



COURT FILE NUMBER 1501-00955

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

DOCUMENT NINETEENTH REPORT OF THE MONITOR

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF LUTHERAN CHURCH – CANADA, THE
ALBERTA – BRITISH COLUMBIA DISTRICT, LUTHERAN
CHURCH – CANADA, THE ALBERTA – BRITISH COLUMBIA
DISTRICT INVESTMENTS LTD., ENCHARIS COMMUNITY
HOUSING AND SERVICES AND ENCHARIS MANAGEMENT
AND SUPPORT SERVICES**

DATED MAY 27, 2016

**ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT**

Counsel

**Cassels Brock & Blackwell LLP
10th Floor Bankers Hall West
Calgary, Alberta T2P 5C5
Attention: Jeffrey Oliver**

**Telephone/ Facsimile: 403-351-2921/ 403-648-1151
Email: joliver@casselsbrock.com**

Monitor

**Deloitte Restructuring Inc.
700 Bankers Court, 850 – 2nd Street SW
Calgary, AB T2P 0R8
Attention: Jeff Keeble & Vanessa Allen**

**Telephone/Facsimile: 403-298-5955/ 403-718-3681
Email: jkeeble@deloitte.ca & vanallen@deloitte.ca**

Table of Contents

| | |
|--|----|
| Introduction and Notice to Reader | 1 |
| Introduction | 1 |
| Notice to Reader | 2 |
| Court Applications | 4 |
| The District Meeting | 6 |
| Notice of the District Meeting | 6 |
| The Information Meetings | 8 |
| Amendments to the District Plan | 8 |
| Eligible Affected Creditors | 8 |
| The District Meeting | 9 |
| The ECHS, EMSS and DIL Plans | 11 |
| ECHS & EMSS | 11 |
| DIL | 11 |
| The Settlement Amendment | 12 |
| The EFT Amendment | 14 |
| The Strathmore Transaction | 15 |
| Cash Flow Forecast | 18 |
| District | 18 |
| Cash Flow Related to CEF | 19 |
| Cash Flow Related to Other District Operations | 20 |
| DIL | 21 |
| ECHS | 22 |
| EMSS | 24 |
| Monitor’s Report on Cash Flow Statements | 26 |
| Variance Analysis | 28 |
| District | 28 |
| DIL | 29 |
| ECHS | 29 |
| EMSS | 29 |
| Conclusion | 30 |

SCHEDULES

| | |
|-------------|---|
| Schedule 1 | Cover letter and Monitor's First Report to the Creditors of the District (schedules redacted), both dated March 28, 2016 |
| Schedule 2 | Further information for creditors of the District – the basics and what you need to do for Eligible Affected Creditors with claims less than or equal to \$5,000 |
| Schedule 3 | Further information for creditors of the District – the basics and what you need to do for trade creditors with claims over \$5,000 |
| Schedule 4 | Further information for creditors of the District – the basics and what you need to do for Eligible Affected Creditors with claims over \$5,000, who reside outside of Canada |
| Schedule 5 | Further information for creditors of the District – the basics and what you need to do for District Depositors with claims over \$5,000, who reside in Canada |
| Schedule 6 | Answers to frequently asked questions dated March 28, 2016 regarding NewCo |
| Schedule 7 | Proof of advertising: Notice of the District Meeting published in the Globe and Mail National Edition on March 24, 2016 |
| Schedule 8 | Correspondence dated April 7, 2016 regarding the locations, dates and times for additional information meetings scheduled in Alberta and British Columbia |
| Schedule 9 | Monitor's commentary dated April 7, 2016 regarding the information provided related to NewCo |
| Schedule 10 | Answers to frequently asked questions dated April 18, 2016 regarding various topics |
| Schedule 11 | Answers to frequently asked questions dated April 25, 2016 regarding joint accounts and estates (as amended on April 29, 2016) |
| Schedule 12 | Answers to frequently asked questions dated April 29, 2016 regarding potential outcomes of the CCAA proceedings |
| Schedule 13 | Answers to frequently asked questions dated April 29, 2016 regarding the future subdivision and development of the properties within the Prince of Peace development |
| Schedule 14 | Cover letter to a secondary mail-out dated April 29, 2016 |
| Schedule 15 | Minutes of the meeting of the creditors of the District held on May 14, 2016 |
| Schedule 16 | Memorandum prepared by Gowling WLG (Canada) LLP re: registered charities as NewCo Shareholders |
| Schedule 17 | Notice regarding the adjournment of the meeting of the District's creditors to consider the District Plan dated May 20, 2016 |
| Schedule 18 | Statement of projected cash flow for the thirteen week period ending August 20, 2016 for the Lutheran Church – Canada, the Alberta – British Columbia District |

SCHEDULES (Cont'd)

| | |
|-------------|---|
| Schedule 19 | Statement of projected cash flow for the thirteen week period ending August 20, 2016 for the Lutheran Church – Canada, the Alberta – British Columbia District Investments Ltd. |
| Schedule 20 | Statement of projected cash flow for the thirteen week period ending August 20, 2016 for Encharis Community Housing and Services |
| Schedule 21 | Statement of projected cash flow for the thirteen week period ending August 20, 2016 for Encharis Management and Support Services |
| Schedule 22 | Variance analysis for the eleven week period ended May 21 2016 for the Lutheran Church – Canada, the Alberta – British Columbia District |
| Schedule 23 | Variance analysis for the eleven week period ended May 21, 2016 for the Lutheran Church – Canada, the Alberta British Columbia District Investments Ltd. |
| Schedule 24 | Variance analysis for the eleven week period ended May 21, 2016 for Encharis Community Housing and Services |
| Schedule 25 | Variance analysis for the eleven week period ended May 21, 2016 for Encharis Management and Support Services |

Introduction and Notice to Reader

Introduction

1. On January 23, 2015 (the “Filing Date”), 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” or the “District Group”) obtained an Initial Order (the “Initial Order”) from the Court of Queen’s Bench of Alberta (the “Court”) under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “CCAA”). Deloitte Restructuring Inc. (“Deloitte”) was appointed as Monitor (the “Monitor”) in the CCAA proceedings.
2. For clarity, the District includes the Church Extension Fund (“CEF”), which was originally created to allow District members to loan their money and earn interest in faith-based developments. CEF was operated under the purview of the District’s Department of Stewardship and Financial Ministries and was not created as a separate legal entity. As such, depositors to CEF are creditors of the District (the “District Depositors”). Depositors to DIL will be referred to as the “DIL Depositors”. The District Depositors and the DIL Depositors will collectively be referred to as the “Depositors”.
3. The Initial Order provided for an initial stay of proceedings (the “Stay”) until February 20, 2015. The Court has now granted seven extensions of the Stay. The most recent Order was granted at an application on April 27, 2016 and extended the Stay until June 30, 2016 (the “Extension”).
4. Prior to the Initial Order being granted, Deloitte prepared a Pre-Filing Report of the Proposed Monitor dated January 22, 2015 (the “Pre-Filing Report”). The Monitor subsequently filed the following reports:
 - 4.1. the First Report of the Monitor dated February 17, 2015;
 - 4.2. the Second Report of the Monitor dated March 23, 2015 (the “Second Report”);
 - 4.3. the Third Report of the Monitor dated June 16, 2015;
 - 4.4. the Fourth Report of the Monitor dated June 24, 2015 (the “Fourth Report”);
 - 4.5. the Fifth Report of the Monitor dated August 24, 2015 (the “Fifth Report”);
 - 4.6. the Sixth Report of the Monitor dated September 9, 2015;
 - 4.7. the Seventh Report of the Monitor dated October 20, 2015;
 - 4.8. the Eighth Report of the Monitor dated October 30, 2015;
 - 4.9. the Ninth Report of the Monitor dated November 26, 2015;

- 4.10. the Tenth Report of the Monitor dated December 22, 2015;
 - 4.11. the Eleventh Report of the Monitor dated January 11, 2016;
 - 4.12. the Twelfth Report of the Monitor dated January 27, 2016;
 - 4.13. the Thirteenth Report of the Monitor dated February 4, 2016;
 - 4.14. The Fourteenth Report of the Monitor dated February 18, 2016;
 - 4.15. The Fifteenth Report of the Monitor dated February 25, 2016 (the “Fifteenth Report”);
 - 4.16. The Sixteenth Report of the Monitor dated March 14, 2016;
 - 4.17. The Seventeenth Report of the Monitor dated March 18, 2016 (the “Seventeenth Report”); and
 - 4.18. The Eighteenth Report of the Monitor dated April 25, 2016 (together with the Pre-Filing Report, the reports listed in 4.1 to 4.18 will collectively be referred to as the “Reports”).
5. The Monitor also filed a confidential supplement to the Second Report dated March 25, 2015, a confidential supplement to the Fourth Report dated June 25, 2015, a confidential supplement to the Fifth Report dated August 26, 2015, a confidential supplement to the Fifteenth Report dated February 26, 2016 and a Confidential Supplement to the Seventeenth Report dated March 18, 2016 (collectively the “Supplements”). The Supplements have been sealed by the Court.
 6. In addition to the Reports and the Supplements, the Monitor prepared a First Report to the Creditors of ECHS and EMSS dated November 10, 2015 (the “Encharis Report”) a First Report to the Creditors of DIL dated December 8, 2015 (the “DIL Report”) and a First Report to the Creditors of the District dated March 28, 2016 (the “District Report”). All of the Encharis Report, the DIL Report and the District Report were prepared for the purpose of providing creditors of the corresponding entities with specific information related to the respective plans of compromise and arrangement for ECHS, EMSS, DIL and the District (respectively the “ECHS Plan”, the “EMSS Plan”, the “DIL Plan” and the “District Plan”, collectively the “Applicant Plans”), all as subsequently amended.
 7. Capitalized terms not otherwise defined herein shall have the meanings given to them in the Reports and in the Supplements.
 8. 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.”.

Notice to Reader

9. In preparing this report, the Monitor has relied on unaudited financial information, the books and records of the Applicants and discussions with the Applicant’s employees, the Applicant’s Chief Restructuring Officer, interested parties and stakeholders. The Monitor has not performed an independent review or audit of the information provided.

10. The Monitor assumes no responsibility or liability for any loss or damage occasioned by any party as a result of the circulation, publication, reproduction, or use of this report.
11. All amounts included herein are in Canadian dollars unless otherwise stated.

Court Applications

12. At a hearing on April 27, 2016, the Court granted Orders including the following relief:
 - 12.1. Approving the Extension;
 - 12.2. Amending the Order granted on January 20, 2016 (the “Village Vesting Order”), which transferred various condominiums within the Prince of Peace Village (the “Village Condos”) to the respective residents who held corresponding leasehold interests (the “Life Residents”) to correct certain legal descriptions, from what was originally reflected in the Village Vesting Order; and
 - 12.3. Authorizing the transfer of up to \$7.5 million to Great-West Life Assurance Company (“GWL”) or, for DIL Depositors who hold registered retirement income funds (“RRIF(s)”) or locked-in income funds (“LIF(s)”), to an alternate service provider of their choosing (the “Second DIL Distribution”).
13. This report represents the Nineteenth Report of the Monitor (the “Nineteenth Report”). The Nineteenth Report is being prepared to provide the Court with information on the outcome of the meeting of the District’s creditors to consider the District Plan, which was held on May 14, 2016 (the “District Meeting”) and information in respect of an application by the District on June 2, 2016 (the “June 2 Application”) seeking the following relief:
 - 13.1. Approving further amendments to the DIL Plan, the ECHS Plan and the EMSS Plan;
 - 13.2. Amending the settlement agreement between the creditors’ committees for the District and DIL (respectively the “District Committee” and the “DIL Committee”, collectively the “Committees”), which was approved pursuant to an Order dated January 4, 2016, as set out herein (the “Settlement Order”) and approving the release of the corresponding funds from the District to DIL;
 - 13.3. Amending an Order granted on November 5, 2015 approving the return of funds to District Depositors who had withdrawals from their accounts by way of electronic funds transfers (the “EFT(s)”) between March 1, 2014 and the date of the Initial Order (the “Pre-CCAA EFTs”), net of amounts paid to District Depositors during the same period (the “EFT Order”), as set out herein (the “EFT Amendment”);
 - 13.4. Approving the sale of lands located in Strathmore, Alberta (the “Strathmore Lands”), which are legally described as follows:

PLAN 8010862

BLOCK 10

EXCEPTING THEREOUT ALL MINES AND MINERALS

AREA 1.96 HECTARES (4.85 ACRES) MORE OF LESS; and

- 13.5. Sealing the Confidential Affidavit of Cameron Sherban sworn on May 24, 2016 (the "Confidential Affidavit"), which contains specific information related to the sale of the Strathmore Lands (the "Strathmore Transaction") in order to avoid tainting any future sale process that may be required should the sale of the Strathmore Lands fail to close.

The District Meeting

14. The District Plan was originally dated February 12, 2016 and filed by the District on February 16, 2016. The District Plan was subsequently amended four times with the Fourth Amended District Plan being filed on May 12, 2016 (the definition of “District Plan” includes all subsequent amendments except where otherwise noted).
15. The District Meeting occurred on May 14, 2016 but was adjourned as described below.

Notice of the District Meeting

16. The District Plan includes only one class of affected creditors consisting of District Depositors and trade creditors (the “Trades”) with proven claims or disputed claims that have not yet been settled or adjudicated (the “Eligible Affected Creditors”).
17. On March 21, 2016, the Court granted an Order authorizing the District to file the District Plan, subject to any further amendments being made, and to present the District Plan to the Eligible Affected Creditors at the District Meeting (the “District Meeting Order”). The District Meeting Order prescribed how the District Depositors were to receive notice of the District Meeting. The Monitor confirms that the notice requirements set out in the District Meeting Order were complied with and that the Eligible Affected Creditors were notified of the District Meeting as described below.
18. The information package for the District included the address for the Monitor’s Website where Eligible Affected Creditors could access the District Report including the District Plan, the District Meeting Order, Notice of the District Meeting, a form of proxy, a form of election letter, a form of notice of opting out and a Guardian’s Acknowledgment of Responsibility (the “District Package”). A copy of the cover letter to Eligible Affected Creditors (the “Cover Letter”) and the District Report (without schedules), both dated March 28, 2016, are attached hereto as “Schedule 1”. In addition to the Cover Letter and the District Report, the District Package included the following:
 - 18.1. Hand-outs dated March 28, 2016, entitled “Further information for creditors of the District – The basics and what you need to do” (the “Hand-out(s)”). The Hand-outs were tailored to specific groups of Eligible Affected Creditors, with applicable Hand-outs being sent to each Eligible Affected Creditor respectively, as follows:
 - 18.1.1. Eligible Affected Creditors with claims less than or equal to \$5,000, a copy of which is attached as “Schedule 2”;
 - 18.1.2. Trades with claims over \$5,000, a copy of which is attached as “Schedule 3”;

- 18.1.3. District Depositors with claims over \$5,000, who reside outside of Canada, a copy of which is attached as “Schedule 4”; and
 - 18.1.4. District Depositors with claims over \$5,000, who reside in Canada, a copy of which is attached as “Schedule 5”.
 - 18.2. A document entitled “Answers to frequently asked questions” also dated March 28, 2016, a copy of which is attached as “Schedule 6” regarding the new company (“NewCo”) to be formed pursuant to the District Plan.
19. The Monitor posted a copy of the District Package on the Monitor’s website on March 28, 2016 and caused a copy of the District Package to be mailed to all Eligible Affected Creditors by regular mail with all District Packages being mailed to the Eligible Affected Creditors by April 8, 2016.
20. The Monitor also placed the Notice of the District Meeting in the Globe and Mail National Edition on March 24, 2016. Proof of advertising for the District Meeting is attached hereto as “Schedule 7”.
21. Following the release of the District Package, based on discussions with District Depositors, the Monitor prepared the following additional documents:
 - 21.1. Correspondence dated April 7, 2016, a copy of which is attached as “Schedule 8”, which provided the locations, dates and times for additional information meetings held in Alberta and British Columbia (the “Information Meetings”), the purpose of which was for the Monitor to review the contents of the District Plan and answer any questions by the Eligible Affected Creditors regarding the District Plan;
 - 21.2. A Monitor’s commentary dated April 7, 2016, a copy of which is attached as “Schedule 9”, regarding the information provided related to NewCo;
 - 21.3. A document entitled “Answers to frequently asked questions” dated April 18, 2016, a copy of which is attached as “Schedule 10”, which addresses various topics;
 - 21.4. A document entitled “Answers to frequently asked questions” dated April 25, 2016, a copy of which is attached as “Schedule 11”, regarding joint accounts and estates (as amended on April 29, 2015);
 - 21.5. A document entitled “Answers to frequently asked questions” dated April 29, 2016, a copy of which is attached as “Schedule 12”, regarding potential outcomes of the CCAA proceedings; and
 - 21.6. A document entitled “Answers to frequently asked questions” dated April 29, 2016, a copy of which is attached as “Schedule 13”, regarding the future subdivision and development of properties within the Prince of Peace development.
22. The documents in 21.2 to 21.6 above, were also sent to Eligible Affected Creditors with claims over \$5,000 by regular mail (the “Secondary Mail-Out”). The cover letter to the Secondary Mail-Out dated

April 29, 2016 is attached hereto as “Schedule 14”. The Secondary Mail-Out was mailed on May 3, 2016.

The Information Meetings

23. In total, the Monitor organized and attended five information meetings, three of which were held in Alberta in Sherwood Park, Red Deer and Medicine Hat and two of which were held in British Columbia in Langley and Quesnel.

Amendments to the District Plan

24. Following the District Package and the Secondary Mail-Out being provided to the Eligible Affected Creditors but prior to the District Meeting, the District made further amendments to the District Plan, which appear in the version filed on May 12, 2016. These amendments include the following:

- 24.1. An amendment to the definition of the Monitor’s Legal Counsel to include Cassels, Brock and Blackwell LLP (“Cassels”);
- 24.2. An amendment to Article 8.2 to clarify that that the Monitor, the Monitor’s legal counsel, the Applicants’ legal counsel, the CRO, legal counsel for the District Committee and the District Committee members (the “Released Representatives”) are not released from any actions or omissions, which are not related to the CCAA proceedings or their commencement;
- 24.3. An amendment to Article 8.4(e) to reflect a wording clarification requested by the D&O insurer. This amendment does not change the meaning of this paragraph (the amendments in paragraphs 24.2 and 24.3 will collectively be referred to as the “D&O Amendments”); and
- 24.4. A wording change to NewCo’s articles of incorporation (the “NewCo Articles”) to reflect the fact that all share transfers are subject to the approval of its board of directors. This was previously included in the NewCo Articles but needed to be duplicated under “Restrictions on Share Transfers” for administrative purposes.

Eligible Affected Creditors

25. At the Filing Date and, as subsequently confirmed by a claims process approved by the Court on February 20, 2016, there were 2600 Eligible Affected Creditors, who had claims totalling approximately \$96.7 million. These claims can be broken down as follows:

- 25.1. Approximately 2,592 District Depositors with proven claims of approximately \$95.7 million. This has been amended from what was reported in the District Report to reflect payments that were made pursuant to an Order granted on May 19, 2016 approving the release of funds held in a mileage reserve account, which was to provide car loans to pastors and church workers. In addition, several internal District accounts had originally been included in error and have now been removed; and

25.2. Approximately 12 trade creditors, four of whom are also District Depositors, with proven claims of approximately \$956,700. The largest of these claims is a claim by Lutheran Church – Canada (“LCC”) and relates to an unfunded pension liability in the amount of approximately \$675,500 (the “LCC Claim”). The LCC Claim was previously disallowed by the Monitor and a dispute notice has been filed. As such, the LCC Claim is still being negotiated between the District and LCC.

The District Meeting

26. The District Meeting was conducted in compliance with the terms of the District Meeting Order and was held on May 14, 2016 at 10:00 a.m. at MacLeod Hall of the Telus Convention Centre, located at 120 9th Avenue SE in Calgary. There were 118 attendees at the District Meeting. The District Meeting was adjourned at approximately 4:30 p.m. as further described below.
27. The minutes of the District Meeting are attached hereto as “Schedule 15” (the “Minutes”).
28. As reflected in the Minutes, the District Meeting included a fulsome discussion of the District Plan. Toward the end of District Meeting, a motion was put forward from the floor to adjourn the District Meeting so that congregations could have more time to consult prior to voting on the District Plan. This motion was passed by the majority in dollar value of those Eligible Affected Creditors who were present and voting either in person or by Proxy at the time that the motion was made.
29. Following the District Meeting, the Monitor reached out via email to the approximately ninety-three Eligible Affected Creditors who are congregations and asked them to comment on whether they required additional time to consider the information that had been provided to them or whether they had any requests for additional information. To date, the Monitor has received responses from twenty-four congregations. Twenty indicated that they did not require any additional time to consider the information that had been provided to them and did not have any requests for additional information. Four congregations provided additional requests for information which have been responded to by the Monitor. Of the twenty congregations, who indicated that they did not require any additional time or information, eight congregations indicated that they were disappointed with the delay resulting from the adjournment. For those congregations that did request additional information, they indicated that they would need three weeks to further consider the District Plan.
30. Following a request by one congregation, Gowling WLG (Canada) LLP, as legal counsel for the Monitor, prepared a memorandum (the “Tax Memo”) regarding registered charities as shareholders of the new company to be formed pursuant to the District Plan (the “NewCo Shareholders”, “Newco”), which commented on the issuance of shares in NewCo to congregations, who were “charitable organizations” and “registered charities” for the purposes of the *Income Tax Act (Canada)*. A copy of the Tax Memo is attached as “Schedule 16” hereto. The advice in the Tax Memo had been previously communicated to all congregations with claims over \$5,000 via email on April 8, 2016. The Tax Memo itself was circulated to all congregations with claims over \$5,000 via email on May 25, 2016.

31. Based on the Monitor's consultation with the Eligible Affected Creditors who are congregations, the District Meeting is being reconvened as follows:
 - 31.1. Time: Friday, June 10, 2016 at 10:00 a.m.; and
 - 31.2. Location: Deloitte, 700 Bankers Court, 850 2nd Street SW, Calgary, AB (the "Reconvened District Meeting").
32. Attached hereto as "Schedule 17" is a Notice of the Reconvened District Meeting, which was posted on the Monitor's website on May 20, 2016 and sent by regular mail to all Eligible Affected Creditors on May 24, 2016 (the "Reconvened Meeting Notice").
33. A representative of the Monitor will act as Chair of the Reconvened District Meeting composed of the Eligible Affected Creditors for the District or their respective proxy holders, directors of the District, the Monitor, the CRO, the Applicant's legal counsel, the Monitor's legal counsel, members of the Committees, legal counsel for the Committees, the meeting chair, scrutineers and the secretary for the Reconvened District Meeting. As noted in the Reconvened Meeting Notice, there was already ample discussion surrounding the District Plan at the District Meeting held on May 14, 2016. As such, the Reconvened District Meeting will be held for the purposes of holding the formal vote on the District Plan only and no further discussion of the District Plan will be held.
34. As set out in the Reconvened Meeting Notice, the deadline for all Eligible Affected Creditors to vote on the District Plan has now been extended to reflect the date of the Reconvened District Meeting. For clarity, Eligible Affected Creditors who previously voted, either by way of Election Letter or by way of a written ballot submitted at the District Meeting, have been informed that their votes have been recorded and that they do not need to take further action. Eligible Affected Creditors have also been informed that they can amend their votes prior to the Reconvened District Meeting should they wish to do so.

The ECHS, EMSS and DIL Plans

ECHS & EMSS

35. The ECHS and EMSS Plans were sanctioned by the Court on January 20, 2016. At the June 2 Hearing, the District is seeking approval to amend the ECHS and EMSS Plans to update the definition of Monitor's Legal Counsel to include Cassels, Brock and Blackwell LLP ("Cassels"); and
36. The Monitor is supportive of the proposed amendments to the ECHS Plan and the EMSS Plan, which serve to clarify the original intention of the ECHS Plan and the EMSS Plan and are not prejudicial to the creditors of ECHS or EMSS.

DIL

37. The DIL Plan was approved by the required majority of DIL Depositors and the application to sanction the DIL Plan has been heard. The Court is to make a determination on the sanction of the DIL Plan at the same time as it makes a determination on the sanction of the District Plan. At the June 2 Hearing, DIL is seeking approval to amend the DIL Plan as follows:
 - 37.1. To update the definition of Monitor's Legal Counsel to include Cassels, Brock and Blackwell LLP ("Cassels");
 - 37.2. To include the D&O Amendments;
 - 37.3. To update the definition of Replacement Fund Manager to reflect the Order that was granted on April 27, 2016 approving the Second DIL Distribution; and
 - 37.4. To include a new Article 5.9, which provides that funds payable to DIL Depositors pursuant to the Representative Action are payable pursuant to the DIL Plan.
38. The Monitor is supportive of the proposed amendments to the DIL Plan, which serve to clarify the original intention of the DIL Plan and are not prejudicial to the DIL Depositors.

