Monitor's report dated March 28, 2016

42. Although not required under applicable securities legislation, the Monitor wishes to advise the NewCo Shareholders that all investments are subject to various risk factors and should any of these risks actually occur, NewCo's business, operating results, financial condition or asset values could be materially adversely affected. In that event, the value of the NewCo Shares could decline and Eligible Affected Creditors could lose part or all of their investment in NewCo. Additional risk and uncertainties presently unknown to the Monitor may also have a material effect on NewCo's business, operating results, and financial condition or asset values and could negatively affect the value of the NewCo Shares.
43. NewCo is also subject to general business risks, which include, among others, the following:
 - 43.1 Changes in government regulation and oversight;
 - 43.2 Management's ability to work within a prescribed framework and deliver results;
 - 43.3 Rezoning challenges with regional government bodies;
 - 43.4 Fluctuations in occupancy levels and business volumes;
 - 43.5 Changes in the level of approved government funding;
 - 43.6 Increased labour costs or other operational costs;

- 43.7 Future changes in labour relations;
- 43.8 Changes in the condition of the location or other general economic conditions;
- 43.9 Health related risks;
- 43.10 Changes in accounting principles and policies;
- 43.11 The imposition of increased taxes or new taxes;
- 43.12 Increased maintenance costs or capital expenditures; and
- 43.13 Changes in financial markets/landscapes.

Any one or a combination of these factors may adversely affect the business, operating results and financial condition of NewCo. Also, as noted above, the potential liquidity of the NewCo Shares is also unknown and there may be situations where NewCo Shareholders cannot sell their NewCo Shares as desired or at all.

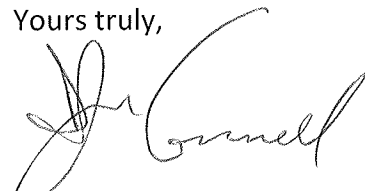
Limited Liability

Along with the risks above I was unable to determine if the common shareholders could be and under what circumstances would be liable for the any debt NewCo may have at formation or in the future.

- 7. In my opinion the common shares of NewCo are not a suitable investment for Mrs. Vera Kroeger as they don't meet her investment requirements or preferences. If it were not for the situation of bankruptcy, I would never recommend she purchase these shares.

The foregoing has been prepared by Doug J. McConnell.

Yours truly,



Doug J. McConnell
VP Raymond James Ltd.

Douglas James McConnell CFA

INVESTMENT INDUSTRY EXPERIENCE

Vice President and Senior Investment Advisor with Raymond James Ltd. Raymond James Inc. of Tampa Bay, Florida purchased all the operation of Goepel Mcdermid Ltd. November 2000 and named the company Raymond James Ltd..

Portfolio Manager and Senior Investment Advisor with Canadian Western Capital. Employed with Canadian Western Capital since August 1999. Canadian Western Capital was bought by Goepel McDermid Ltd. February, 2000.

Associate Portfolio Manager and Investment Advisor with RBC Dominion Securities Inc. Employed with RBC Dominion Securities Inc. March 1985 to August 1999.

Responsibilities:

As a Portfolio Manager and Associate Portfolio Manager: I managed and directed the investment portfolios of my corporate and individual clients on a discretionary basis with consideration to their specific objectives, preferences and goals as well as the suitability of the investments to these specific objectives, preferences and goals over the life of the portfolio.

As an Investment Advisor: I advised my corporate and individual clients on money market, fixed income, equity, derivatives and mutual fund investments suitable to their investment needs and objectives. These responsibilities involved conducting my own investment research in addition to consideration of external analysis from sources that I deemed reliable.

SECURITIES REGISTRATIONS

I am currently registered under the securities legislation of the provinces of British Columbia, Alberta, Ontario and Quebec. In the past I have also been registered under the legislation of British Columbia, California, Arizona, Washington, Oregon, Arkansas, and Nevada.

PROFESSIONAL EDUCATION AND QUALIFICATIONS

	<u>Year(s) Obtained</u>
Met or exceeded all continuing education requirements of both CFA Institute as well as the IIROC in Canada	2000-2016
Principals, Directors, and Officers Exam	2000
Portfolio Manager Designation	1999
Qualifying Registration Examinations in the United States (US Series 7 and Series 63)	1998

Associate Portfolio Manager Designation	1997
Association for Investment Management and Research (AIMR) Continuing Education Achievement	1998,1996,1994
Chartered Financial Analyst Designation	1993
Insurance Underwriters Level 1	1990
Canadian Securities Institute (CSI) Futures and Commodities Course	1986
Canadian Options Market Makers Course	1983
CSI Options Principal Course	1982
CSI Canadian Investment Finance Course 1	1983
CSI Registered Representatives Examination	
CSI Canadian Security Course/CPH	1981

PROFESSIONAL ORGANIZATIONS

Vancouver Society of Financial Analysts; Member
International Society of Financial Analysts; Member

Douglas McConnell CFA
June 2016