The Settlement Amendment

39. On January 4, 2016, the Court granted an Order approving the Settlement, which resolved the following two matters:
 - 39.1. The District's potential challenge of a mortgage held by DIL on the Strathmore Lands, which house the Trinity Christian Academy (the "Strathmore Settlement"); and
 - 39.2. DIL's potential claim that two mortgages granted to DIL by ECHS, which attach to properties including those within the Prince of Peace development (the "Prince of Peace Properties") have priority to a mortgage registered on many of the same properties in favour of the District (the "Priority Matter").
40. Pursuant to the Settlement, the Priority Matter was resolved such that the District was to pay to DIL the all-inclusive sum of approximately \$4.1 million in full satisfaction of DIL's claim against the Prince of Peace Properties (the "Priority Amount"). The Priority Amount was to be paid as soon as reasonably practicable after the earlier of:
 - 40.1. The date on which all of the District, DIL and ECHS Plans had been implemented;
 - 40.2. The date on which the District received, directly or indirectly, a transfer of title to the Prince of Peace Properties; and
 - 40.3. The date on which the District received the proceeds from the sale of the Prince of Peace Properties.
41. As previously reported, at the June 2 Hearing, the District will be seeking approval to vary the Settlement Order such that the District will pay the Priority Amount to DIL forthwith (defined above as the "Settlement Application"). The Monitor is supportive of the Settlement Application for the following reasons:
 - 41.1. The District's legal counsel is holding approximately \$7.9 million in trust from the sale of a property in Chestermere (the "Chestermere Proceeds"), which was subject to both the DIL – ECHS Mortgage and the District – ECHS Mortgage. As such, it would be appropriate for the Priority Amount to be paid from the Chestermere Proceeds;
 - 41.2. Since the Settlement is not contingent on the approval of the Applicant Plans, the Monitor is of the view that the early payment of the Settlement Amount will not be prejudicial to the Eligible Affected Creditors of the District or to the DIL Depositors;
 - 41.3. The Settlement Application will allow for a more meaningful Second DIL Distribution; and

41.4. Both the District Committee and the DIL Committee have approved the Settlement Application.

The EFT Amendment

42. On November 5, 2015, the Court granted the EFT Order. As set out above, the EFT Order approved the return of the Pre-CCAA EFTs withdrawn during the period from March 1, 2014 and the date of the Initial Order, net of amounts paid to District Depositors during the same period.
43. The EFT Order was granted on the basis that CEF had placed a moratorium on deposits effective March 1, 2014, which was applied to all District Depositors except for those who were making monthly deposits via EFT. As such, it was believed that the return of the Pre-CCAA EFTs would result in more equitable treatment of District Depositors. In addition, the Monitor had consulted with the District Committee, who had approved the return of the Pre-CCAA EFTs.
44. Following the EFT Order having been granted, the District determined that the moratorium on deposits to CEF took effect on April 7, 2014 and not on March 1, 2014. The Monitor was provided with the minutes of an ad hoc conference call of the District's department of stewardship and financial ministries from April 2, 2014 (the "DFSM Minutes") at which a formal decision was made not to accept further deposits from District Depositors and messaging to communicate this decision to District Depositors was discussed. Also at this meeting, a formal decision was made to continue to accept further deposits from District Depositors whose payments were being withdrawn by EFT, although, no new deposits were to be set up by EFT.
45. Based on the DFSM Minutes and additional backup that was provided by the District, the Monitor is satisfied that April 7, 2014 is the date on which the District implemented a moratorium on new deposits, outside of EFTs. As such, the Monitor is supportive of the proposed EFT Amendment, which will result in approximately \$90,700 being returned to District Depositors (as compared to \$159,070, which was contemplated at the time that the EFT Order was granted).

The Strathmore Transaction

46. As reported above, the District is seeking Court approval at the June 2 Hearing for the Strathmore Transaction.
47. Pursuant to the Strathmore Settlement, the net sale proceeds from the Strathmore Transaction are to be split evenly between the District and DIL. By way of background on the Strathmore Settlement, in early 2009, DIL granted a loan to the District which, as at the Filing Date, had an outstanding balance of approximately \$6.1 million (the “Strathmore Loan”). Management advised that it was the original intention for DIL to secure the Strathmore Loan to the District via a registered mortgage on the Strathmore Property (the “Strathmore Mortgage”). Although a mortgage was drafted at the time that the Strathmore Loan was granted, the Strathmore Mortgage was only executed and registered in December 2014. The Monitor’s legal counsel reviewed the Strathmore Mortgage and advised that the enforceability of the Strathmore Mortgage was uncertain because of the delay in the execution and registration of the Strathmore Mortgage. In addition, in order to determine this issue, evidence that was extrinsic to the Strathmore Mortgage would need to be considered and weighed against other evidence. As the District owns the Strathmore Property and DIL holds the Strathmore Mortgage, any decision as to the enforceability of the Strathmore Mortgage would have had a significant impact on the realization to the Eligible Affected Creditors of the District and the DIL Depositors. As such, this matter was referred to the District Committee and the DIL Committee and was resolved pursuant to the Strathmore Settlement.
48. An appraisal on the Strathmore Lands was prepared by Altus Group Limited effective March 20, 2015 (the “Altus Appraisal”). The Altus Appraisal is attached as “Exhibit A” to the Confidential Affidavit.
49. The Strathmore Lands were listed with Norcal Realty and Management Corp. (“Norcal”) from May 2014 until late 2015. Norcal identified numerous challenges with respect to the sale of the Strathmore Lands, including the following:
 - 49.1. The Strathmore Lands were subject to a one year lease with the Golden Hills School Division, the term of which could be a deterrent to a potential purchaser;
 - 49.2. The building on the Strathmore Lands was originally built as a correctional facility and has since been repurposed as an elementary school. As such, the building is considered as special use and has limited alternate uses; and
 - 49.3. The building on the Strathmore Lands are in need of some repair.

50. The District entered into a listing agreement with Colliers with respect to the Strathmore Lands on January 28, 2016. Colliers had advised that the Strathmore Lands were marketed as follows:
 - 50.1. A brochure was generated;
 - 50.2. The Strathmore Lands were listed online;
 - 50.3. The Strathmore Lands were presented to Collier's top ten prospects; and
 - 50.4. There was direct promotion to key brokers in both Calgary and Edmonton (the "Marketing Process").
51. Pursuant to the Marketing Process, Colliers received two offers on the Strathmore Lands, with only the second offer being deemed to include an acceptable purchase price. The second offer resulted in an Offer to Purchase and Interim Agreement being entered into by the District on April 28, 2016, a copy of which is attached as "Exhibit B to the Confidential Affidavit (the "Strathmore Offer").
52. The Monitor notes as follows with respect to the Strathmore Transaction:
 - 52.1. The initial deposit set out in the Strathmore Offer has been paid and is being held in trust by Colliers (the "Deposit"). The purchase price and the Deposit are as set out in the Confidential Affidavit;
 - 52.2. Commission of 3% is payable in respect of the Strathmore Transaction;
 - 52.3. The Strathmore Transaction has a closing date of September 1, 2016;
 - 52.4. The purchaser's conditions include due diligence, financing and approval from the Province of Alberta' Minister of Education. The purchaser must waive conditions by June 4, 2016; and
 - 52.5. The Strathmore Transaction is conditional on Court approval.
53. The Monitor has reviewed the Strathmore Transaction in conjunction with Deloitte's real estate advisory group and is supportive of the Strathmore Transaction based on the following:
 - 53.1. The purchase price reflected in the Strathmore Transaction is below the value reflected in the Altus Appraisal, however, the building is special use and, as such, had limited market appeal. Based on the Marketing Process and the prior marketing that was completed in respect of the Strathmore Lands, the Strathmore Lands appear to have been adequately exposed to the market;
 - 53.2. The purchase price appears to be reflective of the current market in Strathmore, which is limited and may be more beneficial to the Applicant's creditors than a sale or disposition in a forced liquidation scenario;
 - 53.3. Both the District Committee and the DIL Committee have approved the Strathmore Transaction; and

53.4. The sale proceeds will be held in trust, pending further Order of this Court, for the purposes of being included in the District Plan and the DIL Plan, as set out in the Strathmore Settlement.

Cash Flow Forecast

District

54. Attached as “Schedule 18” is the Statement of Projected Cash Flow for the District for the thirteen week period ending August 20, 2016 (the “District Forecast”, the “Forecast Period”). The District Forecast has been broken down to distinguish between cash flow related to CEF and that related to other District operations. The District, including CEF, estimates a total net cash outflow of approximately \$382,700 over the Forecast Period and projects that it will have cash on hand of approximately \$4.7 million (including marketable securities) at the end of the Forecast Period.

55. A summary of the District Forecast is included below:

| The District including CEF Statement of Projected Cash Flow For the Thirteen Week Period Ending August 20, 2016 | | Total |
|--|------------------|-------------------------|
| Cash flow from CEF operations | | |
| Receipts | | |
| Lease payments | \$ 87,053 | |
| Bank Interest Income | 4,500 | |
| Management fees | 57,500 | |
| Loan interest and principal payments | 45,501 | |
| Total Receipts | <u>194,554</u> | |
| Disbursements | | |
| Mortgage payments | (84,567) | |
| CEF salaries and benefits | (57,600) | |
| Operating expenses | (12,350) | |
| Emergency fund | (72,000) | |
| Restructuring fees | (300,000) | |
| CRO | (51,450) | |
| Total disbursements | <u>(577,967)</u> | |
| Net cash flow from CEF operations | | <u>(383,412)</u> |

| The District including CEF Statement of Projected Cash Flow For the Thirteen Week Period Ending August 20, 2016 (cont'd) | |
|--|----------------------------|
| | Total |
| Cash flow from other District operations | |
| Receipts | |
| Mission remittances | 111,500 |
| Total receipts | <u>111,500</u> |
| Disbursements | |
| Salaries and benefits | (23,685) |
| Administrative expenses, travel and utilities | (22,000) |
| Outreach operating expenses | (24,874) |
| Department of Stewardship and Financial Ministries operating expenses | (3,000) |
| President's expenses | (11,700) |
| Mission Payments to LCC | (24,000) |
| Contingency | (1,500) |
| Total disbursements | <u>(110,759)</u> |
| Net cash flow from other District operations | <u>741</u> |
| Total net cash flow | <u>\$ (382,671)</u> |
| Cash and marketable securities on hand | |
| Beginning balance | \$ 5,072,847 |
| Total net cash flow | (382,671) |
| Ending balance | <u>\$ 4,690,176</u> |

Cash Flow Related to CEF

56. The District is forecasting receipts of approximately \$194,600 over the Forecast Period related to CEF. We highlight the following with respect to these receipts:
- 56.1. The District collects monthly lease payments of approximately \$29,000 per month, or approximately \$87,100 over the Forecast Period, from the Golden Hill School Division for a lease on the Strathmore Lands. The District makes monthly mortgage payments to DIL in respect of the corresponding Strathmore Mortgage in the amount of approximately \$28,200 per month, or approximately \$84,600 over the Forecast Period;
 - 56.2. The District anticipates receiving approximately \$57,500 from DIL for a management fee related to administrative assistance provided by the District; and
 - 56.3. Other loans and mortgages held within CEF are anticipated to generate cash receipts from loan interest and principal payments totalling approximately \$45,500 over the Forecast Period.
57. The District is forecasting disbursements of approximately \$578,000 over the Forecast Period related to CEF. We highlight the following with respect to these disbursements:
- 57.1. Payments totalling approximately \$57,600 are due for salaries and benefits payable to employees for CEF related activities'

- 57.2. Payments totalling approximately \$72,000 have been projected to satisfy obligations due pursuant to an emergency fund, approved in the Initial Order, whereby high needs District Depositors can access funds to cover their basic necessities;
- 57.3. The District estimates disbursements of approximately \$300,000 to pay restructuring fees, including payments to the Applicant's legal counsel, the Monitor, the Monitor's legal counsel and legal counsel for the District Committee. Where appropriate, restructuring fees are allocated between the Applicants; and
- 57.4. The District estimates fees for the CRO of approximately \$51,500 over the Forecast Period. The fees of the CRO are allocated between the Applicants.

Cash Flow Related to Other District Operations

58. The District is forecasting receipts of approximately \$111,500 over the Forecast Period for mission remittances (the "Donations") from the District's 127 member congregations. Pursuant to the Order granted on June 26, 2015 a portion of the Donations are payable to Lutheran Church Canada (the "LCC Portion"). For the Forecast Period, the LCC Portion is estimated to be \$24,000.
59. The District is forecasting disbursements of approximately \$110,800 over the Forecast Period. We highlight the following with respect to these disbursements:
 - 59.1. The District's employees are paid on a bi-weekly basis. Payroll and the corresponding CRA payroll source deduction remittances are anticipated to total approximately \$23,700 over the Forecast Period;
 - 59.2. Administrative expenses, travel and utilities are estimated to total approximately \$22,000 over the Forecast Period; and
 - 59.3. Operating expenses for outreach services are anticipated to total approximately \$24,900 over the Forecast Period.
60. The District had an opening cash balance of approximately \$5.1 million consisting of a cash balance of approximately \$4.2 million, bonds of approximately \$208,200, as at May 25, 2016, which are held with FI Capital Ltd. ("FI Capital") and an investment of approximately \$674,400, as at March 16, 2016 held with Richardson GMP. We note that the value of the bonds held by FI Capital increased in value by approximately \$47,100 between March 6, 2016 and May 21, 2016 as certain investments matured. As noted above, the District, including CEF, is projected to have a net cash outflow of approximately \$382,700 over the Forecast Period. Based on their opening cash balance, the District has sufficient liquidity to sustain its ongoing operations during the Forecast Period.
61. The Monitor notes that, in addition to the above amounts, Bishop & McKenzie LLP ("Bishop"), who acts as legal counsel for the District is holding approximately \$18.8 million in trust for the District resulting from the sale of various real estate properties including vacant lands in Edmonton, Alberta, a condominium in Richmond, British Columbia, land and a building in Revelstoke, British Columbia,

land and a building in St. Albert, Alberta, a settlement with Concordia Lutheran Church in Edmonton, Alberta and the sale of the District's former head office in Edmonton, Alberta.

DIL

62. Attached as "Schedule 19" is the Statement of Projected Cash Flow for DIL for the thirteen week period ending August 20, 2016 (the "DIL Forecast"). DIL estimates a net cash outflow of approximately 1.8 million over the Forecast Period and projects that it will have cash on hand of approximately \$1.2 million at the end of the Forecast Period. A summary of the DIL Forecast is included below:

| DIL | |
|--|-----------------------|
| Statement of Projected Cash Flow | |
| For the Thirteen Week Period Ending August 20, 2016 | |
| | Total |
| Receipts | |
| Bank Interest | \$ 4,500 |
| Transfer from Bishop & McKenzie LLP | 5,838,623 |
| Loan payments | 84,566 |
| Total receipts | 5,927,689 |
| Disbursements | |
| Management fee | (57,500) |
| Restructuring fees | (225,000) |
| CRO | (41,160) |
| DIL Distribution | (7,452,045) |
| Total disbursements | (7,775,705) |
| Net cash flow | \$ (1,848,016) |
| Cash and marketable securities on hand | |
| Beginning balance | \$ 3,030,236 |
| Net cash flow | (1,848,016) |
| Ending balance | \$ 1,182,221 |

63. Total projected receipts of approximately \$5.9 million for DIL include the receipt of the Priority Amount and approximately \$1.7 million in funds that are currently held in trust for DIL by Bishop from the pay-out of loans from Faith Lutheran Church in Surrey, British Columbia, Walnut Grove Lutheran Church in Langley, British Columbia, Good Shepherd Lutheran Church in Calgary, Alberta and Redeemer Lutheran Church in High Prairie, Alberta as well as amounts collected from the Life Residents pursuant to the ECHS Plan (the "DIL Trust Funds"). The DIL Trust Funds are being used to pay the Second DIL Distribution.
64. Receipts also include regular monthly payments received on lines of credit and mortgages, which are estimated to total approximately \$84,600 over the Forecast Period. The Monitor notes that the First Lutheran Church in Kelowna, British Columbia (the "Kelowna Congregation") has an outstanding loan due to DIL in the amount of approximately \$5.6 million (the "Kelowna Loan"), which is secured by a registered mortgage (the "Kelowna Mortgage") on the property that houses the Kelowna Congregation (the "Kelowna Property"). DIL has been communicating with the Kelowna Congregation since early in

the CCAA proceedings with respect to having them refinance or otherwise repay the Kelowna Loan. The Kelowna Congregation has recently indicated that they are unable to repay the Kelowna Loan in full, that they will be paying their monthly mortgage payments into trust with their legal counsel beginning in May 2016 and that they may challenge the ability of DIL to demand on the Kelowna Mortgage. DIL issued a demand letter and Notice of Intention to Enforce Security on May 13, 2016 in respect of the Kelowna Mortgage.

65. DIL is forecasting disbursements of approximately \$7.8 million over the Forecast Period. We highlight the following with respect to these disbursements:
 - 65.1. DIL estimates a disbursement of \$57,500 for management fees payable to the District, who assists in administering the investment fund;
 - 65.2. DIL estimates disbursements of approximately \$225,000 to pay restructuring fees, including payments to the Applicant's legal counsel, the Monitor, the Monitor's legal counsel and the DIL Committee's legal counsel over the Forecast Period. Where appropriate, restructuring fees are allocated between the Applicants;
 - 65.3. DIL estimates fees for the CRO of approximately \$41,200 over the Forecast Period. The fees of the CRO are allocated between the Applicants; and
 - 65.4. As at December 12, 2015, DIL had transferred approximately \$14.5 million of the DIL Distribution. As previously reported, pursuant to the DIL Distribution, amounts releasable to DIL Depositors, who were RRIF and LIF holders were available to be transferred to an alternative investment fund of the DIL Depositor's choosing. Selected RRIF and LIF holders have not yet requested the transfer of their share of the DIL Distribution. As such, approximately \$452,000 of the DIL Distribution has not yet been transferred by DIL but is anticipated to be paid-out during the Forecast Period. Subject to release of the Settlement Funds, approximately \$7.0 million is anticipated to be paid pursuant to the Second DIL Distribution.
66. DIL had an opening cash balance of approximately \$3.0 million. As noted above, DIL is projected to have a net outflow of cash of approximately \$1.8 million over the Forecast Period including the Second DIL Distribution. Based on their opening cash balance, DIL has sufficient liquidity to sustain its ongoing operations during the Forecast Period. As the Kelowna Loan is the most valuable remaining asset held by DIL, the Monitor does not anticipate that any further distributions will be made to DIL Depositors until such times as the Kelowna Loan can be realized upon either through foreclosure proceedings or otherwise.

ECHS

67. Attached as "Schedule 20" is the Statement of Projected Cash Flow for ECHS for the thirteen week period ending August 20, 2016 (the "ECHS Forecast"). ECHS estimates a net increase in cash of approximately \$143,700 over the Forecast Period and projects that it will have cash on hand of

approximately \$1.1 million at the end of the Forecast Period. A summary of the ECHS Forecast is included below:

| ECHS | |
|--|---------------------|
| Statement of Projected Cash Flow | |
| For the Thirteen Week Period Ending August 20, 2016 | |
| | Total |
| Receipts | |
| Lease revenue | \$ 360,000 |
| Water and sewage revenue | 152,016 |
| RV lot rental | 3,000 |
| Total receipts | 515,016 |
| Disbursements | |
| Operating expenses | (183,712) |
| Restructuring fees | (140,000) |
| CRO | (17,640) |
| Contingency | (30,000) |
| Total disbursements | (371,352) |
| Net cash flow | \$ 143,664 |
| Cash on hand | |
| Beginning balance | \$ 920,831 |
| Net cash flow | 143,664 |
| Ending balance | \$ 1,064,495 |

68. ECHS is projecting receipts of approximately \$515,000 over the Forecast Period. We highlight the following with respect to these receipts:

68.1. ECHS leases land and buildings that they own within the Prince of Peace Development to EMSS. Monthly lease payments of \$120,000 are payable from EMSS to ECHS with respect to this lease. These monthly lease payments are estimated to total \$360,000 over the Forecast Period; and

68.2. ECHS provides water and sewer services to EMSS and to the elementary and junior high school located in the Prince of Peace development. Receipts for the provision of water and sewer services are estimated to total \$152,000 over the Forecast Period.

69. ECHS is projecting disbursements of approximately \$371,400 over the Forecast Period. We highlight the following with respect to these disbursements:
- 69.1. ECHS estimates disbursements of \$183,700 over the Forecast Period for ongoing operating expenses, which include payments to trade creditors such as for the provision of water and sewer services;
 - 69.2. Disbursements to pay restructuring fees, including payments to the Applicants' legal counsel, the Monitor and the Monitor's legal counsel are estimated to total approximately \$140,000 over the Forecast Period; and
 - 69.3. Contingency payments of approximately \$30,000 over the Forecast Period include payments related to the repair of roadways for the Prince of Peace Development.
70. ECHS has an opening cash balance of approximately \$920,800. As noted above, ECHS is projected to have a net cash inflow of approximately \$143,700 over the Forecast Period and has sufficient liquidity to sustain its ongoing operations during the Forecast Period.
71. The Monitor notes that Bishop, who acts as legal counsel for ECHS is holding approximately \$7.9 million in trust from the sale of a property located in Chestermere, Alberta (defined above as the "Chestermere Proceeds"). As reported above, should the Settlement Amendment be approved the Priority Amount will be paid from the Chestermere Proceeds.

EMSS

72. Attached as "Schedule 21" is the Statement of Projected Cash Flow for EMSS for the thirteen week period ending August 20, 2016 (the "EMSS Forecast"). EMSS estimates a net decrease in cash of approximately \$86,700 over the Forecast Period. EMSS projects that it will have cash on hand of approximately \$964,000 at the end of the Forecast Period. A summary of the EMSS Forecast is included below:

| EMSS | |
|--|--------------------|
| Statement of Projected Cash Flow | |
| For the Thirteen Week Period Ending August 20, 2016 | |
| | Total |
| Receipts | |
| Rent | \$ 1,350,000 |
| Alberta Health Services ("AHS") funding | 1,170,744 |
| Miscellaneous revenue | 19,000 |
| Total receipts | 2,539,744 |
| Disbursements | |
| Payroll | (1,379,000) |
| RRSP's | (19,250) |
| Health Benefits | (87,000) |
| Administrative expenses | (128,000) |
| Food services expenses | (130,000) |
| Housekeeping expenses | (15,750) |
| Healthcare expenses | (8,800) |
| Maintenance expenses | (160,000) |
| Utility expenses | (150,000) |
| Diversicare | (66,000) |
| Lease payments | (360,000) |
| Restructuring fees | (105,000) |
| CRO | (17,640) |
| Total disbursements | (2,626,440) |
| Net cash flow | \$ (86,696) |
| Cash on hand | |
| Beginning balance | \$ 1,050,660 |
| Net cash flow | (86,696) |
| Ending balance | \$ 963,964 |

73. EMSS is projecting receipts of approximately \$2.5 million over the Forecast Period. We highlight the following with respect to these receipts:

73.1. EMSS is estimated to receive \$1.4 million from rental revenue collected over the Forecast Period. The rental revenue is paid by individual residents of the Harbour and the Manor senior's care facilities; and

73.2. EMSS' other main source of revenue is funding from Alberta Health Services pursuant to various grant agreements, which is received in monthly installments at the beginning of each month (the "AHS Payments"). The AHS Payments are anticipated to total approximately \$1.2 million over the Forecast Period.

74. EMSS is projecting disbursements of approximately \$2.6 million over the Forecast Period. We highlight the following with respect to these disbursements:
- 74.1. EMSS' employees are paid on a bi-weekly basis. Payroll for EMSS employees is estimated to total approximately \$1.4 million over the Forecast Period, including CRA payroll source deductions. Additional RRSP and health benefits for EMSS employees in the respective amounts of \$19,300 and \$87,000 are anticipated to be payable over the Forecast Period. The Monitor notes that the eligibility requirements for EMSS' employee RRSP program were recently amended such that fewer EMSS employees are now eligible to participate. This has reduced the corresponding disbursements for RRSPs over the Forecast Period. In addition, EMSS has recently changed their employee benefits provider in a further effort to reduce costs. These changes were initiated by Verve, formerly known as Diversicare Canada Management Services Co. Inc. ("Verve"), who operates the Harbour and Manor seniors' care facilities.
 - 74.2. Administrative expenses, food services expenses and maintenance expenses are anticipated to total \$128,000, \$130,000 and \$160,000 respectively over the Forecast Period;
 - 74.3. As noted above, EMSS makes monthly lease payments to ECHS for use of the land and buildings from which the Harbour and the Manor operate and for water and sewage services. These payments are anticipated to total \$360,000 and \$150,000, respectively, over the Forecast Period; and
 - 74.4. Disbursements to pay restructuring fees, including payments to the Applicants' legal counsel, the Monitor and the Monitor's legal counsel are estimated to total approximately \$105,000 over the Forecast Period.
75. EMSS has an opening cash balance of approximately \$1.1 million. As noted above, EMSS is projected to have a net cash outflow from operations of approximately \$86,700 over the Forecast Period; however, based on their opening cash balance, EMSS appears to have sufficient liquidity to sustain its ongoing operations during the Forecast Period.

Monitor's Report on Cash Flow Statements

76. The District Forecast, the DIL Forecast, the ECHS Forecast and the EMSS Forecast will collectively be referred to as the "Applicants' Forecasts".
77. The Monitor reports as follows with respect to the Applicants' Forecasts:
- 77.1. Each of the Applicants' Forecasts have been prepared by Management for the purposes described in the notes contained therein (the "Notes") using the probable and hypothetical assumptions set out in the Notes;

- 77.2. The Monitor's review consisted of inquiries, analytical procedures and discussion related to information supplied to it by Management and selected employees of the Applicants. Since hypothetical assumptions need not be supported, the Monitor's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of each of the Applicants' Forecasts. We have also reviewed the support provided by Management for the probable assumptions, and the preparation and presentation of the Applicants' Forecasts;
- 77.3. Based on our review, nothing has come to the attention of the Monitor that causes us to believe that, in all material respects:
- 77.3.1. The hypothetical assumptions are not consistent with the purpose of each of the Applicants' Forecasts;
- 77.3.2. As at the date of the Nineteenth Report, the probable assumptions developed by Management are not suitably supported and consistent with the Plans of each of the Applicants or do not provide a reasonable basis for each of the Applicants' Forecasts, given the hypothetical assumptions; or
- 77.3.3. Each of the Applicants' Forecasts does not reflect the probable and hypothetical assumptions.
- 77.4. Since the Applicants' Forecasts are based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur and the variations may be material. Accordingly, the Monitor expresses no assurance as to whether the Applicants' Forecasts will be achieved. We further express no opinion or other form of assurance with respect to the accuracy of any financial information reported with respect to the Applicants' Forecasts, or relied upon by it in reporting on the Applicants' Forecasts; and
- 77.5. The Applicants' Forecasts have been prepared solely for the purpose described in the Notes, and readers are cautioned that they may not be appropriate for other purposes.

Variance Analysis

District

78. Attached as “Schedule 22” is a variance analysis (the “Variance Analysis”) for the District for the eleven week period ended May 21, 2016 (the “Variance Period”). The Variance Analysis for the District reflects an overall net negative variance of approximately \$714,700. The Variance Analysis is based on the Statement of Projected Cash Flow for the Thirteen Week Period Ending June 4, 2016 for the District, which was dated March 11, 2016.
79. The Variance Analysis includes information as to timing and permanent variances reported by the District over the Variance Period. The following permanent variances over \$25,000 were reported during the Forecast Period:
 - 79.1. A negative variance of approximately \$608,000 related to the repayment of a loan (the “Fort McMurray Loan”) from Trinity Lutheran Church in Fort McMurray, Alberta (the “Fort McMurray Congregation”), which is secured by way of a registered mortgage on the property that houses the Fort McMurray Congregation (the “Fort McMurray Property”). A pending sale was in place with respect to the Fort McMurray Property, however, this sale failed to be completed. The Fort McMurray Congregation has been reviewing their options with respect to refinancing the Fort McMurray Loan, however, given the recent forest fires in and around Fort McMurray, these refinancing efforts are anticipated to be delayed;
 - 79.2. A negative variance of approximately \$134,100 for restructuring fees, which were higher than originally forecast. This was partially as a result of the application for the District Meeting Order being contested which resulted in additional time being spent by the Monitor, legal counsel for the District and legal counsel for the District Committee and the DIL Committee to advance the corresponding Court applications; and
 - 79.3. A positive variance of approximately \$27,400 as a result of receipts for storage fees payable by Lutheran Church – Canada and supported pooled fund payments (for short-term disability for church and school employees), which are only invoiced/ received on an annual basis.
80. As noted above, the value of the marketable securities held by FI Capital increased in value by approximately \$47,100 during the Variance Period as certain investments matured or were liquidated.

DIL

81. Attached as “Schedule 23” is a Variance Analysis for the Variance Period for DIL. The Variance Analysis reflects an overall net positive variance of approximately \$398,300. The Variance Analysis is based on the Statement of Projected Cash Flow for the Thirteen Week Period Ending June 4, 2016, which was dated March 11, 2016.
82. The Variance Analysis includes information as to timing and permanent variances reported by DIL over the Variance Period. No permanent variances over \$25,000 were reported during the Variance Period.

ECHS

83. Attached as “Schedule 24” is a Variance Analysis for the Variance Period for ECHS. The Variance Analysis reflects an overall net positive variance of approximately \$48,100. The Variance Analysis is based on the Statement of Projected Cash Flow for the Thirteen Week Period Ended June 4, 2016 for ECHS, which was dated March 11, 2016.
84. The Variance Analysis includes information as to timing and permanent variances reported by ECHS over the Variance Period. No permanent variances over \$25,000 were reported during the Variance Period.

EMSS

85. Attached as “Schedule 25” is a Variance Analysis for the Variance Period for EMSS. The Variance Analysis reflects an overall net positive variance of approximately \$122,400. The Variance Analysis is based on the Statement of Projected Cash Flow for the thirteen week period ending June 4, 2016 for EMSS, which was dated March 11, 2016.
86. The Variance Analysis includes information as to timing and permanent variances reported by EMSS over the Variance Period. The following permanent variances over \$25,000 were reported during the Variance Period:
 - 86.1. A permanent positive variance for approximately \$37,600 in rent, largely due to an increase in occupancy over the Variance Period;
 - 86.2. A permanent positive variance for approximately \$34,500 in AHS Funding due to payment for an additional day in February as a result of 2016 being a leap year; and
 - 86.3. A permanent positive variance of approximately \$32,400 in health benefits as a result of the previously referenced change in the health benefits service provider for EMSS, one of the cost cutting measures implemented by Verve.

Conclusion

87. The Monitor is supportive of the following relief sought by the Applicants at the June 2 Hearing, as set out herein:
- 87.1. Approving further amendments to the DIL Plan, the ECHS Plan and the EMSS Plan;
 - 87.2. Amending the Settlement Order, as set out herein;
 - 87.3. Amending the EFT Order;
 - 87.4. Approving the Strathmore Transaction; and
 - 87.5. Sealing the Confidential Affidavit.

DELOITTE RESTRUCTURING INC.,

In its capacity as Court-appointed Monitor of The Lutheran Church – Canada, The Alberta – British Columbia District, Encharis Community Housing and Services, Encharis Management and Support Services and The Lutheran Church – Canada, The Alberta – British Columbia District Investments Ltd. and not in its personal or corporate capacity



Jeff Keeble CA, CIRP, CBV
Senior Vice-President

Schedules

Schedule 1

March 28, 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. Deloitte Restructuring Inc. acts as the Monitor in the CCAA proceedings.

At a hearing on March 21, 2016, the Court granted an Order for the District (the “Meeting Order”) including the following relief:

1. Authorizing the District to file a Plan of Compromise and Arrangement for the District, as subsequently amended, and as may be further amended (the “District Plan”), to present the District Plan to the creditors of the District for their consideration in accordance with the Meeting Order and to seek approval of the District Plan in the manner set forth in the Meeting Order; and
2. Authorizing the District to further vary, amend, modify or supplement the District Plan by way of a supplementary or further amended and restated plan or plans or compromise and arrangement.

Attached, please find the Monitor’s First Report to the Creditors of the District, dated March 28, 2016, which includes information on the District Plan, the time and place for the meeting scheduled for the creditors of the District to consider the District Plan (the “District Meeting”) and the Monitor’s recommendations. It also includes the following documents:

1. A copy of the District Plan;
2. A copy of the Notice of the District Meeting;
3. A copy of the Meeting Order;
4. A NewCo Summary Presentation prepared by the District’s Chief Restructuring Officer;
5. A Tax Summary prepared by Deloitte Restructuring Inc. and a corresponding memorandum prepared by Gowlings WLG (Canada) LLP;

6. Forms for the Proxy, the Election Letter and the Notice of Opting Out; and
7. A Guardian's Acknowledgement of Responsibility, which must be filled out for minors.

In advance of the District Meeting, the Monitor intends to attend additional meetings in Alberta and British Columbia to review the District Plan and answer any questions for those creditors in attendance. Once scheduled, the dates for these meetings will be posted on the Monitor's website at www.insolvencies.deloitte.ca under the link entitled "Lutheran Church – Canada, the Alberta – British Columbia District et. al."

Upon receipt of this information package, please follow the instructions on the attached hand-out entitled "The Basics and What You Need to Do". If you have questions, please contact Joseph Sithole at 1-587-293-3203 or contact the undersigned.

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



| | |
|--------------------------|---|
| COURT FILE NUMBER | 1501-00955 |
| COURT | COURT OF QUEEN'S BENCH OF ALBERTA |
| JUDICIAL CENTRE | CALGARY |
| DOCUMENT | FIRST REPORT TO THE CREDITORS OF LUTHERAN CHURCH – CANADA, THE ALBERTA – BRITISH COLUMBIA DISTRICT |

IN THE MATTER OF THE COMPANIES CREDITORS' ARRANGEMENT ACT, R.S.C. 1985 c. C-36 AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT 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.

DATED MARCH 28, 2016

Table of Contents

| | |
|--|----|
| Introduction and Notice to Reader | 1 |
| Introduction | 1 |
| Notice to Reader | 2 |
| Court Applications | 3 |
| The District's Assets | 5 |
| Key Elements of the District Plan | 8 |
| Role of the Monitor | 8 |
| Eligible Affected Creditors | 8 |
| Treatment of Eligible Affected Creditors | 9 |
| Treatment of Unaffected Creditors | 12 |
| Other Considerations | 13 |
| Key Elements of the District Plan | 13 |
| NewCo | 15 |
| Bylaws and Articles | 15 |
| NewCo Management | 16 |
| The NewCo Shareholders Meeting | 16 |
| Liquidity | 17 |
| Risks | 18 |
| Tax Implications | 20 |
| The Representative Action | 21 |
| The Representative Action Claims | 21 |
| The Representative Action Process | 21 |
| The Subcommittee | 22 |
| The Representative Counsel | 24 |
| The Representative Plaintiffs | 25 |
| Monitor's Views on the Representative Action Process | 25 |
| The Sugden Action and the Garber Action | 26 |
| Releases | 29 |

| | |
|----------------------------|----|
| The District Meeting | 31 |
| Voting..... | 31 |
| Approval of Plan | 32 |
| Conclusion | 33 |

SCHEDULES

| | |
|-------------|---|
| Schedule 1 | Third Amended District Plan of Compromise and Arrangement, dated March 21, 2016 |
| Schedule 2 | Notice of the District Creditors' Meeting |
| Schedule 3 | Order (District Creditors' Meeting), dated March 21, 2016 |
| Schedule 4 | NewCo Summary Presentation prepared by the District's Chief Restructuring Officer |
| Schedule 5 | Memorandum prepared by Gowlings WLG (Canada) LLP |
| Schedule 6 | Tax Summary prepared by Deloitte Restructuring Inc. |
| Schedule 7 | Notice of Opting Out |
| Schedule 8 | Election Letter |
| Schedule 9 | Proxy |
| Schedule 10 | Guardian's Acknowledgment of Responsibility |

Introduction and Notice to Reader

Introduction

1. On January 23, 2015, 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” or the “District Group”) obtained an Initial Order (the “Initial Order”) from the Court of Queen’s Bench of Alberta (the “Court”) under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “CCAA”). Deloitte Restructuring Inc. (“Deloitte”) was appointed as Monitor (the “Monitor”) in the CCAA proceedings.
2. For clarity, the District includes the Church Extension Fund (“CEF”), which was originally created to allow District members to loan their money and earn interest in faith-based developments. CEF was operated under the purview of the District’s Department of Stewardship and Financial Ministries and was not created as a separate legal entity. As such, depositors to CEF are creditors of the District (the “District Depositors”). Depositors to DIL will be referred to as the “DIL Depositors”. The District Depositors and the DIL Depositors will collectively be referred to as the “Depositors”.
3. The Initial Order provided for an initial stay of proceedings (the “Stay”) until February 20, 2015. The Court has now granted six extensions of the Stay. The most recent Order was granted at an application on January 20, 2016 and extended the Stay until April 29, 2016.
4. Information on the CCAA proceedings, including all of the Monitor’s reports (the “Monitor’s Reports”), 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”). The Fourteenth Report of the Monitor dated February 18, 2016 (the “Fourteenth Report”) contains information about the Plan of Compromise and Arrangement dated February 12, 2016 and filed by the District on February 16, 2016 (the “District Plan”). The District Plan was subsequently amended three times with an Amended Plan of Compromise and Arrangement also dated February 12, 2016 being filed on February 22, 2016, a second Amended Plan of Compromise and Arrangement, being dated and filed on March 14, 2016 and a third Amended Plan of Compromise and Arrangement, being dated March 21, 2016 and filed on March 22, 2016. For the purposes of this report, references to the District Plan will include all subsequent amendments.
5. The most recent report filed by the Monitor in these proceedings is the Monitor’s Seventeenth Report, dated March 18, 2016 (the “Seventeenth Report”).

6. This report constitutes the Monitor's First Report to the Creditors of the District (the "Creditors' Report"). The Creditors' Report is being prepared to provide information on the following:
 - 6.1. The District Plan; and
 - 6.2. The Monitor's recommendations.

Notice to Reader

7. In preparing the Creditors' Report, the Monitor has relied on unaudited financial information, the books and records of the Applicants and discussions with the Applicant's employees, the Applicant's Chief Restructuring Officer (the "CRO"), interested parties and stakeholders. The Monitor has not performed an independent review or audit of the information provided.
8. This report contains estimated realizations that are based on assumptions regarding future events and, as such, will vary and these variances may be material. The Monitor assumes no responsibility or liability for any loss or damage occasioned by any party as a result of the circulation, publication, reproduction, or use of this report.
9. Capitalized terms not otherwise defined herein shall have the meanings given to them in the Monitor's Reports.
10. All amounts included herein are in Canadian dollars unless otherwise stated.

Court Applications

11. At a hearing on March 21, 2016 (the “March 21 Hearing”), the Court granted an Order in relation to the District (the “Meeting Order”) including the following relief:
 - 11.1. Authorizing the District to file the District Plan, subject to any further amendments being made. The District Plan is to be presented to the Eligible Affected Creditors (as defined below) for their consideration at a meeting (the “District Meeting”) held in accordance with the Meeting Order and the District is to seek approval of the District Plan in the manner set forth in the Meeting Order; and
 - 11.2. Authorizing the District to further vary, amend, modify or supplement the District Plan by way of a supplementary or further amended and restated plan or plans of compromise and arrangement.
12. For clarity, the provisions of the District Plan that allow for the District Plan to be amended are typical in CCAA proceedings. The purpose of these provisions is to allow for amendments that ensure that the District’s Plan’s mechanics and operations are as efficient as possible. No amendments could be made without prior consultation with District Depositors if such amendments substantively changed the District Plan or worsened the treatment of District Depositors under the District Plan. Should further amendments be made to the District Plan ahead of the District Meeting, a summary of these further amendments will be posted to the Monitor’s Website.
13. The Notice of the Creditor’s Meeting is attached as “Schedule 2” hereto. The Meeting Order is attached as “Schedule 3” hereto.
14. As previously detailed in the Monitor’s Reports, on March 3, 2016, the Court heard the District Group’s application for an Order sanctioning the DIL Plan, declaring that the DIL Plan was fair and reasonable and declaring that the DIL Plan and all associated steps, compromises, transactions, arrangements, assignments, releases and reorganizations effected by the DIL Plan were approved, binding and effective upon those creditors affected by the DIL Plan (the “DIL Sanction Application”). On March 9, 2016, the Honourable Justice B.E.C. Romaine deferred the DIL Sanction Application, directing that it be heard at the same time as an application sanctioning the District Plan (the “District Sanction Application”). Both the DIL Plan and the District Plan contain provisions related to a future legal action or actions, which may be undertaken on behalf of DIL Depositors and District Depositors respectively by way of a class proceeding or otherwise (the “Representative Action(s)"). As both the DIL Plan and the District Plan included substantively the same provisions outlining a process whereby the Representative Actions could be advanced, the Court was of the view that the DIL Sanction Application

and the District Sanction Application should both be determined at such time as both plans had been considered and voted on by the respective creditors of each entity. In addition, although the DIL Plan and the District Plan are stand-alone plans, they have both been crafted with a view to restructuring the Applicants' affairs such that the District can continue to provide ministry services. As such, the Court ruled they should be considered simultaneously.

The District's Assets

15. Below is a summary of the book values of the assets held by the District (the "District Assets") as at December 31, 2015. This summary excludes mission remittances which will be used in the District's ongoing operations. A portion of these mission remittances are being held in trust and will be payable to Lutheran Church – Canada ("LCC"). It also excludes pre-paid expenses such as for postage. The Monitor has not released estimated realizable values for those District Assets which are the subject of ongoing collection efforts or where sales have not yet been completed for fear of compromising those collection efforts or future sale processes.

| Description | Actual or District book values - December 31, 2015 |
|---|--|
| Cash and marketable securities | \$ 1,366,874 |
| Real properties that have been sold (funds held in trust) | 17,306,186 |
| Loans, mortgages and guarantees | 11,237,333 |
| Real estate properties | 6,401,837 |
| District - ECHS Mortgage | 82,095,703 |
| Subtotal | \$ 118,407,933 |
| Add back emergency fund payments | 467,279 |
| Grand Total | \$ 118,875,212 |

- 15.1. Cash and marketable securities of approximately \$1.4 million were being held in the District's operating account as at December 31, 2015. The Monitor notes that the marketable securities held by the District reflect a further investment held with Richardson GMP in the amount of \$674,400, which was not reflected in the Fourteenth Report (as further detailed in the Seventeenth Report). This amount is net of approximately \$4.1 million, which is payable to DIL Depositors pursuant to a settlement between the District's creditors' committee (the "District Committee") and DIL's creditors' committee (the "DIL Committee"), which was approved by an Order granted on January 4, 2016 (the "Settlement").
- 15.2. Cash of approximately \$17.3 million was being held in trust by the District's legal counsel related to the sale of real properties including a condominium located in Richmond, British Columbia, a property located in Revelstoke, British Columbia, lands located in St. Albert, Alberta, vacant school lands located in Edmonton, Alberta, 101 acres of land in Chestermere, Alberta (the "Chestermere Lands") and a settlement between the District and Concordia Lutheran Church.

- 15.3. The District has additional loans, mortgages and guarantees with book values totaling approximately \$11.2 million. This includes two unsecured loans from the Prince of Peace Lutheran Church and School (the “Church and School”, the “Church and School Loans”). The Church and School Loans have a combined outstanding balance of \$10.6 million, which is comprised of two unsecured loans, the first in the amount of approximately \$1.9 million and the second, which the Monitor understands was used to build the Church and School, in the amount of approximately \$8.7 million. As described in the Monitor’s Fifth Report dated August 24, 2015, the Church and School are located on development lands within the Prince of Peace Development, which have yet to be subdivided (the “Development Lands”). The Church and School are claiming an interest in the building that houses the Church and School by way of a trust or other mechanism. As such, a portion of the Church and School Loans may be discharged upon the transfer of ownership of the Development Lands (including the Church and School) pursuant to the District Plan. In addition to the Church and School Loans, the District holds unsecured loans and a mortgage on a property in Fort McMurray, Alberta. Shepherd of the Valley Ministries Ltd., a related entity, also provided a guarantee to the District with respect to any shortfall in the repayment of the District – ECHS Loan, as defined herein.
- 15.4. As at December 31, 2015, the District continued to hold the following four real estate properties:
- 15.4.1. A property located in Strathmore, Alberta, which houses the Trinity Christian Academy (the “Strathmore Property”). The Strathmore Property is currently being marketed by Colliers McCauley Nicholls Inc. at a list price of \$3.9 million. Pursuant to the Settlement, the proceeds from the sale of the Strathmore Property will be split evenly between the District and DIL;
- 15.4.2. The District Head Office, the sale of which was approved by the Court on November 5, 2015, as amended on February 8, 2016 and has subsequently closed generating net sale proceeds of approximately \$1.5 million;
- 15.4.3. The Elkford Lands, the sale of which was approved by the Court on February 23, 2016; and
- 15.4.4. A property in Canmore, Alberta (the “Canmore Lands”), which houses the Shepherd of the Valley Lutheran Church (“Shepherd”). As previously reported, Shepherd has asserted a claim for adverse possession or other interest in the Canmore Lands. As such, it is possible that a settlement will be negotiated between the District and Shepherd, which may or may not involve the sale of the Canmore Lands.

The net proceeds from the sale of the Strathmore Property (half of which will be available to the District), the District Head Office, the Elkford Lands, and any proceeds realized from the Canmore Lands will be held in trust for inclusion in the District Plan.

- 15.5. The assets described in 15.1 to 15.4 above will collectively be referred to as the “Non-Core Assets”.
- 15.6. As previously reported, the District granted a loan to ECHS, which as at the Filing Date, had an outstanding balance of approximately \$82.1 million (the “District – ECHS Loan”). The District – ECHS Loan was secured by a mortgage for \$45 million plus accrued interest (the “District – ECHS Mortgage”) registered against selected properties within the Prince of Peace development, including the lands that house the Harbour and Manor senior’s care facilities, the surrounding expansion lands, the Church and School and the Development Lands (the “Prince of Peace Properties”). The Prince of Peace Properties are not currently fully subdivided. The Monitor notes that the District – ECHS Mortgage was also registered against the Chestermere Lands, which have been sold. The proceeds from the sale of the Chestermere Lands have not been applied against the balance of the District – ECHS Loan reflected above. Pursuant to the District Plan, the Prince of Peace Properties will be transferred into a new company (“NewCo”). As set out in the District Plan, pursuant to a tax structured transaction, shares in NewCo (the “NewCo Shares”) will be distributed to Eligible Affected Creditors (as defined herein).

Key Elements of the District Plan

Role of the Monitor

16. The Monitor is not the author of the District Plan. The District Plan has been formulated by the District subject to input from the CRO, the District Committee and the Monitor. The Monitor is an officer of the Court, whose role includes providing creditors of the District, including the District Depositors and the Trades (as subsequently defined), with proven claims or disputed claims that have not been settled or adjudicated (the “Eligible Affected Creditors”) with sufficient information to consider the District Plan and reporting to Eligible Affected Creditors on the Monitor’s view of the reasonableness and fairness of the District Plan.

Eligible Affected Creditors

17. The District Plan has one class of Eligible Affected Creditors, which includes the following:

- 17.1. Pursuant to the claims process, which was approved pursuant to an Order granted on February 20, 2015 (the “Claims Process”), there were 2,638 District Depositors with proven claims of approximately \$96.7 million. An emergency fund was implemented prior to the Filing Date and approved by the Court as part of the Initial Order (the “Emergency Fund”). The Emergency Fund was established to ensure that District Depositors, many of whom are seniors, would have sufficient funds to cover their basic necessities. Pursuant to the Emergency Fund and for the period ended February 29, 2016, District Depositors had received payments totaling approximately \$525,900. Taking into account payments made pursuant to the Emergency Fund, District Depositors had proven claims of approximately \$96.2 million as at February 29, 2016.
- 17.2. Also pursuant to the Claims Process, the District was determined to have 13 trade creditors (the “Trades”) with proven claims of approximately \$956,700. These include a claim by LCC (the “LCC Claim”) related to an unfunded pension liability in the amount of approximately \$675,500, which was previously disallowed by the Monitor and in respect of which a dispute notice has been filed.
- 17.3. The claims of the Trades also include a claim by Fiserv Solutions Canada Inc. and Open Solutions DTS, Inc. (the “Fiserv Claim”) related to the early termination of a contract between Fiserv and the District in the amount of \$268,200. Following negotiations between the District and Fiserv, the Fiserv Claim has now been settled, subject to Court Approval of the District Plan, such that the Fiserv Claim will be admitted as filed but Fiserv will agree to waive their

entitlement to any distributions in the form of NewCo Shares (as defined below) pursuant to the District Plan (the “Fiserv Settlement”). Pursuant to the Fiserv Settlement, the District will also sign a release in favour of Fiserv with respect to a payment made by the District to Fiserv prior to the Filing Date in the amount of \$210,000 related to an intended software implementation. The Court granted a Consent Order with respect to the Fiserv Settlement at the March 21 Hearing.

Treatment of Eligible Affected Creditors

18. Each Eligible Affected Creditor would be paid the lesser of \$5,000 or the total amount of their claim (the “Convenience Payment(s)”) upon the date that the District Plan would take effect, being the later of the date following the appeal period of an Order sanctioning the District Plan (the “Sanction Order”) or another date that may be agreed in writing by the District and the Monitor (the “Effective Date”). Based on the known claims of the Eligible Affected Creditors, this will result in 1,640 District Depositors (approximately 62% of all District Depositors) and 10 Trades (approximately 77% of all Trades) being paid in full. The Convenience Payments are estimated to total \$6.3 million.
19. The District Plan contemplates the liquidation of the Non-Core Assets. Pursuant to the District Plan, each time the quantum of funds held in trust from the liquidation of the Non-Core Assets, net of the Restructuring Holdback and the Representative Action Holdback (as both terms are defined herein) reaches \$3.0 million, funds would be distributed on a pro-rata basis to the Eligible Affected Creditors, based on their remaining proven claims after deducting the Convenience Payments. In addition, upon the sale of all of the Non-Core Assets, funds would again be distributed on a pro-rata basis to the Eligible Affected Creditors. There are sufficient funds currently held in trust such that there will be a distribution over and above the Convenience Payments immediately following the Effective Date. For clarity, the Representative Action Holdback (as subsequently defined) would only apply to distributions to those District Depositors who participate in the Representative Action. Based on the actual net sale proceeds of those Non-Core Assets for which sales have already been completed, and the estimated net realizations for the remaining Non-Core Assets, the Monitor currently estimates that Eligible Affected Creditors who are not paid in full by the Convenience Payments would receive cash distributions of between approximately 15% and 20% of their remaining proven claims, after deducting the Convenience Payments. The Monitor notes that the estimated realizations are based on assumptions regarding future events and, as such, will vary and these variances could be material.
20. If the District Plan is approved, NewCo would be formed following the Effective Date. The corporate structure of NewCo is further described herein. Pursuant to a tax structured transaction, NewCo would purchase the Prince of Peace Properties from ECHS in exchange for the NewCo Shares. The value of the NewCo Shares is intended to be based on the following:
 - 20.1. The forced sale value of the Harbour and Manor seniors’ care facilities, which will be based on an appraisal of the Harbour and Manor seniors’ care facilities prepared by CWPC Seniors’ Housing Group as at November 30, 2015 (the “CWPC Appraisal”);

- 20.2. The forced sale value of the remaining Prince of Peace Properties, which will be based on an appraisal prepared by Colliers International as at October 15, 2015 (the “Colliers Appraisal”);
 - 20.3. The estimated value of the assets held by ECHS, which would be transferred to NewCo pursuant to the ECHS Plan, which include working capital, computer hardware, equipment, furniture and fixtures and a water treatment plant (the “ECHS Assets”). This will be based on the actual value of cash held by ECHS at the date of transfer and discounted book values for the remaining ECHS Assets; and
 - 20.4. The estimated value of the assets held by EMSS, which would be transferred to NewCo pursuant to the EMSS Plan, which include working capital, furniture and fixtures, computer equipment, medical equipment and a vehicle (the “EMSS Assets”). This will be based on the actual value of cash held by EMSS at the date of transfer and discounted book values for the remaining EMSS Assets.
21. The assets described in 20.1 to 20.4 above will be defined as the “NewCo Assets”.
 22. As previously reported and as further described below, it is possible that Deloitte LLP, a related company to Deloitte, may be named as a defendant in the Representative Action related to prior work that was undertaken as the auditor of the District (between 1990 and 1999) and of DIL (between 1998 and 1999). As the value of the NewCo Shares will determine the shortfall to District Depositors, which will also be the amount that District Depositors can pursue in the Representative Action, Deloitte intends to pursue the following additional process related to the valuation of the NewCo Shares.
 - 22.1. Legal counsel for the District Committee will retain a qualified third party firm to review the proposed valuation of the NewCo Shares. The firm will be provided with the CWPC Appraisal, the Colliers Appraisal and all pertinent information related to the estimated values, which are attributed to the ECHS and the EMSS Assets;
 - 22.2. The third party firm will provide a report to legal counsel for the District Committee with respect to their views on the valuation of the NewCo Shares (the “Third Party Report”); and
 - 22.3. The District Committee will share the results of the Third Party Report with the Monitor, at which point the Monitor may either accept any change to the valuation proposed in the Third Party Report or either the Monitor or the District Committee may seek further advice and direction from the Court.
 23. ECHS would then transfer the NewCo Shares to the District in partial satisfaction of the District – ECHS Mortgage. The NewCo Shares would be distributed by the District to the Eligible Affected Creditors on a pro-rata basis. The Monitor currently estimates that Eligible Affected Creditors will receive NewCo Shares valued at between 53% and 60% of their remaining proven claims, after deducting the Convenience Payments; however, this estimate may vary based on the results of the Third Party Report and this variance may be material.

24. As previously described, each Eligible Affected Creditor is currently anticipated to receive the following (for clarity, no Eligible Affected Creditor will be eligible to receive distributions in excess of the total amount of their proven claim):
- 24.1. A Convenience Payment for the lesser of the amount of the Eligible Affected Creditor's proven claim or \$5,000 (net of any payments pursuant to the Emergency Fund);
 - 24.2. An estimated cash distribution from the realization of the Non-Core Assets of between 15% and 20% of each Eligible Affected Creditors' remaining proven claim, after deducting the Convenience Payments (the "Cash Distribution(s)"). The Cash Distributions will be net of any payments pursuant to the Emergency Fund;
 - 24.3. A distribution in the form of NewCo Shares, which are anticipated to be valued at between 53% and 60% of each Eligible Affected Creditors' remaining proven claim, after deducting the Convenience Payments (the "Share Distribution(s)"). The Share Distributions may be adjusted based on any payments pursuant to the Emergency Fund in excess of the Convenience Payment and the Cash Distributions.

The payments in 24.2 and 24.3 are anticipated to provide Eligible Affected Creditors, who are not paid in full by the Convenience Payments, with estimated distributions valued at between 68% and 80% of their remaining proven claims, after deducting the Convenience Payments. As noted above, the estimated realizations are based on assumptions regarding future events, third party appraisals and the Third Party Report and, as such, will vary and these variations could be material. The Monitor assumes no responsibility or liability for any loss or damage occasioned by any party as a result of the circulation, publication, reproduction or use of the estimated realizations.

25. For clarity, due to the issuance of the Convenience Payments, the total pro-rata distributions available to Eligible Affected Creditors will vary. Those Eligible Affected Creditors with claims less than or equal to \$5,000 will be paid in full and those Eligible Affected Creditors with claims over \$5,000 will receive the Convenience Payments and their pro-rata share of the Cash Distributions and the Share Distributions, as described above. Although on a pro-rata basis, Eligible Affected Creditors with claims under or equal to \$5,000 will receive a greater percentage recovery than Eligible Affected Creditors with claims over \$5,000 whose pro-rata distributions, taking into account the Convenience Payments will vary, Eligible Affected Creditors with claims over \$5,000 will receive a corresponding benefit as a result of there being a reduced number of NewCo Shareholders (as subsequently defined), which will provide NewCo with a more manageable corporate governance structure and allow for an improved recovery over time for those Eligible Affected Creditors who receive NewCo Shares than would be available through the immediate liquidation of the NewCo Assets.
26. Those Eligible Affected Creditors who are not paid in full pursuant to the Convenience Payments and who reside outside of Canada (the "Non-Resident Affected Creditors") are not eligible to receive NewCo Shares pursuant to the District Plan. The Monitor notes that the original version of the District Plan and the Fourteenth Report referenced Non-Resident Affected Creditors as including Eligible

Affected Creditors who are not paid in full pursuant to the Convenience Payments and who reside in Quebec, however, this was subsequently amended. The treatment of Non-Resident Affected Creditors is the result of the costs involved with complying with securities legislation outside of Canada and structuring the transaction to make it tax effective both within and outside of Canada. Instead of receiving NewCo Shares, the Non-Resident Affected Creditors will receive a cash distribution equal to the value of their pro-rata share of the NewCo Shares, less a 20% discount, to reflect the fact that the Non-Resident Affected Creditors will be receiving cash ahead of other Eligible Affected Creditors (the “Non-Resident Distribution”). The Monitor notes that, following the Convenience Payments, there continue to be eight Non-Resident Affected Creditors with claims totalling approximately \$258,900. For clarity, the Non-Resident Affected Creditors will be entitled to participate in the Convenience Payments, the Cash Distributions and the Non-Resident Distribution. The Non-Resident Distribution will be paid following the Effective Date upon receipt of the Third Party Report.

27. A reserve from any distributions will be withheld pending the resolution of claims held by Eligible Affected Creditors that are subject to dispute notices and are not yet proven claims.
28. Distributions to Eligible Affected Creditors will be subject to the following two holdbacks:
 - 28.1. To satisfy reasonable fees and expenses of the Monitor, the Monitor’s legal counsel, the CRO, the Applicant’s legal counsel and legal counsel for the District Committee (the “Restructuring Holdback”), which will be determined prior to the date of each distribution based on the estimated professional fees required to complete the administration of the CCAA proceedings; and
 - 28.2. For District Depositors, including Non-Resident Affected Creditors, who elect or are deemed to elect to participate in the Representative Action, an amount sufficient to fund the out-of-pocket costs associated with the Representative Action and to indemnify any District Depositor, who may be appointed as a representative plaintiff in the Representative Action (the “Representative Plaintiff”) for any cost award (the “Representative Action Holdback”). The Representative Action Holdback will be determined prior to the Cash Distributions being completed based on guidance from the Subcommittee and Representative Counsel (as both terms are defined herein).

Treatment of Unaffected Creditors

29. Those creditors with claims that would be unaffected by the District Plan include Crown claims, post-filing claims, claims with respect to reasonable fees and disbursements of the Monitor, the Monitor’s legal counsel, the Applicants’ legal counsel, legal counsel for the District Committee and the CRO, specified claims of current employees, directors and officers, critical suppliers (as set out in the Initial Order and a subsequent Order granted on February 20, 2015), claims against directors that are not released by the CCAA, claims regarding agreements that have not been disclaimed or resiliated and the Representative Action Claims.

30. The Unaffected Creditors are not impacted by the District's Plan and any amounts owing to them will continue to be paid in the ordinary course.

Other Considerations

31. The District Plan meets the criteria outlined in Section 6 of the CCAA in respect of restrictions on the payment of Crown claims, employees and former employees of the District and prescribed pension plans. The District has advised that there are no outstanding Crown Claims and all employees are paid up to date. The District is a participant in a pension plan sponsored by LCC. The LCC Claim relates to an unfunded pension deficit. As noted above, the Monitor disallowed the LCC Claim and that disallowance has been disputed by LCC. Although negotiations are still ongoing, the Monitor anticipates that a portion or all of the LCC Claim will be allowed as an unsecured claim. The District continues to participate in the LCC Pension Plan and has advised that all remittances following the Filing Date have been paid in full.
32. The District Plan does not contain any restrictions on Eligible Affected Creditors' ability to pursue claims pursuant to Section 36.1 of the CCAA and Sections 38 and 95 to 101 of the *Bankruptcy and Insolvency Act* (the "Preference Sections", the "BIA"). The Preference Sections allow transactions to be challenged that have the effect of preferring one creditor over another where the transactions occur within 3 months (or within one year for "Related Parties", as such term is defined in the BIA). The Monitor did review redemptions by District Depositors during the year preceding the Filing Date, which total approximately \$10.6 million (the "District Redemptions"). Approximately \$792,400 of the District Redemptions may have been redeemed by parties believe to be Related Parties. For the three months leading up to the Filing Date, the District Redemptions total approximately \$2.7 million of which \$62,800 may have been redeemed by parties believed to be Related Parties. The information regarding the District Redemptions was shared with the District Committee.

Key Elements of the District Plan

33. The key elements of the District Plan are as follows:
 - 33.1. The District Plan would only become effective at such time as the Sanction Order has been granted in respect of the District Plan and the corresponding appeal period has expired;
 - 33.2. The District would continue its efforts to realize on the Non-Core Assets as further described herein. The Convenience Payments and the proceeds from the realization of the Non-Core Assets will be distributed to the Eligible Affected Creditors, as set out herein;
 - 33.3. Pursuant to a tax structured transaction, NewCo would be established, the NewCo Assets would be transferred into NewCo and the NewCo Shares would be distributed to the Eligible Affected Creditors on a pro-rata basis, as set out herein;

- 33.4. The District would continue to operate but the District's bylaws and handbook would be amended such that the District would no longer be able to raise or administer funds through any type of investment vehicle such as CEF; and
- 33.5. District Depositors would have access to a streamlined process (the "Representative Action Process") whereby the Representative Action can be undertaken on their behalf, as further described herein.

NewCo

34. NewCo would be formed as a private Alberta corporation immediately following the Effective Date. As described above, pursuant to the District Plan, the NewCo Assets would be transferred to NewCo. NewCo would continue to operate the Harbour and Manor seniors' care facilities.
35. Eligible Affected Creditors, with the exception of the Non-Resident Affected Creditors, who are not paid in full pursuant to the Convenience Payments would receive 100% of the NewCo Shares on a pro-rata basis based on the amount of their remaining proven claims after deducting the Convenience Payments. For greater clarity, this means that Eligible Affected Creditors would become owners of NewCo with the NewCo Shares representing that ownership interest.

Bylaws and Articles

36. As proposed by the District Committee, NewCo's bylaws would include a clause reflecting that at least 50% of the board of directors (the "NewCo Board") must be comprised of District Depositors or their nominees. Although NewCo is being created with the purpose of allowing the NewCo Assets to be placed in the hands of a professional management team with appropriate business and real estate expertise, the District Committee wanted to ensure that Eligible Affected Creditors would have representation equal to that of the professional management team on the NewCo Board. The CRO has indicated that they have made arrangements for these positions to be filled by Elmer Ray, Sandra Jory (also a member of the District Committee) and Stephen Nielson, whose qualifications, together with those of the other proposed members of the NewCo Board, including Lisa Van Hemert, and NewCo's professional management team ("NewCo Management") have been provided by the CRO and included in the Newco Summary Presentation prepared by the CRO, which is attached hereto as "Schedule 4". The Monitor notes that the members of the NewCo Board may change prior to NewCo being formed, subject to District Committee approval. Subsequent changes to the NewCo Board, if desired, can be voted on at future shareholder meetings.
37. In addition, following negotiations between the District, the District Committee and the Monitor, the bylaws and articles of incorporation for NewCo (the "NewCo Articles") were created, which are attached as "Schedule E" to the District Plan. The NewCo Articles can only be amended upon a resolution being approved by two-thirds of the shareholders of NewCo (the "NewCo Shareholders"), who are voting on the resolution. The NewCo Articles were created including the following provisions, which are intended to provide additional protection for the NewCo Shareholders:

- 37.1. NewCo cannot incur indebtedness for more than 10% of the net value of the NewCo Assets, subject to an amendment by a special resolution of the NewCo Shareholders;
- 37.2. A redemption of a pro-rata portion of the NewCo Shares would be allowed upon the sale of any portion of the NewCo Assets that generates net sale proceeds of over \$5.0 million, subject to NewCo meeting the solvency test;
- 37.3. NewCo would establish a secure database whereby NewCo Shareholders wishing to sell their shares to other existing NewCo Shareholders can disclose that they wish to sell their shares subject to the prospectus exemption contained in National Instrument 45-106 Prospectus and Registration Exemptions. For clarity, any transfer of NewCo Shares is subject to NewCo Board approval;
- 37.4. A general meeting of the NewCo Shareholders would be called no later than six months following the Effective Date for the purpose of having NewCo Shareholders vote on a proposed mandate for NewCo, which may include the expansion of the Harbour and Manor seniors' care facilities, the subdivision and orderly liquidation or all or a portion of the NewCo Assets, a joint venture to further develop the NewCo Assets and/ or other options (the "NewCo Shareholder Meeting"); and
- 37.5. To provide dissent rights to minority NewCo Shareholders.

NewCo Management

38. Following the Effective Date, NewCo Management, which is anticipated to include Scott McCorquodale who has over 20 years of commercial real estate experience, Monica Kohlhammer who has over 25 years of experience in board governance, strategic planning, evaluation and administration in both the public and private sector, and Tony Chin, who has expertise in accounting, tax and financing for private companies, will be formed. NewCo Management's qualifications are further detailed in "Schedule 4". As with the members of the NewCo Board, NewCo Management may change prior to NewCo being formed, subject to District Committee approval. All compensation for NewCo Management will be set by the NewCo Board. NewCo Management's initial focus will be to investigate and report to the NewCo Shareholders regarding the possible mandates available to NewCo.
39. NewCo Management would also be tasked with providing regular financial reporting, including quarterly statements and annual reports with management discussion and analysis.

The NewCo Shareholders Meeting

40. At the NewCo Shareholder Meeting, NewCo Shareholders would have the opportunity to consider and vote on their preferred mandate for NewCo, taking into account NewCo Management's recommendations. As noted above, the NewCo Shareholder Meeting must be held within six months

of the Effective Date. The Monitor is supportive of the formation of NewCo as set out in the District Plan for the following reasons:

- 40.1. Following the issuance of the Convenience Payments, and taking into account the Non-Resident Affected Creditors, only 993 Eligible Affected Creditors would continue to have outstanding proven claims and would become NewCo Shareholders. The implementation of the District Plan ahead of the NewCo Shareholder Meeting would provide Eligible Affected Creditors with clarity as to their recovery pursuant to the District Plan and the amount of their ownership interest in NewCo prior to voting on their preferred mandate for NewCo.
- 40.2. Although the time between the Effective Date and the NewCo Shareholder Meeting could provide an additional period of uncertainty for the Eligible Affected Creditors, it would also allow NewCo Shareholders the benefit of professional management advice prior to voting on their preferred mandate for NewCo.
- 40.3. The Monitor has consulted with Deloitte's real estate advisory group ("Deloitte Real Estate") with respect to the Prince of Peace Properties. Deloitte Real Estate has advised that the Alberta real estate market is changing rapidly with compression on property values being reflected within most areas of the commercial market and financing becoming more difficult to obtain. As such, although the Prince of Peace Properties, and in particular the Harbour and Manor seniors' care facilities, are considered to be desirable properties, waiting for more favourable conditions in the Alberta real estate market could result in improved realizations for the Prince of Peace Properties as compared to an immediate liquidation.
- 40.4. The issuance of the NewCo Shares pursuant to the District Plan allows District Depositors to benefit from the ability to liquidate the Prince of Peace Properties at a time when market conditions are more favourable or the ability to benefit from other potential upside opportunities that may be available such as through the further expansion of the Harbour and Manor senior's care facilities, through a joint venture to further develop the Prince of Peace Properties or through other options.

Liquidity

41. As NewCo Shareholders, Eligible Affected Creditors may receive cash recoveries over time, through mechanisms that may include the following:
 - 41.1. Eligible Affected Creditor's may be able to sell their NewCo Shares. All such sales would be subject to the trading restrictions under applicable securities legislation. The Monitor notes that the NewCo Shares will likely have limited liquidity immediately upon being issued; however, this liquidity may improve over time depending on the mandate established for NewCo and NewCo's operating results. Securities legislation contain limitations on who can purchase shares. The District has confirmed that they are exempt from filing a prospectus pursuant to National Instrument 45-106 Prospectus and Registration Exemptions in relation to the issuance

- of NewCo Shares pursuant to the District Plan. Further trades of NewCo Shares, however, may not be subject to such an exemption.
- 41.2. Should NewCo's operations be profitable, dividends may be paid to NewCo Shareholders. For greater clarity, this represents money paid to the NewCo Shareholders from NewCo's profits; and
- 41.3. As reported above, a pro-rata portion of the NewCo Shares may be redeemed upon the sale of any portion of the NewCo Assets that generates net sale proceeds of over \$5.0 million subject to NewCo meeting the solvency test. Should NewCo Shareholders vote in favour of a mandate for NewCo that includes the orderly liquidation of all of the NewCo Assets, then the recovery to Eligible Affected Creditors may be paid in the form of share redemptions as the NewCo Assets are liquidated.

Risks

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/ landscape.

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.

Tax Implications

44. The Trustee's legal counsel, Gowling WLG (Canada) LLP ("Gowlings"), prepared a memorandum with respect to the tax implications of the District Plan for District Depositors (the "Tax Opinion"). The Tax Opinion is attached hereto as "Schedule 5". The Tax Opinion is only applicable to District Depositors who are or are deemed to be Canadian residents, who deal at arm's length and are not affiliated with the District and NewCo, who hold NewCo Shares, and who have not entered into a "derivative forward agreement" (as defined in the *Income Tax Act (Canada)* and regulations thereto). Where District Depositors are congregations, the Tax Opinion only applies to those congregations that are either registered charities or non-profit organizations. A hand-out (the "Tax Summary") summarizing the findings from the Tax Opinion is attached as "Schedule 6" and will be provided to District Depositors in conjunction with the Information Package (as defined herein). The Monitor notes that the Tax Summary was previously attached to T5s that were mailed by the District. At the time that the T5s were mailed, it was believed that the District Plan and all related information would be provided to District Depositors very shortly.
45. The Tax Summary provides guidance for District Depositors on the following issues:
 - 45.1. Reporting interest on investments for which T5s were issued for 2014 and 2015;
 - 45.2. Reporting gains or losses on the exchange of proven claims for cash and/or NewCo Shares pursuant to the District Plan;
 - 45.3. Reporting future dividends from NewCo;
 - 45.4. Reporting gains or losses on the disposition of NewCo Shares; and
 - 45.5. Reporting any recoveries in the Representative Action.
46. As outlined therein, the Tax Opinion, and by extension the Tax Summary, are of a general nature only and are not, and are not intended to be, legal or tax advice to any particular District Depositor. They are not exhaustive of all Canadian federal income tax considerations. Accordingly, District Depositors should consult their own tax advisors having regard to their own particular circumstances and Gowlings takes no responsibility for parties that rely on the Tax Opinion.

The Representative Action

The Representative Action Claims

47. In addition to setting out how the distributions pursuant to the District Plan will be paid, the District Plan establishes the Representative Action Process whereby a future legal action or actions, which may be undertaken as a class proceeding (defined above as the “Representative Action”) could be undertaken for the benefit of those District Depositors who are deemed to elect to participate (the “Representative Class”). For clarity, the Representative Action would include only claims by District Depositors that are not paid under the District Plan or released by the District Plan and specifically includes the following:
- 47.1. Claims related to a contractual right of one or more of the District Depositors;
 - 47.2. Claims based on allegations of misrepresentation or wrongful or oppressive conduct;
 - 47.3. Claims for breach of any legal, equitable, contractual or other duty;
 - 47.4. Claims pursuant to which the District has coverage under the Applicant’s directors’ and officers’ liability insurance; and
 - 47.5. Claims to be pursued in the District’s name, including any derivative action (whether statutory or otherwise) or any claims that could be assigned to a creditor pursuant to Section 38 of the BIA, if such legislation were applicable (claims listed in 47.1 to 47.5 will collectively be referred to as the “Representative Action Claims”).
48. For greater clarity, Trade Creditors are not eligible to participate in the Representative Action.

The Representative Action Process

49. The Monitor notes as follows with respect to the Representative Action Process:
- 49.1. District Depositors would have the ability to opt-out of the Representative Action using a Notice of Opting Out attached hereto as “Schedule 7”. Those District Depositors who did not submit a Notice of Opting Out would be deemed to have opted-in to the Representative Action. Those District Depositors who have been deemed to opt-in will constitute the Representative Class. Those District Depositors who explicitly opt-out of the Representative Action would be forever barred from participating in the Representative Action, including receiving any proceeds that may become payable pursuant to the Representative Action. For clarity, opting out of the Representative Action does not affect a District Depositor’s distribution under the District Plan; and

49.2. Those District Depositors who elect to participate in the Representative Action would have a portion of their cash distributions from the sale of the Non-Core Assets withheld to fund the Representative Action Holdback. It would only be possible to estimate the value of the Representative Action Holdback once legal counsel for the Representative Class (the “Representative Counsel”) has been retained. As such, upon the Representative Counsel being retained, the Monitor would send further correspondence to the Representative Class, providing District Depositors with additional information including the names of the members of the Subcommittee (as defined herein), the name of the Representative Counsel, the estimated amount of the Representative Action Holdback (including a range of the anticipated holdback for individual District Depositors), the commencement date of the Representative Action, the deadline for opting-out of the Representative Action and instructions on how to opt-out of the Representative Action should they choose to do so. Depending on the arrangement between the Subcommittee (as defined herein) and Representative Counsel, should it be determined that costs will be incurred prior to the commencement of the Representative Action, the Monitor would provide further correspondence to District Depositors advising them that this is the case and advising them of the deadline by which they must opt-out of the Representative Action if they do not wish to have any amounts withheld pursuant to a Representative Action Holdback.

The Subcommittee

50. A subcommittee would be established to choose the Representative Counsel and provide direction and instructions to the Representative Counsel in the Representative Action (the “Subcommittee”). The Subcommittee would include between three and five individuals and all members of the Subcommittee would be appointed by the District Committee. The Subcommittee is not anticipated to include a member of the District Committee, however, some members of the District Committee have indicated that they are willing to meet with the Subcommittee to assist in providing them with background information on the CCAA proceedings. The mandate, duties and responsibilities of the Subcommittee are set out in the District Plan and will be further set out in an order appointing the Subcommittee (the “Subcommittee Order”) to be sought in conjunction with an Order sanctioning the District Plan and a corresponding charter (the “Subcommittee Charter”). The Subcommittee Order and the Subcommittee Charter to be sought for the District will mirror those sought for DIL.

51. As will be further set out in the Subcommittee Order and the Subcommittee Charter, in order to act on the Subcommittee, an individual must meet the following criteria:

- 51.1. Be a District Depositor or a committee, trustee or personal representative of a District Depositor;
- 51.2. Not be in a conflict of interest with respect to the Representative Action;
- 51.3. Not have opted-out of the Representative Action; and
- 51.4. Not be a Partially Released Party.

52. The mandate of the Subcommittee will include the following:
 - 52.1. Taking reasonable steps to maximize the amount of funds that are ultimately available for distribution to the Representative Class under the Representative Action;
 - 52.2. Conducting themselves substantially in accordance with the principles laid out in the Subcommittee Charter; and
 - 52.3. Serving in a fiduciary capacity to all the Representative Class with respect to the Representative Action.
53. The duties and responsibilities of the Subcommittee would include the following:
 - 53.1. Choosing a Chairman;
 - 53.2. Reviewing the qualifications of at least three lawyers and selecting one lawyer to act as Representative Counsel;
 - 53.3. Providing instructions to Representative Counsel;
 - 53.4. Ensuring that the legal documents and records regarding the Representative Action have been properly prepared, maintained and stored;
 - 53.5. Acting honestly in good faith, with a view to the best interests of the Representative Class;
 - 53.6. Ensuring that each member of the Subcommittee disclose all actual or potential conflicts of interest and recuses themselves from discussions and voting, as required;
 - 53.7. Committing the time and energy necessary to properly carry out their duties on the Subcommittee;
 - 53.8. Adequately preparing for and attending all regularly scheduled Subcommittee meetings;
 - 53.9. Reviewing the Subcommittee's strategies and their implementation;
 - 53.10. Making independent determinations and conclusions regarding the Representative action;
 - 53.11. With the assistance of Representative Counsel, identifying a party(ies) willing to act as the Representative Plaintiff;
 - 53.12. Working with the Representative Counsel and the Monitor to establish the amount of the Representative Action Holdback;
 - 53.13. Reporting at reasonable intervals to the Representative Class on the status of the Representative Action and the Representative Action Holdback;
 - 53.14. Prior to the commencement of the Representative Action, working with Representative Counsel, in consultation with the Monitor, to provide such information to the Representative Class, as they deem necessary or desirable to permit the members of the Representative Class to determine if they wish to participate in the Representative Action;

- 53.15. Providing information and updates with respect to the Representative Action to the Representative Class on a regular basis; and
- 53.16. Doing such other acts and things as they consider necessary and advisable to carry out their duties and responsibilities.
54. The following additional responsibilities of the Subcommittee related to monitoring, reporting and communication would be further set out in the Subcommittee Order:
- 54.1. Monitoring the Subcommittee's progress towards its goals and objectives and revising and altering its direction in response to changing circumstances;
- 54.2. Ensuring and making regular assessments that the Subcommittee has implemented adequate internal control and information systems;
- 54.3. Developing appropriate measures for feedback from the Representative Class;
- 54.4. Taking action when performance falls short of its goals and objectives or when other special circumstances warrant;
- 54.5. Ensuring the timely reporting of any developments that have a significant and material impact on the Representative Class in conjunction with the Representative Counsel; and
- 54.6. Reporting the Subcommittee's finding and conclusions to the Representative Class in a manner and at such times as the Representative Counsel shall determine is consistent with the duties of the Subcommittee.
55. The Monitor would not have an ongoing role in the Subcommittee beyond providing assistance related to the formation of the Subcommittee, facilitating the review of the qualifications of legal counsel who wish to act as Representative Counsel (for clarity, the Monitor will not participate in the selection of Representative Counsel) and reporting to the Representative Class on the Representative Action Holdback (as further described in paragraph 49.2 above). Although the Monitor would report to the Representative Class on the Representative Action Holdback prior to the commencement of the Representative Action, this information will be subject to review by the Subcommittee. For clarity, the Monitor would not be subject to any privileged information related to the Representative Action, including any information regarding the defendants to be named in the Representative Action or the claims to be pursued in the Representative Action.

The Representative Counsel

56. The Representative Counsel would be a lawyer who specializes in class action proceedings or other forms of litigation. The Subcommittee would likely consider multiple factors in choosing the Representative Counsel, including each candidate's experience, fee arrangements (including legal counsel's willingness to act on a contingency basis) and litigation strategy. For clarity, although the Representative Actions for each of the District and DIL will likely be closely aligned, different legal

counsel will be chosen to act as Representative Counsel for the District Depositors and the DIL Depositors pursuant to their respective Representative Actions.

57. The duties and responsibilities of the Representative Counsel would be set out in the Subcommittee Order and would be anticipated to include the following:
 - 57.1. Assisting the Subcommittee in appointing one or more Representative Plaintiffs;
 - 57.2. Assisting the Subcommittee in determining the amount of the Representative Action Holdback;
 - 57.3. Prosecuting the Representative Action on behalf of the Representative Class;
 - 57.4. Advising the Subcommittee with respect to any and all alternatives, including, without limitation, settlement and mediation and other forms of alternative dispute resolution;
 - 57.5. Taking instructions with respect to the Representative Action from the Subcommittee; and
 - 57.6. Doing all other things that legal counsel should do to advance the cause of their clients.

The Representative Plaintiffs

58. In order to be a Representative Plaintiff, an individual must meet the following criteria:
 - 58.1. Be a District Depositor;
 - 58.2. Not be in a conflict of interest with respect to the Representative Action;
 - 58.3. Not have opted out of the Representative Action; and
 - 58.4. Not be a Partially Released Party.

Monitor's Views on the Representative Action Process

59. The Representative Action would represent the sole recourse available to District Depositors with respect to the Representative Action Claims. Should they desire, interested parties may submit name(s) of individuals, who may wish to act on the Subcommittee or, where they have consulted with legal counsel, have their legal counsel put forward as one of the legal counsel to be considered by the Subcommittee to act as Representative Counsel.
60. The Monitor is of the view that the inclusion of the Representative Action Process in the District Plan is beneficial to District Depositors for the following reasons:
 - 60.1. It provides a streamlined process for the establishment of the Representative Class and the funding of the Representative Action;
 - 60.2. It prevents a situation where District Depositors are being contacted by multiple groups seeking to represent them in a class action or otherwise;
 - 60.3. Increased recoveries may be achieved in settling the Representative Action Claims on the basis that such settlements will be a resolution of any and all claims of District Depositors; and

- 60.4. Selected District Depositors have indicated that they view any involvement in litigation as inconsistent with their personal religious beliefs. The Representative Action Process allows District Depositors to opt-out of the Representative Action before litigation is ever commenced, should that be their preference.
61. For clarity, the DIL Plan approved by the DIL Depositors provided for substantially the same Representative Action Process as is set out in the District Plan.

The Sugden Action and the Garber Action

62. As previously detailed in the Monitor's Reports, the following two groups previously attempted to undertake class proceedings in relation to the Representative Action Claims:
- 62.1. Errin Poyner of Sugden McFee and Roos LLP ("Sugden") filed a statement of claim on behalf of her clients Randall Kellen and Elvira Kroeger (the "Sugden Plaintiffs") pursuant to the Class Proceedings Act, R.S.B.C 1996, c. 50 (British Columbia) on February 23, 2016 (the "Sugden Action"); and
- 62.2. Allen Garber of Allen Garber Professional Corporation ("Garber") filed a statement of claim on behalf of his clients Sharon Sherman and Marilyn Huber (the "Garber Plaintiffs") pursuant to the Class Proceedings Act, 2003, S.A., 2003 c.C – 16.5 on February 22, 2016 (the "Garber Action"). The Sugden Action and the Garber Action will collectively be referred to as the "AB-BC Proceedings".
63. On March 9, 2016, the Court granted an Order extending the Stay to the AB-BC Proceedings as well as all proceedings related to any and all potential claims of Depositors that seek or could seek, directly or indirectly, to recover the amounts of the claims of Depositors, including but not limited to any claims as against any auditors or legal counsel of DIL or the District and any derivative claims relating to DIL or the District. The expansion of the Stay permits the District Depositors to have the opportunity to consider and vote on the District Plan, including the Representative Action.
64. Both of the statements of claim (the "Statements of Claim") filed in the AB – BC Proceedings named the following defendants:
- 64.1. Lutheran Church – Canada;
- 64.2. Lutheran Church – Canada Financial Ministries;
- 64.3. Bishop & McKenzie LLP ("Bishop"), who acts as legal counsel for the Applicants and Mr. Francis Taman, who is a partner at Bishop and acts as the Applicant's lead counsel in the CCAA proceedings;
- 64.4. Prowse Chowne LLP ("Prowse"), who formerly acted as legal counsel for the District and DIL and Mr. Ronald Chowne and Mr. John Williams, who are partners at Prowse;
- 64.5. Concentra Trust, who acts as the bare trustee for DIL; and

- 64.6. Shepherd Village Ministries Ltd., an entity related to the Applicants, which is not subject to the CCAA proceedings.
65. In addition to commencing the AB – BC Proceedings, Sugden and Garber issued correspondence to the District on March 4, 2016 (the “Sugden – Garber Correspondence”) demanding on behalf of the Sugden Plaintiffs and the Garber Plaintiffs, that the District commence legal proceedings in negligence against the auditors who provided audit opinions to the District between 1993 and 2012, which would include Deloitte LLP, a related company to Deloitte. As previously reported, Deloitte LLP acted as the auditor of the District between 1990 and 1999 and as the auditor of DIL between 1998 and 1999.
66. Sugden and Garber have previously represented that, in their view, the Monitor had a conflict in assessing the merits of the Representative Action on the basis that Deloitte LLP had previously acted as auditor of the District and, as such, may be named as a defendant in the Representative Action. On March 9, 2016, the Honourable Justice B.E.C. Romaine expressed the view that the prior engagement of Deloitte LLP as the auditor for the District was properly disclosed by the Monitor, there was no relevant or material information that was not disclosed at the DIL meeting and she had no additional concerns in relation to the Monitor. In addition, the releases included in the District Plan are limited and, in the view of the Monitor, do not preclude the pursuit of any Representative Action Claims, including as against Deloitte LLP.
67. The Monitor notes that the suggestion has been made that class action proceedings advanced outside of the Representative Action process will allow District Depositors to seek a full recovery in respect of any shortfall in their proven claims pursuant to the District Plan. The Monitor notes that all litigation, whether undertaken as a class action or otherwise, is uncertain and the recovery from litigation will depend on various factors, not all of which have been fully investigated at this time, including the following:
- 67.1. The availability of information related to the Representative Action Claims;
 - 67.2. The strength of the legal arguments advanced by both the plaintiffs and defendants as part of any litigation;
 - 67.3. The financial ability of any defendant to such litigation to satisfy the claims of the plaintiffs;
 - 67.4. The potential legal and practical impact of the time that has lapsed since certain of the events may have occurred;
 - 67.5. The availability of evidence, including witnesses;
 - 67.6. The fee arrangement entered into with counsel; and
 - 67.7. The desire of the plaintiffs to advance the matter to a trial, relative to the cost of doing so and the merits of their case, in conjunction with similar considerations on the part of the defendants.
68. Should the District Plan not proceed and the Prince of Peace Properties be sold in a forced sale scenario, District Depositors would likely suffer a greater loss as a result of the Prince of Peace

Properties being liquidated in the short-term under unfavourable market conditions. In addition, the ECHS Assets and the EMSS Assets would not be available to District Depositors. This would lead to District Depositors having larger shortfalls in satisfying their proven claims and, as such, having larger claims to pursue in a subsequent class action or other litigation. In the event that the District Plan does not proceed and NewCo is not formed, District Depositors would no longer be subject to the general business risks associated with NewCo. District Depositors would, however, be subject to increased litigation risk as a result of having larger claims to pursue through a class action or other litigation.

69. The Monitor further notes that class proceedings, whether pursued by way of the Representative Action or otherwise, generally require a significant amount of time to advance. As such, the commencement of class proceedings by way of the Representative Action or otherwise will likely not impact the nature of distributions to be made pursuant to the District Plan or, in the event that the District Plan is not approved, through a subsequent plan filed in the CCAA proceeding or a subsequent insolvency proceeding.
70. Lastly, any class proceedings, whether undertaken by way of the Representative Action or otherwise, would likely involve the naming of a variety of defendants, which may include individuals, corporations or insurers.

Releases

71. The District Plan provides for different forms of releases to the following parties:
 - 71.1. The Monitor, the Monitor's legal counsel, the Applicant's legal counsel, the CRO, the legal counsel for the District Committee and the District Committee members (the "Released Representatives"); and
 - 71.2. The District, the other Applicants, the present and former directors, officers and employees of the District, parties covered under the D&O Insurance and any independent contractors of the District, who were employed three days or more a week on a regular basis (the "Partially Released Parties").
72. The District Plan provides releases to the Released Representatives except to the extent that any liability arises out of any fraud, gross negligence or willful misconduct on the part of the Released Representatives and to the extent that any actions or omissions of the Released Representatives are not directly or indirectly related to the CCAA proceedings or their commencement.
73. The District Plan provides for limited releases to the Partially Released Parties, which are largely limited to statutory filing obligations and any claims by Trades that were not proven pursuant to the claims process that was approved by the Court on February 20, 2015. The District Plan does not release any claims of District Depositors. The following claims are specifically excluded from being released by the District Plan.
 - 73.1. Claims against directors that relate to contractual rights of one or more creditors or are based on allegations of misrepresentations made by directors to creditors or of wrongful or oppressive conduct by directors as set out in Section 5.1(2) of the CCAA;
 - 73.2. Claims prosecuted by the Alberta Securities Commission or the British Columbia Securities Commission arising from compliance requirements of the *Securities Act of Alberta* and the *Financial Institutions Act of British Columbia*;
 - 73.3. Claims made by the Superintendent of Financial Institutions arising from compliance requirements of the *Loan and Trust Corporations Acts of Alberta and British Columbia*; and
 - 73.4. Any Representative Action Claims, whether or not they are insured under the Applicant's directors and officers liability insurance, which are advanced solely as part of the Representative Action.

74. The Monitor does not believe that the Representative Action Process provides a benefit to any party who may ultimately be named as a defendant in the Representative Action as the District Plan does not release any claims that may be pursued by District Depositors pursuant to the Representative Action. While it is true that the Representative Action contemplates a more streamlined process for legal action to be undertaken on behalf of District Depositors, the Monitor is of the view that this streamlined process will, if anything, allow for increased recoveries on the basis that the settlement of claims pursuant to the Representative Action will be a resolution of any and all claims by District Depositors. The Monitor also notes that none of the Released Representatives will have a role in determining who will be pursued in the Representative Action or the nature or extent of any legal action to be taken in the Representative Action, with all such decisions being made by the Subcommittee (who are fiduciaries) in consultation with the Representative Counsel.
75. The DIL Plan approved by the DIL Depositors provided for the same release provisions as are included in the District Plan.

The District Meeting

76. The District is seeking the Meeting Order which sets out the following time and place for the District Meeting:
- 76.1. Time: Saturday, May 14, 2016 at 10:00 a.m.
- 76.2. Location: MacLeod Hall, Telus Convention Centre, 120 9th Avenue SE, Calgary, Alberta
77. A representative of the Monitor shall preside as the chair of the District Meeting with those individuals entitled to attend the District Meeting including the Eligible Affected Creditors for the District or their respective proxy-holders, directors of the District, the Monitor, the CRO, the Applicant's legal counsel, the Monitor's legal counsel, members of the Committees, legal counsel for the Committees, the meeting chair, scrutineers and the meeting secretary. For clarity, although the Applicant's legal counsel will be present at the meeting, their role will be limited to answering any questions that may be specifically directed to them.

Voting

78. Only Eligible Affected Creditors may vote on the District Plan. Eligible Affected Creditors may vote in person at the District Meeting, which votes shall be done by a confidential written ballot. Eligible Affected Creditors can also vote on the approval of the District Plan via Election Letter, the form of which is attached hereto as "Schedule 8", and can vote on the approval of the District Plan as well as on any other items that may be considered at the District Meeting via Proxy, the form of which is attached hereto as "Schedule 9".
79. Both Election Letters and Proxies must be submitted in the form prescribed in the information package dated March 28, 2016 (the "Information Package") to the Monitor by 5:00 p.m. on the last business day preceding the date set for District Meeting or any adjournments thereof. Proxies can also be hand delivered to the chair prior to the commencement of the District Meeting but will not be accepted thereafter.
80. The person named in the Proxy shall vote the relevant claim in accordance with the direction of the Eligible Affected Creditor who appointed them. The Proxy confers a discretionary authority upon the person named therein with respect to amendments or variations of the matters being tabled for consideration.
81. Those acting on behalf of minors must also submit the Guardian's Acknowledgment of Responsibility, attached hereto as "Schedule 10".

Approval of Plan

82. Each Eligible Affected Creditor has one vote on the District Plan. In order for the District Plan to be considered approved, two-thirds in value and a majority in number of the Eligible Affected Creditors must vote in favour of the District Plan. This means that two tests must be met:
 - 82.1. When considering the total dollar value of the claims of those voting for and against the District Plan, at least 2/3 in dollar value must vote in favour of the District Plan. For example, if Eligible Affected Creditors with claims totaling \$1.0 million voted on the District Plan, the claims of Eligible Affected Creditors voting in favour of the District Plan must be at least \$666,667 in order for the District Plan to pass; and
 - 82.2. When considering the votes received from Eligible Affected Creditors, a majority of Eligible Affected Creditors, who are voting must vote in favour of the District Plan. For example, if 500 Eligible Affected Creditors vote on the District Plan, at least 251 must vote in favour of the District Plan in order for the District Plan to pass.
83. For clarity, Eligible Affected Creditors must vote in person, by Election Letter or by Proxy to have a vote recorded in respect of the District Plan.

Conclusion

84. The Monitor is supportive of the District Plan and is of the opinion that the District Plan is fair and reasonable and appears to be in the general best interest of all parties for the following reasons:

- 84.1. The Convenience Payments would serve to repay in full 62% of District Depositors and 77% of Trade Creditors. Following the Convenience Payments, approximately 1,001 Eligible Affected Creditors will continue to have outstanding proven claims.
- 84.2. The District would continue to realize on the Non-Core Assets with all funds being made available to Eligible Affected Creditors as set out in the District Plan. Should the District Plan fail, the remaining Non-Core Assets may need to be liquidated under forced sale conditions, which would likely result in lower sale proceeds, delays in the realization of the Non-Core Assets and increased professional fees and expenses. The Monitor has estimated that pursuant to the District Plan and pursuant to various assumptions and events that may not materialize as expected, those Eligible Affected Creditors who have proven claims in excess of the Convenience Payments, may receive between approximately 15% and 20% of their remaining proven claim after deducting the Convenience Payments from the sale of the Non-Core Assets. If the District Plan was to fail, then the remaining unsold Non-Core assets would likely be realized upon through forced sale liquidation conditions (i.e. through a receivership) and the Monitor estimates that the realizations could be 10% to 20% lower than they would be pursuant to the District Plan.
- 84.3. The NewCo Assets would be transferred into NewCo with Eligible Affected Creditors receiving the NewCo Shares as set out herein. The NewCo Shares are anticipated to be valued at between 53% and 60% of District Depositors' remaining proven claims after deducting the Convenience Payments. The NewCo Shareholders would have the ability to vote on NewCo's mandate at the NewCo Shareholder Meeting. In lieu of receiving NewCo Shares, Non-Resident Affected Creditors would receive a further cash distribution equal to the value of their pro-rata share of the NewCo Shares, less a 20% discount.
- 84.4. Following the Convenience Payments having been made, it is estimated that District Depositors may receive distributions in the form of cash and shares totalling between 68% and 80% of their remaining proven claims, after deducting the Convenience Payments. As previously noted, the estimated distributions are based on assumptions regarding future events and, as such, will vary and these variances may be material.

- 84.5. As previously noted, there are both risks and potential upside opportunities for Eligible Affected Creditors in becoming NewCo Shareholders. The Monitor, however, is supportive of the creation of NewCo as outlined in the District Plan for the following reasons:
- 84.5.1. The NewCo Articles were developed in consultation with the District Committee and afford some additional protections to Eligible Affected Creditors outside of what may be available to shareholders in the ordinary course;
 - 84.5.2. Through the NewCo Shareholder Meeting, Eligible Affected Creditors would have the ability to vote on NewCo's mandate, which may include the expansion of the Manor and Harbour seniors' care facilities, the orderly liquidation of all or a portion of NewCo's Assets, a joint venture to further develop the surrounding development and expansion lands or other options; and
 - 84.5.3. The Prince of Peace Properties are currently not fully subdivided and this subdivision would be required to complete a meaningful sales process. In addition, the recent downturn in the Alberta real estate market would suggest that a short-term sale may not be the best option to maximize the value of the Prince of Peace Properties.
- 84.6. Should the District Plan fail, the Prince of Peace Properties and the ECHS Assets will remain in ECHS and the EMSS Assets will remain in EMSS. In that scenario, it is likely that a further insolvency proceeding, such as a receivership, would follow and that foreclosure proceedings would be required in order for the District to take possession of the Prince of Peace Properties and sell such properties, likely in a forced sale scenario, for the benefit of the Eligible Affected Creditors. It is also possible that the foreclosure proceedings may have repercussions for the ongoing operations of the Harbour and Manor seniors' care facilities, which operate pursuant to various agreements with Alberta Health Services. The complications associated with foreclosure proceedings and the fact that the Prince of Peace Properties would likely be sold pursuant to a further insolvency proceeding would serve to increase professional fees, reduce realizations and significantly extend the time frame for any recovery to Eligible Affected Creditors.
- 84.7. The District Plan provides for a streamlined process for District Depositors to pursue the Representative Action Claims; and

84.8. The District Committee has approved the District Plan.

DELOITTE RESTRUCTURING INC.,

In its capacity as Court-appointed Monitor of
The Lutheran Church – Canada, The Alberta –
British Columbia District, Encharis Community
Housing and Services, Encharis Management
and Support Services and The Lutheran Church
– Canada, The Alberta – British Columbia
District Investments Ltd. and not in its personal
or corporate capacity



Jeff Keeble CA, CIRP, CBV
Senior Vice-President

Schedule 2



March 28, 2016

**FUTHER INFORMATION FOR CREDITORS OF THE DISTRICT
THE DISTRICT'S PLAN OF COMPROMISE AND ARRANGEMENT (THE "DISTRICT PLAN")**

THE BASICS AND WHAT YOU NEED TO DO

The following provides a brief outline of the basics of the District Plan and what you need to do prior to the meeting that is scheduled for Eligible Affected Creditors (as defined in the District Plan) to vote on the District Plan (the "District Meeting"). This document provides high level information only and it is recommended that Eligible Affected Creditors review the detailed information included in the Monitor's First Report to the Creditors of the District, dated March 28, 2016 (the "Monitor's Report"). Capitalized terms not otherwise defined herein shall have the meanings given to them in the Monitor's Report.

Our records indicate that you have a proven claim against the District, which is less than or equal to \$5,000. If this is not the case, please contact our office and we will provide you with an additional hand-out related to the District Plan.

The Basics of the District Plan

The District Plan has been formulated by the District subject to input from the CRO, the creditors' committee established for the District (the "District Committee") and the Monitor. As further described below, the Monitor is supportive of the District Plan, which has also been approved by the District Committee. The Monitor is an officer of the Court, whose role includes providing Eligible Affected Creditors with sufficient information to consider the District Plan and reporting to Eligible Affected Creditors on the Monitor's view of the reasonableness and fairness of the District Plan. The following are the basics of the District Plan:

Distributions to Eligible Affected Creditors

As an Eligible Affected Creditor with a claim that is less than or equal to \$5,000, you will be paid in full upon the date that the District Plan takes effect. We note that such payment will be net of any amounts that have been paid to you pursuant to the emergency fund, which was approved by the Court as part of the Initial Order granted on January 23, 2015 (the "Emergency Fund").

The Representative Action

Should the District Plan be approved by the Eligible Affected Creditors of the District and sanctioned by the Court of Queen's Bench of Alberta, your claim will be paid in full. As such, you will not have a claim in the Representative Action and those provisions of the District Plan are not applicable to you.

The Monitor's view of the District Plan

The Monitor is supportive of the District Plan and is of the opinion that the District Plan is fair and reasonable and appears to be in the general best interest of all parties for the reasons outlined in the Monitor's Report.

As stated above, pursuant to the District Plan, those Eligible Affected Creditors with claims that are less than or equal to \$5,000 will be paid in full immediately after the District Plan takes effect with all payments being net of any amounts that were previously paid to you pursuant to the Emergency Fund.

What you need to do:

Vote on the District Plan

To vote on the District Plan you must do one of the following:

Option 1

Attend the District Meeting, which will be held at the following time and place:

Time: Saturday, May 14, 2016 at 10:00 a.m.

Location: MacLeod Hall, Telus Convention Centre, 120 9th Avenue SE, Calgary, AB.

Option 2

Appoint someone as your proxy by filling out the attached Proxy so that they can attend the District Meeting and vote on your behalf.

Option 3

Vote on the District Plan by filling out the attached Election Letter so that your vote can be recorded even if you cannot attend the District Meeting and you do not wish to appoint a proxy.

For clarity, if you do not vote on the District Plan using any of the options detailed above, your claim will not be counted in determining whether or not the District Plan has been approved by the required majority of Eligible Affected Creditors.

If you are a minor

Your legal guardian can vote on the District Plan on your behalf using Option 1, Option 2 or Option 3 above provided that they have filled out the attached Guardian's Acknowledgment of Responsibility. For clarity, if the legal guardian named in the Guardian's Acknowledgment of Responsibility is voting on behalf of a Minor, they are not required to complete a Proxy,

PROXY

COURT FILE NUMBER 1501-00955
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
DOCUMENT PROXY FOR THE DISTRICT PLAN
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, _____ of _____, a creditor in the above matter, hereby appoint _____ of _____, (person you want to appoint) to be my proxyholder in the above matter, except as to the receipt of any distributions pursuant to the District Plan (with or without) power to appoint another proxyholder in his or her place.

The above named proxyholder shall attend on behalf of and act for me at the District Creditors' Meeting to be held in connection with the District Plan and at any and all adjournments, postponements or other rescheduling of the Creditors' Meeting, and vote the amount of my Claim(s) as follows:

1. (mark one only):

Vote **FOR** approval of the resolution to accept the District Plan; or

Vote **AGAINST** approval of the resolution to accept the District Plan.

IF A BOX IS NOT MARKED AS A VOTE FOR OR AGAINST APPROVAL OF THE PLAN, THEN THE PROXYHOLDER SHALL VOTE AT HIS/HER DISCRETION.

and

2. Vote at his/her discretion and otherwise act for and on behalf of me with respect to any amendments or variations to the matters identified in the notice of the District Creditors' Meeting and in the District Plan, and with respect to other matters that may properly come before the District Creditors' Meeting.

THIS PROXY, ONCE DULY COMPLETED, DATED AND SIGNED, MUST BE SENT TO THE MONITOR BY EMAIL, MAIL, FACSIMILE TRANSMISSION OR COURIER, AND BE RECEIVED BY THE MONITOR BY NO LATER THAN 5:00 P.M. (CALGARY TIME) ON MAY 13, 2016 OR SUCH LATER DATE AS MAY BE THE LAST BUSINESS DAY PRIOR TO THE DATE THE DISTRICT CREDITORS' MEETING HAS BEEN ADJOURNED TO, OR DELIVERED BY HAND TO THE CHAIR OF THE DISTRICT CREDITORS' MEETING PRIOR THE COMMENCEMENT OF THE DISTRICT CREDITORS' MEETING. AFTER COMMENCEMENT OF THE DISTRICT CREDITORS' MEETING (OR ANY ADJOURNMENT THEREOF), NO PROXIES CAN BE ACCEPTED BY THE MONITOR.

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

Witness

Individual Creditor

Witness

Name of Corporate Creditor

Name and Title of Signing Officer

Return to:

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

Phone: (587) 293-3203 Fax: (403) 718-3681
Email: CalgaryRestructuring@deloitte.ca

ELECTION LETTER

COURT FILE NUMBER 1501-00955

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

DOCUMENT ELECTION LETTER FOR DISTRICT PLAN

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.

THIS ELECTION LETTER SHALL BE VOTED IN ACCORDANCE WITH THE INSTRUCTIONS STATED BELOW EVEN THOUGH THE PLAN PRESENTED BY THE DISTRICT MAY BE MODIFIED OR AMENDED IN ACCORDANCE WITH THE TERMS OF THE DISTRICT PLAN BEFORE OR AT THE DISTRICT CREDITORS' MEETING, OR AFTER THE CREDITORS' MEETING WITH THE APPROVAL OF THE COURT. SUCH AMENDMENT, MODIFICATION OR SUPPLEMENT WOULD BE LIMITED TO THOSE THAT ARE ADMINISTRATIVE IN NATURE, THAT ARE NOT ADVERSE TO THE FINANCIAL OR ECONOMIC INTERESTS OF ANY OF THE DISTRICT AFFECTED CREDITORS UNDER THE DISTRICT PLAN AND IS NECESSARY IN ORDER TO GIVE BETTER EFFECT TO THE SUBSTANCE OR IMPLEMENTATION OF THE DISTRICT PLAN OR THE SANCTION ORDER.

Voting

I, _____ a creditor (or I _____, representative of _____, a creditor), in the above matter for the sum of \$_____ hereby request the Monitor to record my vote respecting the District Plan, originally dated February 12, 2016 and filed on February 16, 2016 with a third amended version being dated March 21, 2016 and filed on March 22, 2016, as may be further amended from time to time (references to the District Plan will include all subsequent amendments) as follows:

(mark one only):

- Vote **FOR** approval of the resolution to accept the District Plan; or
- Vote **AGAINST** approval of the resolution to accept the District Plan.

IF A BOX IS NOT MARKED AS A VOTE FOR OR AGAINST APPROVAL OF THE DISTRICT PLAN, YOUR VOTE SHALL BE DEEMED TO BE A VOTE FOR APPROVAL OF THE PLAN.

Dated at _____ this _____ day of _____, 201____.

Witness

Individual Creditor

Witness

Name of Corporate Creditor OR Minor

Name and Title of Signing Officer OR Guardian

Return to:

Deloitte Restructuring Inc., Monitor
700 Bankers Court, 850 – 2nd Street SW
Calgary, AB T2P 0R8
Phone: (587) 293-3203 Fax: (403) 718-3681
Email: CalgaryRestructuring@deloitte.ca

Guardian's Acknowledgment of Responsibility

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
_____ (day, month, year).

2 I am the minor's guardian because I am

- 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.

Date _____

Guardian's Signature _____

Witness _____

Schedule 3



March 28, 2016

**FUTHER INFORMATION FOR CREDITORS OF THE DISTRICT
THE DISTRICT'S PLAN OF COMPROMISE AND ARRANGEMENT (THE "DISTRICT PLAN")**

THE BASICS AND WHAT YOU NEED TO DO

The following provides a brief outline of the basics of the District Plan and what you need to do prior to the meeting that is scheduled for Eligible Affected Creditors (as defined in the District Plan) to vote on the District Plan (the "District Meeting"). This document provides high level information only and it is recommended that Eligible Affected Creditors review the detailed information included in the Monitor's First Report to the Creditors of the District, dated March 28, 2016 (the "Monitor's Report"). Capitalized terms not otherwise defined herein shall have the meanings given to them in the Monitor's Report.

Our records indicate that you are a trade creditor of the District with a proven claim that is greater than \$5,000. If this is not the case, please contact our office and we will provide you with an additional hand-out related to the District Plan.

The Basics of the District Plan

The District Plan has been formulated by the District subject to input from the CRO, the creditor's committee established for the District (the "District Committee") and the Monitor. As further described below, the Monitor is supportive of the District Plan, which has also been approved by the District Committee. The Monitor is an officer of the Court, whose role includes providing Eligible Affected Creditors with sufficient information to consider the District Plan and reporting to Eligible Affected Creditors on the Monitor's view of the reasonableness and fairness of the District Plan. The following are the basics of the District Plan:

Distributions to Eligible Affected Creditors

Eligible Affected Creditors will receive the following distributions:

1. The lesser of \$5,000 or the total amount of their claim (the "Convenience Payment(s)"), which will be paid upon the date that the District Plan takes effect.
2. A further cash distribution from the liquidation of the assets (the "Non-Core Assets") held by the District, outside of the Prince of Peace Properties (as defined below). The Monitor

currently estimates that Eligible Affected Creditors who are not paid in full by the Convenience Payments will receive cash distributions of between approximately 15% and 20% of their remaining proven claims, after deducting the Convenience Payments, from the sale of the Non-Core Assets.

3. A distribution in the form of shares (the “NewCo Shares”) in a new company (“Newco”) into which will be transferred the Harbour and Manor seniors’ care facilities, the surrounding development and expansion lands and the Prince of Peace church and school (the “Prince of Peace Properties”). In addition to the Prince of Peace Properties, assets held by ECHS and EMSS, including working capital, computer hardware, furniture and fixtures, a water treatment plant, medical equipment and a vehicle will be transferred into NewCo (the “ECHS and EMSS Assets”). The Prince of Peace Properties and the ECHS and EMSS Assets will collectively be referred to as the “NewCo Assets”. Based on the value of the Newco Assets, the NewCo Shares are currently anticipated to be valued at between 53% and 60% of each Eligible Affected Creditors’ remaining proven claim, after deducting the Convenience Payments.

The Monitor notes that the estimated realizations are based on assumptions regarding future events and, as such, will vary and these variances could be material.

NewCo

NewCo will be formed as a private Alberta corporation immediately after the District Plan takes effect. As described above, the NewCo Assets will be transferred to NewCo and NewCo will continue to operate the Harbour and Manor seniors’ care facilities.

Eligible Affected Creditors (with the exception of those Eligible Affected Creditors who reside outside of Canada) who are not paid in full by the Convenience Payments will receive 100% of the NewCo Shares on a pro-rata basis based on the amount of their remaining proven claims after deducting the Convenience Payments. For greater clarity, this means that Eligible Affected Creditors will become owners of NewCo (the “NewCo Shareholders”) with the NewCo Shares representing that ownership interest.

Additional information regarding NewCo is available in the attached document entitled “Answers to Frequently Asked Questions”. The Monitor’s Report also includes a fulsome discussion of NewCo, including the risks associated with becoming a NewCo Shareholder.

The Monitor is supportive of the formation of NewCo as set out in the District Plan for the following reasons:

1. The Convenience Payments will result in there being a reduced number of NewCo Shareholders, which will provide NewCo with a more manageable corporate governance structure and allow the potential for an improved recovery over time for those Eligible Affected

Creditors who receive NewCo Shares than may be available through the immediate liquidation of the Prince of Peace Properties.

2. NewCo's bylaws and Articles of Incorporation (the "NewCo Articles") were developed in consultation with the District Committee and afford some additional protections to the NewCo Shareholders outside of what may be available to shareholders in the ordinary course.
3. It is anticipated that approximately 993 Eligible Affected Creditors will become NewCo Shareholders. Following NewCo being formed, a shareholders' meeting will be held within six months of the District Plan becoming effective (the "NewCo Shareholder Meeting"). At the NewCo Shareholder Meeting, the NewCo Shareholders will vote on a proposed mandate for NewCo, which could include the expansion of the Harbour and Manor seniors' care facilities, the subdivision and orderly liquidation of all or a portion of the Newco Assets, a joint venture to further develop the NewCo Assets or other options.
4. Although the time leading up to the NewCo Shareholder Meeting could provide an additional period of uncertainty for the NewCo Shareholders, it would also allow them the benefit of professional management advice prior to voting on their preferred mandate for NewCo as Newco Management's initial focus will be to investigate and report to the NewCo Shareholders regarding the possible mandates available to NewCo.
5. The Monitor has consulted with Deloitte's real estate advisory group ("Deloitte Real Estate") with respect to the Prince of Peace Properties. Deloitte Real Estate has advised that the Alberta real estate market is changing rapidly with reduced property values being reflected within most areas of the commercial market and financing becoming more difficult to obtain. In addition, the Prince of Peace Properties are currently not fully subdivided and this subdivision would be required to complete a meaningful sales process. As such, although the Prince of Peace Properties, and in particular the Harbour and Manor seniors' care facilities, are considered to be desirable properties, waiting for more favourable conditions in the Alberta real estate market could result in improved realizations for the Prince of Peace Properties as compared to an immediate liquidation.

The Representative Action

As a trade creditor of the District, you do not have claims that would constitute claims in the Representative Action (as defined in the District Plan). As such, those provisions of the District Plan are not applicable to you.

The Monitor's view of the District Plan

The Monitor is supportive of the District Plan and is of the opinion that the District Plan is fair and reasonable and appears to be in the general best interest of all parties for the reasons outlined in the Monitor's Report and set out below:

1. The Convenience Payments would be made immediately after the District Plan becomes effective. Following the Convenience Payments, approximately 1,001 Eligible Affected Creditors would continue to have outstanding proven claims.
2. The District would continue to realize on the Non-Core Assets with all funds being made available to Eligible Affected Creditors as set out in the District Plan. Should the District Plan fail, the remaining Non-Core Assets may need to be liquidated under forced sale conditions, which would likely result in lower sale proceeds, delays in the realization of the Non-Core Assets and increased professional fees and expenses. The Monitor has estimated that, pursuant to the District Plan and pursuant to various assumptions and events that may not materialize as expected, those Eligible Affected Creditors who have proven claims in excess of the Convenience Payments may receive between approximately 15% and 20% of their remaining proven claims, after deducting the Convenience Payments, from the sale of the Non-Core Assets. If the District Plan was to fail, then the remaining unsold Non-Core Assets would likely be realized upon under forced sale liquidation conditions (i.e. through a receivership) and the Monitor estimates that the realizations could be 10% to 20% lower than they would be pursuant to the District Plan.
3. The NewCo Assets would be transferred into NewCo with Eligible Affected Creditors receiving NewCo Shares and becoming NewCo Shareholders. The NewCo Shareholders would have the ability to vote on NewCo's mandate at the NewCo Shareholder Meeting. The NewCo Shares are currently anticipated to be valued at between 53% and 60% of Eligible Affected Creditors remaining proven claims after deducting the Convenience Payments.
4. Following the Convenience Payments having been made, it is currently estimated that Eligible Affected Creditors may receive distributions in the form of cash and shares totaling between 68% and 80% of their remaining proven claims, after deducting the Convenience Payments. As noted, these estimates are based on assumptions regarding future events and, as such, will vary and these variances may be material.
5. Should the District Plan fail, the Prince of Peace Properties and the ECHS and EMSS Assets would remain respectively in ECHS and EMSS. In that scenario, it is likely that a further insolvency proceeding, such as a receivership, would follow and that foreclosure proceedings would be required in order for the District to take possession of the Prince of Peace Properties and sell such properties, likely in a forced sale scenario, for the benefit of the Eligible Affected Creditors. It is also possible that the foreclosure proceedings may have repercussions for the ongoing operations of the Harbour and Manor seniors' care facilities, which operate pursuant to various agreements with Alberta Health Services. The complications associated with foreclosure proceedings and the fact that the Prince of Peace Properties would likely be sold pursuant to a further insolvency proceeding would serve to increase professional fees, reduce

realizations and significantly extend the time frame for any recovery to Eligible Affected Creditors.

6. The District Committee has approved the District Plan.

What you need to do:

Vote on the District Plan

To vote on the District Plan you must do one of the following:

Option 1

Attend the District Meeting, which will be held at the following time and place:

Time: Saturday, May 14, 2016 at 10:00 a.m.

Location: MacLeod Hall, Telus Convention Centre, 120 9th Avenue SE, Calgary, AB.

Option 2

Appoint someone as your proxy by filling out the attached Proxy so that they can attend the District Meeting and vote on your behalf.

Option 3

Vote on the District Plan by filling out the attached Election Letter so that your vote can be recorded even if you cannot attend the District Meeting and do not wish to appoint a proxy.

For clarity, if you do not vote on the District Plan using any of the options detailed above, your claim will not be counted in determining whether or not the District Plan has been approved by the required majority of Eligible Affected Creditors.

PROXY

COURT FILE NUMBER 1501-00955
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
DOCUMENT PROXY FOR THE DISTRICT PLAN
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, _____ of _____, a creditor in the above matter, hereby appoint _____ of _____, (person you want to appoint) to be my proxyholder in the above matter, except as to the receipt of any distributions pursuant to the District Plan (with or without) power to appoint another proxyholder in his or her place.

The above named proxyholder shall attend on behalf of and act for me at the District Creditors' Meeting to be held in connection with the District Plan and at any and all adjournments, postponements or other rescheduling of the Creditors' Meeting, and vote the amount of my Claim(s) as follows:

1. (mark one only):

Vote **FOR** approval of the resolution to accept the District Plan; or

Vote **AGAINST** approval of the resolution to accept the District Plan.

IF A BOX IS NOT MARKED AS A VOTE FOR OR AGAINST APPROVAL OF THE PLAN, THEN THE PROXYHOLDER SHALL VOTE AT HIS/HER DISCRETION.

and

2. Vote at his/her discretion and otherwise act for and on behalf of me with respect to any amendments or variations to the matters identified in the notice of the District Creditors' Meeting and in the District Plan, and with respect to other matters that may properly come before the District Creditors' Meeting.

THIS PROXY, ONCE DULY COMPLETED, DATED AND SIGNED, MUST BE SENT TO THE MONITOR BY EMAIL, MAIL, FACSIMILE TRANSMISSION OR COURIER, AND BE RECEIVED BY THE MONITOR BY NO LATER THAN 5:00 P.M. (CALGARY TIME) ON MAY 13, 2016 OR SUCH LATER DATE AS MAY BE THE LAST BUSINESS DAY PRIOR TO THE DATE THE DISTRICT CREDITORS' MEETING HAS BEEN ADJOURNED TO, OR DELIVERED BY HAND TO THE CHAIR OF THE DISTRICT CREDITORS' MEETING PRIOR THE COMMENCEMENT OF THE DISTRICT CREDITORS' MEETING. AFTER COMMENCEMENT OF THE DISTRICT CREDITORS' MEETING (OR ANY ADJOURNMENT THEREOF), NO PROXIES CAN BE ACCEPTED BY THE MONITOR.

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

Witness

Individual Creditor

Witness

Name of Corporate Creditor

Name and Title of Signing Officer

Return to:

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

Phone: (587) 293-3203 Fax: (403) 718-3681
Email: CalgaryRestructuring@deloitte.ca

ELECTION LETTER

COURT FILE NUMBER 1501-00955
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
DOCUMENT ELECTION LETTER FOR DISTRICT PLAN
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.

THIS ELECTION LETTER SHALL BE VOTED IN ACCORDANCE WITH THE INSTRUCTIONS STATED BELOW EVEN THOUGH THE PLAN PRESENTED BY THE DISTRICT MAY BE MODIFIED OR AMENDED IN ACCORDANCE WITH THE TERMS OF THE DISTRICT PLAN BEFORE OR AT THE DISTRICT CREDITORS' MEETING, OR AFTER THE CREDITORS' MEETING WITH THE APPROVAL OF THE COURT. SUCH AMENDMENT, MODIFICATION OR SUPPLEMENT WOULD BE LIMITED TO THOSE THAT ARE ADMINISTRATIVE IN NATURE, THAT ARE NOT ADVERSE TO THE FINANCIAL OR ECONOMIC INTERESTS OF ANY OF THE DISTRICT AFFECTED CREDITORS UNDER THE DISTRICT PLAN AND IS NECESSARY IN ORDER TO GIVE BETTER EFFECT TO THE SUBSTANCE OR IMPLEMENTATION OF THE DISTRICT PLAN OR THE SANCTION ORDER.

Voting

I, _____ a creditor (or I _____, representative of _____, a creditor), in the above matter for the sum of \$_____ hereby request the Monitor to record my vote respecting the District Plan, originally dated February 12, 2016 and filed on February 16, 2016 with a third amended version being dated March 21, 2016 and filed on March 22, 2016, as may be further amended from time to time (references to the District Plan will include all subsequent amendments) as follows:

(mark one only):

- Vote **FOR** approval of the resolution to accept the District Plan; or
- Vote **AGAINST** approval of the resolution to accept the District Plan.

IF A BOX IS NOT MARKED AS A VOTE FOR OR AGAINST APPROVAL OF THE DISTRICT PLAN, YOUR VOTE SHALL BE DEEMED TO BE A VOTE FOR APPROVAL OF THE PLAN.

Dated at _____ this _____ day of _____, 201____.

Witness

Individual Creditor

Witness

Name of Corporate Creditor OR Minor

Name and Title of Signing Officer OR Guardian

Return to:

Deloitte Restructuring Inc., Monitor
700 Bankers Court, 850 – 2nd Street SW
Calgary, AB T2P 0R8
Phone: (587) 293-3203 Fax: (403) 718-3681
Email: CalgaryRestructuring@deloitte.ca

Schedule 4



March 28, 2016

**FUTHER INFORMATION FOR CREDITORS OF THE DISTRICT
THE DISTRICT'S PLAN OF COMPROMISE AND ARRANGEMENT (THE "DISTRICT PLAN")**

THE BASICS AND WHAT YOU NEED TO DO

The following provides a brief outline of the basics of the District Plan and what you need to do prior to the meeting that is scheduled for Eligible Affected Creditors (as defined in the District Plan) to vote on the District Plan (the "District Meeting"). This document provides high level information only and it is recommended that Eligible Affected Creditors review the detailed information included in the Monitor's First Report to the Creditors of the District, dated March 28, 2016 (the "Monitor's Report"). Capitalized terms not otherwise defined herein shall have the meanings given to them in the Monitor's Report.

Our records indicate that you have a proven claim against the District, which is greater than \$5,000 and that you are an Eligible Affected Creditor who resides outside of Canada (a "Non-Resident Creditor"). If this is not the case, please contact our office and we will provide you with an additional hand-out related to the District Plan.

The Basics of the District Plan

The District Plan has been formulated by the District subject to input from the CRO, the creditors' committee established for the District (the "District Committee") and the Monitor. As further described below, the Monitor is supportive of the District Plan, which has also been approved by the District Committee. The Monitor is an officer of the Court, whose role includes providing Eligible Affected Creditors with sufficient information to consider the District Plan and reporting to Eligible Affected Creditors on the Monitor's view of the reasonableness and fairness of the District Plan. The following are the basics of the District Plan:

Distributions to Eligible Affected Creditors

Non-Resident Creditors will receive the following distributions:

1. The lesser of \$5,000 or the total amount of their claim (the "Convenience Payment(s)"), which will be paid upon the date that the District Plan takes effect. The Convenience Payments will be made net of any amounts that may have been paid to you pursuant to the emergency fund,

which was approved by the Court as part of the Initial Order granted on January 23, 2015 (the “Emergency Fund”).

2. A further cash distribution from the liquidation of the assets (the “Non-Core Assets”) held by the District, outside of the Prince of Peace Properties (as defined below). The Monitor currently estimates that Eligible Affected Creditors who are not paid in full by the Convenience Payments will receive cash distributions of between approximately 15% and 20% of their remaining proven claims, after deducting the Convenience Payments from the sale of the Non-Core Assets. These cash distributions will be made net of any amounts that have previously been paid to you pursuant to the Emergency Fund.
3. Pursuant to the District Plan a distribution will be made to Eligible Affected Creditors, outside of the Non-Resident Creditors, in the form of shares (the “NewCo Shares”) in a new company (“Newco”) into which will be transferred the Harbour and Manor seniors’ care facilities, the surrounding development and expansion lands and the Prince of Peace church and school (the “Prince of Peace Properties”). In addition to the Prince of Peace Properties, assets held by ECHS and EMSS, including working capital, computer hardware, furniture and fixtures, a water treatment plant, medical equipment and a vehicle will be transferred into NewCo (the “ECHS and EMSS Assets”). The Prince of Peace Properties and the ECHS and EMSS Assets will collectively be referred to as the “NewCo Assets”. The NewCo Shares will be valued based on the value of the NewCo Assets and are currently anticipated to be valued at between 53% and 60% of District Depositors’ remaining proven claims after deducting the Convenience Payments.
4. The Non-Resident Creditors are not eligible to receive the NewCo Shares but will instead receive a cash distribution equal to the value of their pro-rata share of the NewCo Shares less a 20% discount. This discount reflects the fact that Non-Resident Creditors will be receiving cash ahead of other Eligible Affected Creditors and will not be subject to any of the investment or general business risks associated with becoming NewCo Shareholders. The Non-Resident Creditors are not eligible to receive NewCo Shares due to the significant costs involved in complying with securities legislation outside of Canada and creating the District Plan such that it is tax effective both within and outside of Canada.

The Monitor notes that the estimated realizations are based on assumptions regarding future events and, as such, will vary and these variances could be material.

The Representative Action

A process has been established so that one or more legal action(s), defined as the “Representative Action”, which can be undertaken as a class proceeding or otherwise, can be

undertaken on behalf of all District Depositors who choose to participate (the “Representative Class”).

The Representative Action will include claims by depositors of the District (the “District Depositors”) that are not paid under the District Plan, which claims could be advanced against the District’s current and former directors and officers and claims against third parties, which may include former auditors or legal counsel for the District. A potential source of recovery in such an action may be the District’s directors’ and officers’ liability insurance.

A subcommittee (the “Subcommittee”) will be appointed to choose a lawyer, who will specialize in class action proceedings or other forms of litigation, to represent the Representative Class in the Representative Action (the “Representative Counsel”) and to provide direction to the Representative Counsel on behalf of the Representative Class. The Subcommittee will likely consider multiple factors in choosing the Representative Counsel including each candidate’s experience, fee arrangements, (including willingness to act on a contingency basis) and litigation strategy. The Subcommittee will be made up of District Depositors, who will act in a fiduciary capacity on behalf of the Representative Class. Distributions to the Representative Class will be subject to the Representative Action Holdback, as further described below.

Under the District Plan one group, led by the Subcommittee, will pursue all legal proceedings on behalf of the District Depositors. There is no limitation on the type of legal actions, the number of legal actions or the jurisdictions in which legal actions can be commenced by that group. If the District Plan is approved, no legal proceedings may be commenced by any District Depositor outside of the Representative Action.

The Monitor’s view of the District Plan

The Monitor is supportive of the District Plan and is of the opinion that the District Plan is fair and reasonable and appears to be in the general best interest of all parties for the reasons outlined in the Monitor’s Report and set out below:

1. The Convenience Payments would be made immediately after the District Plan becomes effective. Following the Convenience Payments, approximately 1,001 Eligible Affected Creditors would continue to have outstanding proven claims.
2. The District would continue to realize on the Non-Core Assets with all funds being made available to Eligible Affected Creditors as set out in the District Plan. Should the District Plan fail, the remaining Non-Core Assets may need to be liquidated under forced sale conditions, which would likely result in lower sale proceeds, delays in the realization of the Non-Core Assets and increased professional fees and expenses. The Monitor has estimated that pursuant to the District Plan and pursuant to various assumptions and events that may not materialize as expected, those Eligible Affected Creditors who have proven claims in excess

of the Convenience Payments may receive between approximately 15% and 20% of their remaining proven claims, after deducting the Convenience Payments, from the sale of the Non-Core Assets. If the District Plan was to fail, then the remaining unsold Non-Core Assets would likely be realized upon through forced sale liquidation conditions (i.e. through a receivership) and the Monitor estimates that the realizations could be 10% to 20% lower than they would be pursuant to the District Plan.

3. The NewCo Assets would be transferred into NewCo with Eligible Affected Creditors, with the exception of Non-Resident Creditors, receiving the NewCo Shares and becoming NewCo Shareholders. The NewCo Shares are anticipated to be valued at between 53% and 60% of District Depositors' remaining proven claims after deducting the Convenience Payments. The Non-Resident Creditors will receive a distribution equal to the value of their pro-rata share of the NewCo Shares less a 20% discount, to reflect the fact that Non-Resident Creditors would be receiving cash ahead of other Eligible Affected Creditors and would not be subject to any general business risks or investment risks associated with becoming NewCo Shareholders. As previously noted these estimates are based on assumptions regarding future events and, as such, may vary and these variances may be material.
4. Should the District Plan fail, the Prince of Peace Properties and the ECHS and EMSS Assets would remain in ECHS and EMSS respectively. In that scenario, it is likely that a further insolvency proceeding, such as a receivership, would follow and that foreclosure proceedings would be required in order for the District to take possession of the Prince of Peace Properties and sell such properties, likely in a forced sale scenario, for the benefit of the Eligible Affected Creditors. It is also possible that the foreclosure proceedings may have repercussions for the ongoing operations of the Harbour and Manor seniors' care facilities, which operate pursuant to various agreements with Alberta Health Services. The complications associated with foreclosure proceedings and the fact that the Prince of Peace Properties would likely be sold pursuant to a further insolvency proceeding would serve to increase professional fees, reduce realizations and significantly extend the time frame for any recovery to Eligible Affected Creditors.
5. The District Plan provides for a streamlined process for District Depositors to pursue the Representative Action Claims and may result in increased recoveries due to certainty that settlement or judgment would resolve any and all outstanding claims. It also prevents 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 actions against the same parties.
6. The District Committee has approved the District Plan.

What you need to do:

Vote on the District Plan

To vote on the District Plan you must do one of the following:

Option 1

Attend the District Meeting, which will be held at the following time and place:

Time: Saturday, May 14, 2016 at 10:00 a.m.

Location: MacLeod Hall, Telus Convention Centre, 120 9th Avenue SE, Calgary, AB.

Option 2

Appoint someone as your proxy by filling out the attached Proxy so that they can attend the District Meeting and vote on your behalf.

Option 3

Vote on the District Plan by filling out the attached Election Letter so that your vote can be recorded even if you cannot attend the District Meeting and you do not wish to appoint a proxy.

For clarity, if you do not vote on the District Plan using any of the options detailed above, your claim will not be counted in determining whether or not the District Plan has been approved by the required majority of Eligible Affected Creditors.

To opt-in or opt-out of the Representative Action

If you wish to opt-in to the Representative Action, you do not need to do anything. For clarity, unless you specifically opt-out of the Representative Action, you will automatically be deemed to have opted in to the Representative Action. You may opt-out of the Representative Action at any time prior to the commencement date of the Representative Action.

You can opt-out of the Representative Action by filling out the attached Notice of Opting Out. Those District Depositors, who have explicitly opted-out of the Representative Action will be forever barred from participating in the Representative Action, including receiving any proceeds that may become payable pursuant to the Representative Action. For clarity, opting out of the Representative Action does not affect the distributions available to District Depositors under the District Plan except in relation to the Representative Action Holdback (as defined below).

Those District Depositors who elect to participate in the Representative Action would have a portion of their cash distributions from the sale of the Non-Core Assets withheld to fund the Representative Action (the "Representative Action Holdback"). It will only be possible to estimate the value of the Representative Action Holdback once the Representative Counsel has been retained. Once the Representative Counsel has been retained, the Monitor will send further

information to those District Depositors who are participating in the Representative Action, including the names of the members of the Subcommittee, the name of the Representative Counsel, the estimated amount of the Representative Action Holdback (including a range of the anticipated holdback for individual District Depositors), the commencement date of the Representative Action, the deadline for opting-out of the Representative Action and instructions on how to opt-out of the Representative Action should they choose to do so. Depending on the arrangement between the Subcommittee (as defined herein) and Representative Counsel, if costs will be incurred prior to the commencement of the Representative Action, the Monitor will provide further correspondence to District Depositors advising them that this is the case and advising them of the deadline by which they must opt-out of the Representative Action if they do not wish to have any amounts withheld pursuant to a Representative Action Holdback. For clarity, additional information will be provided to District Depositors prior to them having to make a determination as to whether to remain in or opt-out of the Representative Action.

If you are a minor

Your legal guardian can vote on the District Plan using Option 1, Option 2 or Option 3 above and, if desired, complete a Notice of Opting Out in respect of the Representative Action on your behalf provided that they have filled out the attached Guardian's Acknowledgment of Responsibility. For clarity, if the legal guardian named in the Guardian's Acknowledgment of Responsibility is voting on behalf of a Minor, they are not required to complete a Form of Proxy,

PROXY

COURT FILE NUMBER 1501-00955
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
DOCUMENT PROXY FOR THE DISTRICT PLAN
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, _____ of _____, a creditor in the above matter, hereby appoint _____ of _____, (person you want to appoint) to be my proxyholder in the above matter, except as to the receipt of any distributions pursuant to the District Plan (with or without) power to appoint another proxyholder in his or her place.

The above named proxyholder shall attend on behalf of and act for me at the District Creditors' Meeting to be held in connection with the District Plan and at any and all adjournments, postponements or other rescheduling of the Creditors' Meeting, and vote the amount of my Claim(s) as follows:

1. (mark one only):

Vote **FOR** approval of the resolution to accept the District Plan; or

Vote **AGAINST** approval of the resolution to accept the District Plan.

IF A BOX IS NOT MARKED AS A VOTE FOR OR AGAINST APPROVAL OF THE PLAN, THEN THE PROXYHOLDER SHALL VOTE AT HIS/HER DISCRETION.

and

2. Vote at his/her discretion and otherwise act for and on behalf of me with respect to any amendments or variations to the matters identified in the notice of the District Creditors' Meeting and in the District Plan, and with respect to other matters that may properly come before the District Creditors' Meeting.

THIS PROXY, ONCE DULY COMPLETED, DATED AND SIGNED, MUST BE SENT TO THE MONITOR BY EMAIL, MAIL, FACSIMILE TRANSMISSION OR COURIER, AND BE RECEIVED BY THE MONITOR BY NO LATER THAN 5:00 P.M. (CALGARY TIME) ON MAY 13, 2016 OR SUCH LATER DATE AS MAY BE THE LAST BUSINESS DAY PRIOR TO THE DATE THE DISTRICT CREDITORS' MEETING HAS BEEN ADJOURNED TO, OR DELIVERED BY HAND TO THE CHAIR OF THE DISTRICT CREDITORS' MEETING PRIOR THE COMMENCEMENT OF THE DISTRICT CREDITORS' MEETING. AFTER COMMENCEMENT OF THE DISTRICT CREDITORS' MEETING (OR ANY ADJOURNMENT THEREOF), NO PROXIES CAN BE ACCEPTED BY THE MONITOR.

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

Witness

Individual Creditor

Witness

Name of Corporate Creditor

Name and Title of Signing Officer

Return to:

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

Phone: (587) 293-3203 Fax: (403) 718-3681
Email: CalgaryRestructuring@deloitte.ca

ELECTION LETTER

COURT FILE NUMBER 1501-00955
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
DOCUMENT ELECTION LETTER FOR DISTRICT PLAN
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.

THIS ELECTION LETTER SHALL BE VOTED IN ACCORDANCE WITH THE INSTRUCTIONS STATED BELOW EVEN THOUGH THE PLAN PRESENTED BY THE DISTRICT MAY BE MODIFIED OR AMENDED IN ACCORDANCE WITH THE TERMS OF THE DISTRICT PLAN BEFORE OR AT THE DISTRICT CREDITORS' MEETING, OR AFTER THE CREDITORS' MEETING WITH THE APPROVAL OF THE COURT. SUCH AMENDMENT, MODIFICATION OR SUPPLEMENT WOULD BE LIMITED TO THOSE THAT ARE ADMINISTRATIVE IN NATURE, THAT ARE NOT ADVERSE TO THE FINANCIAL OR ECONOMIC INTERESTS OF ANY OF THE DISTRICT AFFECTED CREDITORS UNDER THE DISTRICT PLAN AND IS NECESSARY IN ORDER TO GIVE BETTER EFFECT TO THE SUBSTANCE OR IMPLEMENTATION OF THE DISTRICT PLAN OR THE SANCTION ORDER.

Voting

I, _____ a creditor (or I _____, representative of _____, a creditor), in the above matter for the sum of \$_____ hereby request the Monitor to record my vote respecting the District Plan, originally dated February 12, 2016 and filed on February 16, 2016 with a third amended version being dated March 21, 2016 and filed on March 22, 2016, as may be further amended from time to time (references to the District Plan will include all subsequent amendments) as follows:

(mark one only):

- Vote **FOR** approval of the resolution to accept the District Plan; or
- Vote **AGAINST** approval of the resolution to accept the District Plan.

IF A BOX IS NOT MARKED AS A VOTE FOR OR AGAINST APPROVAL OF THE DISTRICT PLAN, YOUR VOTE SHALL BE DEEMED TO BE A VOTE FOR APPROVAL OF THE PLAN.

Dated at _____ this _____ day of _____, 201____.

Witness

Individual Creditor

Witness

Name of Corporate Creditor OR Minor

Name and Title of Signing Officer OR Guardian

Return to:

Deloitte Restructuring Inc., Monitor
700 Bankers Court, 850 – 2nd Street SW
Calgary, AB T2P 0R8
Phone: (587) 293-3203 Fax: (403) 718-3681
Email: CalgaryRestructuring@deloitte.ca

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

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 Representative Counsel (or in the event that Representative Counsel is not retained, the Monitor) take notice that I shall not or shall no longer participate in the Representative Action.

I acknowledge that by signing this document, I am:

- a. waiving all rights as a participant within the Representative Action Claim(s);
- a. to be removed from the members of the Representative Action Class;
- b. not entitled to any further notice of or information regarding the Representative Action, save what is available on the public record;
- c. forever barred from participating in the Representative Action;
- d. 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 Representative Action; and
- e. 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 of compromise and arrangement, if applicable.

THIS NOTICE, ONCE DULY COMPLETED, DATED AND SIGNED, MUST BE SENT TO THE REPRESENTATIVE COUNSEL, OR IF THERE IS NO 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, AB T2P 0R8
Phone: (587) 293-3203 Fax: (403) 718-3681
Email: CalgaryRestructuring@deloitte.ca

Guardian's Acknowledgment of Responsibility

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
_____ (day, month, year).

2 I am the minor's guardian because I am

- 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.

Date _____

Guardian's Signature _____

Witness _____

Schedule 5



March 28, 2016

**FUTHER INFORMATION FOR CREDITORS OF THE DISTRICT
THE DISTRICT'S PLAN OF COMPROMISE AND ARRANGEMENT (THE "DISTRICT PLAN")**

THE BASICS AND WHAT YOU NEED TO DO

The following provides a brief outline of the basics of the District Plan and what you need to do prior to the meeting that is scheduled for Eligible Affected Creditors (as defined in the District Plan) to vote on the District Plan (the "District Meeting"). This document provides high level information only and it is recommended that Eligible Affected Creditors review the detailed information included in the Monitor's First Report to the Creditors of the District, dated March 28, 2016 (the "Monitor's Report"). Capitalized terms not otherwise defined herein shall have the meanings given to them in the Monitor's Report.

Our records indicate that you are a District Depositor with a proven claim that is greater than \$5,000 and that you are a Canadian resident. If this is not the case, please contact our office and we will provide you with an additional hand-out related to the District Plan.

The Basics of the District Plan

The District Plan has been formulated by the District subject to input from the CRO, the creditors' committee established for the District (the "District Committee") and the Monitor. As further described below, the Monitor is supportive of the District Plan, which has also been approved by the District Committee. The Monitor is an officer of the Court, whose role includes providing Eligible Affected Creditors with sufficient information to consider the District Plan and reporting to Eligible Affected Creditors on the Monitor's view of the reasonableness and fairness of the District Plan. The following are the basics of the District Plan:

Distributions to Eligible Affected Creditors

Eligible Affected Creditors will receive the following distributions:

1. The lesser of \$5,000 or the total amount of their claim (the "Convenience Payment(s)"), which will be paid upon the date that the District Plan takes effect. The Convenience Payments will be made net of any amounts that have been paid to you pursuant to the emergency fund,

which was approved by the Court as part of the Initial Order granted on January 23, 2015 (the “Emergency Fund”).

2. A further cash distribution from the liquidation of the assets (the “Non-Core Assets”) held by the District, outside of the Prince of Peace Properties (as defined below). The Monitor currently estimates that Eligible Affected Creditors who are not paid in full by the Convenience Payments will receive cash distributions of between approximately 15% and 20% of their remaining proven claims, after deducting the Convenience Payments, from the sale of the Non-Core Assets. These cash distributions will be made net of any amounts that have previously been paid to you pursuant to the Emergency Fund.
3. A distribution in the form of shares (the “NewCo Shares”) in a new company (“Newco”) into which will be transferred the Harbour and Manor seniors’ care facilities, the surrounding development and expansion lands and the Prince of Peace church and school (the “Prince of Peace Properties”). In addition to the Prince of Peace Properties, assets held by ECHS and EMSS, including working capital, computer hardware, furniture and fixtures, a water treatment plant, medical equipment and a vehicle will be transferred into NewCo (the “ECHS and EMSS Assets”). The Prince of Peace Properties and the ECHS and EMSS Assets will collectively be referred to as the “NewCo Assets”. Based on the value of the NewCo Assets, the NewCo Shares are currently anticipated to be valued at between 53% and 60% of each Eligible Affected Creditors’ remaining proven claim, after deducting the Convenience Payments.

The Monitor notes that the estimated realizations are based on assumptions regarding future events and, as such, will vary and these variances could be material.

NewCo

NewCo will be formed as a private Alberta corporation immediately after the District Plan takes effect. As described above, the NewCo Assets will be transferred to NewCo and NewCo will continue to operate the Harbour and Manor seniors’ care facilities.

Eligible Affected Creditors (with the exception of those Eligible Affected Creditors who reside outside of Canada) who are not paid in full by the Convenience Payments will receive 100% of the NewCo Shares on a pro-rata basis based on the amount of their remaining proven claims after deducting the Convenience Payments. For greater clarity, this means that Eligible Affected Creditors will become owners of NewCo (the “NewCo Shareholders”) with the NewCo Shares representing that ownership interest.

Additional information regarding NewCo is available in the attached document entitled “Answers to Frequently Asked Questions”. The Monitor’s Report also includes a fulsome discussion of NewCo, including the risks associated with becoming a NewCo Shareholder.

The Monitor is supportive of the formation of NewCo as set out in the District Plan for the following reasons:

1. The Convenience Payments will result in there being a reduced number of NewCo Shareholders, which will provide NewCo with a more manageable corporate governance structure and allow the potential for an improved recovery over time for those Eligible Affected Creditors who receive NewCo Shares than may be available through the immediate liquidation of the Prince of Peace Properties.
2. NewCo's bylaws and Articles of Incorporation (the "NewCo Articles") were developed in consultation with the District Committee and afford some additional protections to the NewCo Shareholders outside of what may be available to shareholders in the ordinary course.
3. It is anticipated that approximately 993 Eligible Affected Creditors will become NewCo Shareholders. Following NewCo being formed, a shareholders' meeting will be held within six months of the District Plan becoming effective (the "NewCo Shareholder Meeting"). At the NewCo Shareholder Meeting, the NewCo Shareholders will vote on a proposed mandate for NewCo, which could include the expansion of the Harbour and Manor seniors' care facilities, the subdivision and orderly liquidation of all or a portion of the NewCo Assets, a joint venture to further develop the NewCo Assets or other options.
4. Although the time leading up to the NewCo Shareholder Meeting could provide an additional period of uncertainty for the NewCo Shareholders, it would also allow them the benefit of professional management advice prior to voting on their preferred mandate for NewCo as NewCo Management's initial focus will be to investigate and report to the NewCo Shareholders regarding the possible mandates available to NewCo.
5. The Monitor has consulted with Deloitte's real estate advisory group ("Deloitte Real Estate") with respect to the Prince of Peace Properties. Deloitte Real Estate has advised that the Alberta real estate market is changing rapidly with reduced property values being reflected within most areas of the commercial market and financing becoming more difficult to obtain. In addition, the Prince of Peace Properties are currently not fully subdivided and this subdivision would be required in order to complete a meaningful sales process. As such, although the Prince of Peace Properties, and in particular the Harbour and Manor seniors' care facilities, are considered to be desirable properties, waiting for more favourable conditions in the Alberta real estate market could result in improved realizations for the Prince of Peace Properties as compared to an immediate liquidation.

The Representative Action

A process has been established so that one or more legal action(s), defined as the “Representative Action”, which can be undertaken as a class proceeding or otherwise, can be undertaken on behalf of all District Depositors who choose to participate (the “Representative Class”).

The Representative Action will include claims by depositors of the District (the “District Depositors”) that are not paid under the District Plan, which claims could be advanced against the District’s current and former directors and officers and claims against third parties, which may include former auditors or legal counsel for the District. A potential source of recovery in such an action may be the District’s directors’ and officers’ liability insurance.

A subcommittee (the “Subcommittee”) will be appointed to choose a lawyer, who will specialize in class action proceedings or other forms of litigation, to represent the Representative Class (the “Representative Counsel”) and to provide direction to the Representative Counsel on behalf of the Representative Class. The Subcommittee will likely consider multiple factors in choosing the Representative Counsel including each candidate’s experience, fee arrangements (including willingness to act on a contingency basis) and litigation strategy. The Subcommittee will be made up of District Depositors, who will act in a fiduciary capacity on behalf of the Representative Class. Distributions to the Representative Class will be subject to the Representative Action Holdback, as further described below.

Under the District Plan one group, led by the Subcommittee, will pursue all legal proceedings on behalf of the Representative Class. There is no limitation on the type of legal actions, the number of legal actions or the jurisdictions in which legal actions can be commenced by that group. If the District Plan is approved, no legal proceedings may be commenced by any District Depositor outside of the Representative Action.

The Monitor’s view of the District Plan

The Monitor is supportive of the District Plan and is of the opinion that the District Plan is fair and reasonable and appears to be in the general best interest of all parties for the reasons outlined in the Monitor’s Report and set out below:

1. The Convenience Payments would be made immediately after the District Plan becomes effective. Following the Convenience Payments, approximately 1,001 Eligible Affected Creditors would continue to have outstanding proven claims.
2. The District would continue to realize on the Non-Core Assets with all funds being made available to Eligible Affected Creditors as set out in the District Plan. Should the District Plan fail, the remaining Non-Core Assets may need to be liquidated under forced sale conditions, which would likely result in lower sale proceeds, delays in the realization of the Non-Core

Assets and increased professional fees and expenses. The Monitor has estimated that pursuant to the District Plan and pursuant to various assumptions and events that may not materialize as expected, those Eligible Affected Creditors who have proven claims in excess of the Convenience Payments will receive between approximately 15% and 20% of their remaining proven claim after deducting the Convenience Payments from the sale of the Non-Core Assets. If the District Plan was to fail, then the remaining unsold Non-Core Assets would likely be realized upon through forced sale liquidation conditions (i.e. through a receivership) and the Monitor estimates that the realizations could be 10% to 20% lower than they would be pursuant to the District Plan.

3. The NewCo Assets would be transferred into NewCo with Eligible Affected Creditors receiving the NewCo Shares and becoming NewCo Shareholders. The NewCo Shareholders would have the ability to vote on NewCo's mandate at the NewCo Shareholder Meeting. The NewCo Shares are anticipated to be valued at between 53% and 60% of District Depositors' remaining proven claims after deducting the Convenience Payments.
4. Following the Convenience Payments having been made, it is estimated that Eligible Affected Creditors may receive distributions in the form of cash and shares totaling between 68% and 80% of their remaining proven claims, after deducting the Convenience Payments. As previously noted, the estimated distributions are based on assumptions regarding future events and, as such, will vary and these variances may be material.
5. Should the District Plan fail, the Prince of Peace Properties and the ECHS and EMSS Assets will remain in ECHS and EMSS respectively. In that scenario, it is likely that a further insolvency proceeding, such as a receivership, would follow and that foreclosure proceedings would be required in order for the District to take possession of the Prince of Peace Properties and sell such properties, likely in a forced sale scenario, for the benefit of the Eligible Affected Creditors. It is also possible that the foreclosure proceedings may have repercussions for the ongoing operations of the Harbour and Manor seniors' care facilities, which operate pursuant to various agreements with Alberta Health Services. The complications associated with foreclosure proceedings and the fact that the Prince of Peace Properties would likely be sold pursuant to a further insolvency proceeding would serve to increase professional fees, reduce realizations and significantly extend the time frame for any recovery to Eligible Affected Creditors.
6. The District Plan provides for a streamlined process for District Depositors to pursue the Representative Action Claims and may result in increased recoveries due to certainty that settlement or judgment would resolve any and all outstanding claims. It also prevents 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 actions against the same parties.

7. The District Committee has approved the District Plan.

What you need to do:

Vote on the District Plan

To vote on the District Plan you must do one of the following:

Option 1

Attend the District Meeting, which will be held at the following time and place:

Time: Saturday, May 14, 2016 at 10:00 a.m.

Location: MacLeod Hall, Telus Convention Centre, 120 9th Avenue SE, Calgary, AB.

Option 2

Appoint someone as your proxy by filling out the attached Proxy so that they can attend the District Meeting and vote on your behalf.

Option 3

Vote on the District Plan by filling out the attached Election Letter so that your vote can be recorded even if you cannot attend the District Meeting and you do not wish to appoint a proxy.

For clarity, if you do not vote on the District Plan using any of the options detailed above, your claim will not be counted in determining whether or not the District Plan has been approved by the required majority of Eligible Affected Creditors.

To opt-in or opt-out of the Representative Action

If you wish to opt-in to the Representative Action, you do not need to do anything. For clarity, unless you specifically opt-out of the Representative Action, you will automatically be deemed to have opted in to the Representative Action. You may opt-out of the Representative Action at any time prior to the commencement date of the Representative Action.

You can opt-out of the Representative Action by filling out the attached Notice of Opting Out. Those District Depositors, who have explicitly opted-out of the Representative Action will be forever barred from participating in the Representative Action, including receiving any proceeds that may become payable pursuant to the Representative Action. For clarity, opting out of the Representative Action does not affect the distributions available to District Depositors under the District Plan except in relation to the Representative action Holdback (as defined below).

Those District Depositors who elect to participate in the Representative Action would have a portion of their cash distributions from the sale of the Non-Core Assets withheld to fund the Representative Action (the "Representative Action Holdback"). It will only be possible to estimate the value of the Representative Action Holdback once the Representative Counsel has been retained. Once the Representative Counsel has been retained, the Monitor will send further information to those District Depositors who are participating in the Representative Action, including the names of the members of the Subcommittee, the name of the Representative Counsel, the estimated amount of the Representative Action Holdback (including a range of the anticipated holdback for individual District Depositors), the commencement date of the Representative Action, the deadline for opting-out of the Representative Action and instructions on how to opt-out of the Representative Action should they choose to do so. Depending on the arrangement between the Subcommittee (as defined herein) and Representative Counsel, if costs will be incurred prior to the commencement of the Representative Action, the Monitor will provide further correspondence to District Depositors advising them that this is the case and advising them of the deadline by which they must opt-out of the Representative Action if they do not wish to have any amounts withheld pursuant to a Representative Action Holdback. For clarity, additional information will be provided to District Depositors prior to them having to make a determination as to whether to opt-in or opt-out of the Representative Action.

If you are a minor

Your legal guardian can vote on the District Plan using Option 1, Option 2 or Option 3 above and, if desired, complete a Notice of Opting Out in respect of the Representative Action on your behalf provided that they have filled out the attached Guardian's Acknowledgment of Responsibility. For clarity, if the legal guardian named in the Guardian's Acknowledgment of Responsibility is voting on behalf of a Minor, they are not required to complete a Form of Proxy,

PROXY

COURT FILE NUMBER 1501-00955
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
DOCUMENT PROXY FOR THE DISTRICT PLAN
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, _____ of _____, a creditor in the above matter, hereby appoint _____ of _____, (person you want to appoint) to be my proxyholder in the above matter, except as to the receipt of any distributions pursuant to the District Plan (with or without) power to appoint another proxyholder in his or her place.

The above named proxyholder shall attend on behalf of and act for me at the District Creditors' Meeting to be held in connection with the District Plan and at any and all adjournments, postponements or other rescheduling of the Creditors' Meeting, and vote the amount of my Claim(s) as follows:

1. (mark one only):

- Vote **FOR** approval of the resolution to accept the District Plan; or
 Vote **AGAINST** approval of the resolution to accept the District Plan.

IF A BOX IS NOT MARKED AS A VOTE FOR OR AGAINST APPROVAL OF THE PLAN, THEN THE PROXYHOLDER SHALL VOTE AT HIS/HER DISCRETION.

and

2. Vote at his/her discretion and otherwise act for and on behalf of me with respect to any amendments or variations to the matters identified in the notice of the District Creditors' Meeting and in the District Plan, and with respect to other matters that may properly come before the District Creditors' Meeting.

THIS PROXY, ONCE DULY COMPLETED, DATED AND SIGNED, MUST BE SENT TO THE MONITOR BY EMAIL, MAIL, FACSIMILE TRANSMISSION OR COURIER, AND BE RECEIVED BY THE MONITOR BY NO LATER THAN 5:00 P.M. (CALGARY TIME) ON MAY 13, 2016 OR SUCH LATER DATE AS MAY BE THE LAST BUSINESS DAY PRIOR TO THE DATE THE DISTRICT CREDITORS' MEETING HAS BEEN ADJOURNED TO, OR DELIVERED BY HAND TO THE CHAIR OF THE DISTRICT CREDITORS' MEETING PRIOR THE COMMENCEMENT OF THE DISTRICT CREDITORS' MEETING. AFTER COMMENCEMENT OF THE DISTRICT CREDITORS' MEETING (OR ANY ADJOURNMENT THEREOF), NO PROXIES CAN BE ACCEPTED BY THE MONITOR.

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

Witness

Individual Creditor

Witness

Name of Corporate Creditor

Name and Title of Signing Officer

Return to:

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

Phone: (587) 293-3203 Fax: (403) 718-3681
Email: CalgaryRestructuring@deloitte.ca

ELECTION LETTER

COURT FILE NUMBER 1501-00955
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
DOCUMENT ELECTION LETTER FOR DISTRICT PLAN
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.

THIS ELECTION LETTER SHALL BE VOTED IN ACCORDANCE WITH THE INSTRUCTIONS STATED BELOW EVEN THOUGH THE PLAN PRESENTED BY THE DISTRICT MAY BE MODIFIED OR AMENDED IN ACCORDANCE WITH THE TERMS OF THE DISTRICT PLAN BEFORE OR AT THE DISTRICT CREDITORS' MEETING, OR AFTER THE CREDITORS' MEETING WITH THE APPROVAL OF THE COURT. SUCH AMENDMENT, MODIFICATION OR SUPPLEMENT WOULD BE LIMITED TO THOSE THAT ARE ADMINISTRATIVE IN NATURE, THAT ARE NOT ADVERSE TO THE FINANCIAL OR ECONOMIC INTERESTS OF ANY OF THE DISTRICT AFFECTED CREDITORS UNDER THE DISTRICT PLAN AND IS NECESSARY IN ORDER TO GIVE BETTER EFFECT TO THE SUBSTANCE OR IMPLEMENTATION OF THE DISTRICT PLAN OR THE SANCTION ORDER.

Voting

I, _____ a creditor (or I _____, representative of _____, a creditor), in the above matter for the sum of \$_____ hereby request the Monitor to record my vote respecting the District Plan, originally dated February 12, 2016 and filed on February 16, 2016 with a third amended version being dated March 21, 2016 and filed on March 22, 2016, as may be further amended from time to time (references to the District Plan will include all subsequent amendments) as follows:

(mark one only):

- Vote **FOR** approval of the resolution to accept the District Plan; or
- Vote **AGAINST** approval of the resolution to accept the District Plan.

IF A BOX IS NOT MARKED AS A VOTE FOR OR AGAINST APPROVAL OF THE DISTRICT PLAN, YOUR VOTE SHALL BE DEEMED TO BE A VOTE FOR APPROVAL OF THE PLAN.

Dated at _____ this _____ day of _____, 201____.

Witness

Individual Creditor

Witness

Name of Corporate Creditor OR Minor

Name and Title of Signing Officer OR Guardian

Return to:

Deloitte Restructuring Inc., Monitor
700 Bankers Court, 850 – 2nd Street SW
Calgary, AB T2P 0R8
Phone: (587) 293-3203 Fax: (403) 718-3681
Email: CalgaryRestructuring@deloitte.ca

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 |
| 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 Representative Counsel (or in the event that Representative Counsel is not retained, the Monitor) take notice that I shall not or shall no longer participate in the Representative Action.

I acknowledge that by signing this document, I am:

- a. waiving all rights as a participant within the Representative Action Claim(s);
- a. to be removed from the members of the Representative Action Class;
- b. not entitled to any further notice of or information regarding the Representative Action, save what is available on the public record;
- c. forever barred from participating in the Representative Action;
- d. 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 Representative Action; and
- e. 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 of compromise and arrangement, if applicable.

THIS NOTICE, ONCE DULY COMPLETED, DATED AND SIGNED, MUST BE SENT TO THE REPRESENTATIVE COUNSEL, OR IF THERE IS NO 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, AB T2P 0R8
Phone: (587) 293-3203 Fax: (403) 718-3681
Email: CalgaryRestructuring@deloitte.ca

Guardian's Acknowledgment of Responsibility

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
_____ (day, month, year).

2 I am the minor's guardian because I am

- 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.

Date _____

Guardian's Signature _____

Witness _____

Schedule 6

March 28, 2016

Answers to frequently asked questions

For depositors to Lutheran Church – Canada, the Alberta – British Columbia District (the “District”)

Re: The new company (“NewCo”) to be formed pursuant to the District’s plan of compromise and arrangement (the “District Plan”)

Pursuant to the District Plan, Eligible Affected Creditors with claims over \$5,000, who reside within Canada, will receive a distribution in the form of shares in NewCo (the “NewCo Shares”). The Monitor has prepared this document to answer questions that may be posed by District Depositors related to NewCo and the NewCo Shares. Terms not defined in this document are as defined in the District Plan and in the Monitor’s First Report to the Creditors of the District dated March 28, 2016 (the “Monitor’s Report”).

1. What does it mean to be a shareholder of NewCo?

Eligible Affected Creditors who receive shares in NewCo will become owners of NewCo. The NewCo Shares will be issued representing that ownership interest.

2. What is the advantage of the Convenience Payment for Eligible Affected Creditors with claims over \$5,000?

The Convenience Payment limits the number of Newco Shareholders providing Newco with a more manageable corporate governance structure. It also allows the potential for an improved recovery over time for those Eligible Affected Creditors who receive NewCo Shares depending on the mandate that is ultimately chosen for NewCo and NewCo’s ongoing operating results.

3. Why not sell the Prince of Peace Properties instead of creating NewCo?

Should the Prince of Peace Properties be sold in the short-term, the sale proceeds may be negatively affected by the following:

- The current condition of the Alberta real estate market, which is reflecting reductions in property values in most areas of the commercial market;*

- *The fact that the Prince of Peace Properties are not fully subdivided; and*
- *The fact that the entities selling the Prince of Peace Properties are subject to ongoing insolvency proceedings and, as such, may be viewed by potential purchasers as “needing” to sell the Prince of Peace Properties in the short-term, which could potentially lead to lower sale prices than could otherwise be obtained.*

The creation of NewCo provides the NewCo Shareholders with options, which are anticipated to allow for an increased recovery as compared to a short-term liquidation. This may include the expansion of the Harbour and Manor seniors’ care facilities, the subdivision and orderly liquidation of all or a portion of the NewCo Assets, a joint venture to further develop the NewCo Assets or other options

4. Why doesn’t the District Plan offer me a choice as to whether I will receive NewCo Shares or not?

As previously communicated, it was originally contemplated that the Eligible Affected Creditors may be offered a choice under the District Plan as to whether they wished to receive NewCo Shares or a discounted cash distribution. Following consultation between the District, the CRO, the Monitor and the creditors’ committee established for the District (the “District Committee”), the District Plan was changed such that all Eligible Affected Creditors with claims over \$5,000 who reside within Canada would receive the Convenience Payment and then participate in pro-rata distributions of cash and NewCo Shares. The reasons for this change were as follows:

- *The desire to have all Eligible Affected Creditors with substantive investments receive both cash and NewCo Shares and to be eligible to benefit from any increase in the value of the NewCo Shares over time.*
- *As set out in the Monitor’s Report, once formed NewCo will hold a shareholders’ meeting within six months, at which time the NewCo Shareholders may vote on their preferred mandate for NewCo, which could include the expansion of the Harbour and Manor seniors’ care facilities, the subdivision and orderly liquidation of all or a portion of the NewCo Assets, a joint venture to further develop the NewCo Assets or other options (the “NewCo Shareholder Meeting”). As such, Eligible Affected Creditors will be able to vote, based on information prepared by a professional management team, on their preferred mandate for NewCo.*
- *The desire to provide District Depositors with a more simplified version of the District Plan, which provides greater certainty as to the anticipated recoveries*

under the District Plan than could have been provided in the event that the District Plan included options.

5. What will NewCo's board of directors and management team look like?

The CRO has established an initial board of directors and management team, which is further set out in the NewCo Summary Presentation prepared by the CRO and attached as "Schedule 4" to the Monitor's Report.

As proposed by the District Committee, NewCo's bylaws will include a clause reflecting that at least 50% of the NewCo Board must be comprised of District Depositors or their nominees. Although NewCo is being created with the purpose of allowing the NewCo Assets to be placed in the hands of a professional management team with appropriate business and real estate expertise, the District Committee wanted to ensure that Eligible Affected Creditors would have representation equal to that of the professional management team on the NewCo Board. The CRO has indicated that they have made arrangements for the positions to be held by District Depositors or their nominees to be filled initially by Elmer Ray, Sandra Jory (also a member of the District Committee) and Stephen Nielson.

NewCo Management is anticipated to include Scott McCorquodale who has over 20 years of commercial real estate experience, Monica Kohlhammer who has over 25 years of experience in board governance, strategic planning, evaluation and administration in both the public and private sector, and Tony Chin, who has expertise in accounting, tax and financing for private companies. Both Scott McCorquodale and Monica Kohlhammer will also hold positions on the NewCo Board.

The third independent member of the NewCo Board is anticipated to be Lisa Van Hermert, who is currently the Vice President of Canadian Operations with Global Partners LP, a midstream logistics and marketing company and has an extensive business background.

The NewCo Board and NewCo Management may be subject to change subject to District Committee approval.

6. What do I need to do and what rights do I have as a NewCo Shareholder?

You will receive your pro-rata share of the NewCo Shares as set out in the District Plan. As stated above, these shares represent your ownership interest in NewCo. As a shareholder you have rights, which include the following:

- *The right to access information regarding NewCo, including the NewCo Articles;*

- *The right to attend meetings, such as the NewCo Shareholder Meeting, which is to be held no later than six months following the District Plan taking effect. The NewCo Shareholder Meeting will allow you an opportunity to hear from NewCo Management as to their views of the proposed mandates available to NewCo; and*
- *The right to vote, such as at the NewCo Shareholder Meeting, where you can vote on the preferred mandate for NewCo.*

You should attend and vote at the NewCo Shareholder Meeting, which will determine the preferred mandate for NewCo. Following the NewCo Shareholder Meeting, you may have ongoing involvement in future shareholder meetings that are held for NewCo.

7. Do the NewCo Shares have value?

Yes, the NewCo Assets are being transferred to NewCo free and clear (i.e. without any corresponding debt). The Prince of Peace Properties have been the subject of recent third-party appraisals. The value of the NewCo Shares is anticipated to be based on the third party appraisals of the Prince of Peace Properties and the estimated value of the other assets held by ECHS and EMSS. The Monitor currently estimates that Eligible Affected Creditors will receive NewCo Shares valued at between 53% and 60% of their proven claim after deducting the Convenience Payment. As detailed in the Monitor's Report, the valuation of the NewCo Shares will also be subject to review by a third party firm and, as such, is subject to change.

The Monitor notes that the Prince of Peace Properties, and in particular the Harbour and Manor seniors' care facilities, are considered to be desirable real estate properties.

8. What if I want to sell my NewCo Shares?

The NewCo Shares will likely have limited liquidity upon being issued (i.e. you may have a limited ability to sell them); however, this liquidity may improve over time depending on the mandate established for NewCo and NewCo's operating results. All sales of NewCo Shares will be subject to the approval of the NewCo Board and trading restrictions under applicable securities legislation, which contain limitations on who can purchase shares. As such, the sale of NewCo Shares would be subject to the seller finding a suitable and willing purchaser who was eligible to purchase shares under applicable securities legislation.

9. If I don't sell my NewCo Shares, how can I receive money from my NewCo Shares?

As NewCo Shareholders, Eligible Affected Creditors may receive cash recoveries over time, through mechanisms that may include the following:

- *Should NewCo's operations be profitable, dividends may be paid to NewCo Shareholders. For greater clarity, this represents money paid to the NewCo Shareholders from NewCo's profits; and*
- *A pro-rata portion of the NewCo Shares may be redeemed upon the sale of any portion of the NewCo Assets that generates net sale proceeds of over \$5.0 million subject to NewCo meeting the solvency test.*

10. What risks are associated with being a NewCo Shareholder?

As detailed in the Monitor's Report, the NewCo Shares are an investment and all investments are subject to various risk factors. Should any of these risks actually occur, NewCo's business, operating results, financial conditions or the value of the NewCo Assets could be 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 risks and uncertainties presently unknown to the Monitor may also have a material effect on NewCo's business, operating results, financial condition or the value of the NewCo Assets and could negatively affect the value of the NewCo Shares.

NewCo is also subject to general business risks, which are detailed in the Monitor's Report.

11. What protections are afforded to me as a NewCo Shareholder?

As detailed in the Monitor's Report, following negotiations between the District, the District Committee and the Monitor, the bylaws and articles of incorporation for NewCo (the "NewCo Articles") were created and are attached as "Schedule E" to the District Plan. The NewCo Articles can only be amended upon a resolution being approved by two-thirds of the NewCo Shareholders who are voting on the resolution (a special resolution). The NewCo Articles have been created including the following provisions, which are intended to provide additional protection for the NewCo Shareholders:

- *NewCo cannot incur indebtedness for more than 10% of the net value of the NewCo Assets, subject to an amendment by a special resolution of the NewCo Shareholders;*
- *A redemption of a pro-rata portion of the NewCo Shares would be allowed upon the sale of any portion of the NewCo Assets that generates net sale proceeds of over \$5.0 million, subject to NewCo meeting the solvency test;*
- *NewCo would establish a secure database whereby NewCo Shareholders wishing to sell their shares to other existing NewCo Shareholders can disclose that they wish to sell their shares subject to restrictions under applicable securities*

legislation. For clarity, any transfer of NewCo Shares is subject to NewCo Board approval;

- The NewCo Shareholder Meeting would be called no later than six months following the effective date of the District Plan for the purpose of having NewCo Shareholders vote on a proposed mandate for NewCo; and
- To provide dissent rights to minority NewCo Shareholders.

12. How can I calculate my anticipated recovery under the District Plan?

Eligible Affected Creditors with claims over \$5,000 who reside within Canada can anticipate receiving the following:

- *The Convenience Payment;*
- *A cash distribution, which is currently estimated to total between 15% and 20% of your remaining proven claim after deducting the Convenience Payment; and*
- *A distribution of NewCo Shares, which is currently estimated to be valued at between 53% and 60% of your remaining proven claim after deducting the Convenience Payment.*

For example, if you have a proven claim of \$10,000, you can calculate your anticipated recovery under the District Plan as follows:

- *You will receive \$5,000 after which you will have a remaining proven claim of \$5,000;*
- *You will receive between 15% and 20% of your remaining proven claim of \$5,000 being between \$750 and \$1,000; and*
- *You will receive NewCo Shares, which are currently estimated to be valued at between 53% and 60% of your remaining proven claim of \$5,000 i.e. valued at between \$2,650 and \$3,000.*

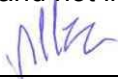
Distributions will be net of payments pursuant to the Emergency Fund.

Should you have additional questions, please contact the undersigned by telephone at 1-403-298-5955 or via email at vanallen@deloitte.ca

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

Schedule 7

Schedule 8



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

April 7, 2016

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

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. Deloitte Restructuring Inc. acts as the Monitor in the CCAA proceedings (the “Monitor”).

The District has now received Court approval to present their plan of compromise and arrangement (the "District Plan") to the District's creditors and to hold a meeting of creditors to consider the District Plan. This meeting is being held as follows:

Time: Saturday, May 14, 2016 at 10:00 a.m.

Location: MacLeod Hall, Telus Convention Centre, 120 9th Avenue SE, Calgary

Creditor packages are available on the Monitor’s website at www.insolvencies.deloitte.ca at the link entitled “Lutheran Church – Canada, the Alberta – British Columbia District et. al.”. Creditor packages are also being mailed to creditors with all mail-outs being completed by April 8, 2016.

The Monitor is setting up additional meetings in Alberta and British Columbia to review the contents of the District Plan and to make themselves available to answer any questions creditors may have regarding the District Plan.

The following meetings have currently been scheduled in Alberta:

1. Sherwood Park

Time: Monday, April 25, 2016 at 7:00 p.m.

Location: Bethel Lutheran Church, 298 Bethel Drive, Sherwood Park

2. Red Deer

Time: Tuesday, April 26, 2016 at 1:00 p.m.

Location: Mount Calvary Lutheran Church, 18 Selkirk Boulevard, Red Deer

3. Medicine Hat

Time: Wednesday, April 20 at 6:00 p.m.

Location: St. Paul's Lutheran Church, 515 Sprague Way SE, Medicine Hat

The following meetings have currently been scheduled in British Columbia:

1. Vancouver

Time: Tuesday, April 19, 2016 at 6:00 p.m.

Location: Walnut Grove Lutheran Church, 20530 88 Avenue, Langley

2. Quesnel

Time: Thursday, April 28, 2016 at 7:00 p.m.

Location: Trinity Lutheran Church, 375 Hartley Street, Quesnel

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

Schedule 9

April 7, 2016

Monitor’s Commentary

For depositors to Lutheran Church – Canada, the Alberta – British Columbia District (the “District”)

Re: Information provided related to the new company (“NewCo”) to be formed pursuant to the District’s plan of compromise and arrangement (the “District Plan”)

Pursuant to the District Plan, Eligible Affected Creditors with claims over \$5,000, who reside within Canada, will receive a distribution in the form of shares in a new company (“NewCo”). The Monitor has prepared this document to provide some additional commentary around the financial information provided in the NewCo Summary Presentation (the “NewCo Summary”), which is attached as “Schedule 4” to the Monitor’s First Report to the Creditors of the District dated March 28, 2016 (the “Monitor’s Report”). Terms not defined in this document are as defined in the District Plan and in the Monitor’s Report.

The NewCo Summary has been prepared by the CRO and has not been audited or otherwise verified by the Monitor.

Page 16 of the NewCo Summary is titled “Financial Highlights” and includes adjusted historical financial information (the “Financial Summary”) for Encharis Management and Support Services (“EMSS”). EMSS is a registered charity, which has historically operated the Harbour and Manor seniors’ care facilities for the purpose of providing integrated supportive living services to seniors based on their assessed care needs. The Harbour and Manor seniors’ care facilities will be referred to as the “Facilities”, which term will reference both the corresponding buildings and the operations.

The Monitor notes that, although the Financial Summary reflects historical revenue and expenses related to EMSS’ operation of the Facilities, there will be key differences between the operations of EMSS and those of NewCo, as summarized below:

1. EMSS currently leases the buildings that house the Facilities (the “Buildings”) from Encharis Community and Housing Services (“ECHS”, the “ECHS Lease”). In the Financial Summary, the lease payments to ECHS have been added back to reflect the

fact that NewCo will own the Facilities as well as the surrounding expansion and development lands and the Prince of Peace Church and School (collectively the “Prince of Peace Properties”). The CRO has indicated that the majority of the costs related to the ownership of the Facilities were previously being paid by EMSS and are included in the Financial Summary. The Monitor notes the following, however, with respect to property taxes:

- a. The Financial Summary does not include property taxes for a vacant lot within the Prince of Peace Village, which is currently listed for sale, or land on which a recreational vehicle lot is currently located (collectively the “Lots”) within the Prince of Peace Properties. In 2014 and 2015 respectively, ECHS reported paying property taxes of approximately \$4,900 and \$3,900, respectively, related to the Lots.
- b. Property taxes for the Manor seniors’ care facility have historically been paid by EMSS and are reflected in the Financial Summary. Historically, a partial exemption from property taxes has been granted on this parcel of land based on the level of funding that the Manor seniors’ care facility receives from Alberta Health Services (“AHS”).
- c. The parcel of land that houses the Harbour seniors’ care facility is not currently subdivided and also houses the Prince of Peace Church and School and the expansion and development lands. Historically, a full exemption from property taxes has been granted on this parcel of land, based on the following:
 - i. The level of funding that the Harbour seniors’ care facility receives from AHS; and
 - ii. The fact that a religious organization and a school are housed on this parcel of land.

NewCo may continue to benefit from some of the property tax exemptions described above in the short-term, however, the amount payable for property taxes will change following the further subdivision of the Prince of Peace Properties by NewCo.

2. NewCo will be incorporated under the Alberta Business Corporations Act whereas EMSS is a registered charity. As such, NewCo will be a taxable corporation whereas EMSS is tax exempt. The Monitor notes that, as the owner of the Prince of Peace Properties, NewCo may be able to offset available tax deductions related to the Prince of Peace Properties as against future income tax payable by NewCo.

3. NewCo's mandate will be determined at a meeting of NewCo's shareholders to be held within six months of the District Plan becoming effective. NewCo's mandate may differ significantly from that of EMSS, which may result in additional revenue and expenses being reported by NewCo, beyond what has historically been reported by EMSS. The revenue and expenses associated with a change in NewCo's mandate are unknown and are not reflected in the Financial Summary.
4. Pursuant to the District Plan, assets held by ECHS, including working capital, computer hardware, equipment, furniture and fixtures and a water treatment plant, will be transferred into NewCo. As noted by the CRO in the NewCo Summary, additional revenue and expenses currently incurred by ECHS (the "ECHS Expenses") are not reflected in the Financial Summary including those related to ECHS' provision of water and sewer services. For the 2014 and 2015 fiscal years, ECHS recorded that expenses related to the provision of water and sewer services exceeded the corresponding revenues by approximately \$142,300 and \$107,300 respectively (the Monitor notes that NewCo will likely revisit the current cost structure related to the provision of water and sewer services). The ECHS Expenses would also include minor administrative expenses.
5. Revenue and expenses associated with the lease of the Prince of Peace Church and School to the Rockyview School Division (the "School Lease") have also been excluded. This lease has historically been negotiated between the Prince of Peace Church and the Rockyview School Division. The School Lease is currently subject to renewal. As NewCo is anticipated to be the future lessor, such a renewal would be negotiated subject to the approval of NewCo's management team and the District's creditor committee. The revenues and expenses associated with the School Lease are currently unknown and are not reflected in the Financial Summary.
6. As set out in the NewCo Summary, NewCo is being established with a professional management team, whose compensation will be set by NewCo's board of directors. The amount of this compensation is currently unknown and is not reflected in the Financial Summary.
7. The Financial Summary does not include amounts related to the Prince of Peace Properties that have been capitalized and then depreciated, on the balance sheet for ECHS or EMSS.
8. The Financial Summary includes financial information for EMSS for the 10 month period ended January 31, 2016 (the "2016 Financials"). The 2016 Financials are unaudited and have not been audited or otherwise verified by the Monitor. The 2016 Financials

may be subject to further adjustments, including year-end adjustments. The Monitor notes that, in addition to adding back payments under the ECHS Lease, the following adjustments have been made by the CRO to the 2016 Financials from what was originally reported by EMSS:

- a. Extraordinary income of approximately \$31,500 has been excluded, which the CRO has advised is not reflective of the general operations of the Facilities;
- b. Capital expenditures of approximately \$33,300 have been excluded, which the CRO has advised will be capitalized at year-end; and
- c. Restructuring costs of approximately \$179,200 have been excluded, which relate to the CCAA proceedings.


As described herein, although the Financial Summary reflects historical revenue and expenses related to EMSS, which operates the Facilities, there will be key differences between the operations of EMSS and those of NewCo. As such, the financial results of NewCo will differ from those of EMSS and variances between the two may be material.

Should you have additional questions, please contact the undersigned by telephone at 1-403-298-5955 or via email at vanallen@deloitte.ca

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

Schedule 10

April 18, 2016

Answers to frequently asked questions

For depositors to 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. Deloitte Restructuring Inc. acts as the Monitor (the “Monitor”) in the CCAA proceedings. Those creditors of the District with proven claims or disputed claims that have not yet been settled or adjudicated will be referred to as the “Eligible Affected Creditors”. Other terms, not otherwise defined in this document, are as included in the District’s Plan of Compromise and Arrangement (the “District Plan”) and in the Monitor’s First Report to the Creditors of the District, dated March 28, 2016 (the “Monitor’s Report”).

The following are the answers to some frequently asked questions received by the Monitor related to the District Plan and the package that was recently mailed to you dated March 28, 2016 (the “Information Package”). The Monitor notes that some of these questions and answers appear in an earlier document also entitled Answers to Frequently Asked Questions, dated March 28, 2016, which is included in the Information Package. Where questions have continued to be received, we have duplicated or expanded on them below for ease of reference.

The Monitor

1. What is the Monitor’s role with respect to the District Plan?

The Monitor is not the author of the District Plan. The District Plan has been formulated by the District with input from its counsel, the creditors’ committee for the District (the “District Committee”), the CRO and the Monitor. The Monitor is an officer of the Court, whose role includes providing District Depositors with sufficient information to consider the District Plan and reporting to District Depositors on its view of the reasonableness and fairness of the District Plan.

2. When did Deloitte LLP act as auditor of the District?

As originally disclosed by the Monitor in the Fourth Report of the Monitor dated June 24, 2015 and as disclosed to the Court, Deloitte LLP a related company to Deloitte Restructuring Inc., acted as auditor of the District between 1990 and 1999. For clarity, Deloitte LLP is not released pursuant to the District Plan from any potential liability in relation to any prior audit work performed for the District.

Information Package, Forms and Voting

3. Why is the Information Package so large and do I need to read it all?

The Monitor is required to provide selected Court documents to Eligible Affected Creditors and has provided you with all of the information that it believes you will require to assess the District Plan. The Monitor encourages you to review the documentation provided but notes that the document entitled “The Basics and What you Need to Do” is intended to provide you with a high level overview of what is required and easy access to the forms that you need to fill out.

4. What forms do I need to fill out?

If you are not planning on attending the meeting for the Eligible Affected Creditors to vote on the District Plan, scheduled for May 14, 2016 (the “District Meeting”), you need to fill out one of the following two forms:

- *Form of Proxy – if you wish to appoint someone to attend the District Meeting and vote on your behalf; or*
- *Form of Election Letter – if you wish to submit your vote ahead of the District Meeting.*

If you do not attend the District Meeting or fill out either the Form of Proxy or the Form of Election Letter, you will not have your vote on the District Plan recorded. We note that in order for the District Plan to be approved, 2/3 in value and a majority in number of voting creditors (the “Required Majority”), need to vote in favour of the District Plan.

5. How many witnesses do I need and who can witness my forms for me?

You only need one witness, who should sign and print their name on the form. Any adult can act as your witness.

6. What will happen if I do not fill out my Election Letter correctly?

Upon receipt, the Monitor will review the Election Letter submitted by each Eligible Affected Creditor and, if there is sufficient time before the meeting, will attempt to contact Eligible Affected Creditors where the Election Letter is incomplete or the amount is entered incorrectly.

The Election Letter indicates that should the Eligible Affected Creditor submitting the Election Letter not specify their vote, they will be considered as having voted for approval of the resolution to accept the District Plan.

For clarity, we note the following:

- You must submit an Election Letter (or vote in person or by proxy) in order to have a vote recorded on the District Plan. If you do not submit an Election Letter (or vote in person or by proxy), no vote will be recorded on your behalf and your claim will be excluded from the calculation of the Required Majority. For clarity, if the District Plan is approved by the Required Majority and sanctioned by the Court, the claims of all of the Eligible Affected Creditors will be dealt with as set out in the District Plan regardless of whether or not individual Eligible Affected Creditors submitted Election Letters (or voted in person or by proxy).*
- Should you submit an Election Letter with no vote recorded, the Monitor will attempt to contact you to confirm whether you had intended to further complete the Election Letter. If you submit an Election Letter with no vote recorded and the Monitor cannot reach you, you will be considered as voting in favour of the District Plan.*

7. What will happen if the District Plan is not approved by the Eligible Affected Creditors or the Court?

If the District Plan is not approved by the Eligible Affected Creditors or the Court, further insolvency proceedings will be required. This could involve further proceedings under the CCAA or a subsequent receivership. Should that be the case, foreclosure proceedings will likely be required in order for the District to take possession of the Prince of Peace Properties and the District would not have access to either of the ECHS Assets or the EMSS Assets. In either case, Eligible Affected Creditors would be entitled to participate in any subsequent distributions that may occur pursuant to those subsequent insolvency proceedings, however, the timing, nature and quantum of such distributions would be unknown. The Monitor is of the view that further insolvency proceedings would serve to increase professional fees, reduce realizations and significantly extend the time frame for any recovery to the Eligible Affected Creditors.

The Convenience Payments

8. What is the advantage of the Convenience Payment for Eligible Affected Creditors with claims over \$5,000?

The Convenience Payment will result in a more limited number of NewCo Shareholders providing NewCo with a more manageable corporate governance structure. It also allows the potential for an improved recovery over time for those Eligible Affected Creditors who receive NewCo Shares depending on the mandate that is ultimately chosen for NewCo and NewCo's ongoing operating results. Absent the Convenience Payment, if all Eligible Affected Creditors received a portion of their pro-rata distribution in the form of NewCo Shares, there would be approximately 2,651 NewCo Shareholders as opposed to approximately 993 NewCo Shareholders (as contemplated following the Convenience Payments under the District Plan). This would mean that the majority of NewCo Shareholders would have small investments in NewCo and would not have a significant economic stake in NewCo's success, which could impede NewCo's ability to obtain direction from the NewCo Shareholders. The Monitor notes that Convenience Payments are regular features in many plans of compromise and arrangement filed in CCAA proceedings.

Estimated Recoveries Pursuant to the District Plan

9. What can I expect to receive pursuant to the District Plan?

Eligible Affected Creditors with claims over \$5,000 who reside within Canada can anticipate receiving the following:

- *The Convenience Payment, which is a \$5,000 cash payment;*
- *A cash distribution, which is currently estimated to total between 15% and 20% of your remaining proven claim after deducting the Convenience Payment; and*
- *A distribution of NewCo Shares, which is currently estimated to be valued at between 53% and 60% of your remaining proven claim after deducting the Convenience Payment.*

Distributions will be net of payments pursuant to the Emergency Fund. The Monitor notes that the estimated realizations are based on assumptions regarding future events and, as such, will vary and these variances could be material.

As an example, if you have a proven claim of \$10,000, you can calculate your estimated recovery under the District Plan as follows:

- You will receive \$5,000 after which you will have a remaining proven claim of \$5,000;
- You are estimated to receive between 15% and 20% of your remaining proven claim of \$5,000 in cash being between \$750 and \$1,000; and
- You will receive NewCo Shares, which are currently estimated to be valued at between 53% and 60% of your remaining proven claim of \$5,000 i.e. valued at between \$2,650 and \$3,000.

NewCo

10. What will NewCo's Mandate be and who will decide NewCo's Mandate?

As set out in the Monitor's Report, once formed NewCo will hold a shareholders' meeting within six months, at which time the NewCo Shareholders may vote on their preferred mandate for NewCo. That mandate could include the expansion of the Harbour and Manor seniors' care facilities, the subdivision and orderly liquidation of all or a portion of the NewCo Assets, a joint venture to further develop the NewCo Assets or other options. As such, Eligible Affected Creditors will be able to vote, based on information and advice prepared by a professional management team, on their preferred mandate for NewCo.

The bylaws and articles of incorporation for NewCo (the "NewCo Articles") indicate that the business of NewCo will be to maximize the value of the NewCo Assets for the benefit of NewCo Shareholders. For clarity, this does not limit the mandate that may ultimately be chosen by the NewCo Shareholders for NewCo.

11. Will NewCo incur indebtedness that could put my investment at risk?

The NewCo Assets are being transferred to NewCo free and clear (i.e. without any corresponding debt or claims attaching to them). As detailed in the Monitor's Report, following negotiations between the District, the District Committee and the Monitor, the NewCo Articles were created and are attached as "Schedule E" to the District Plan. The NewCo Articles include a provision providing that NewCo cannot incur indebtedness for more than 10% of the net value of the NewCo Assets, unless that threshold is amended in a resolution approved by two-thirds in value of the NewCo Shareholders (i.e. Eligible Affected Creditors with claims over \$5,000) who are voting on the resolution (a special resolution).

Whether NewCo will need to incur additional indebtedness in the future is uncertain as it would be dependent on a number of factors that are unknown at this time, such as the mandate that is ultimately chosen for NewCo. What is certain, however, is that NewCo

would not be able to incur indebtedness for more than 10% of the net value of the NewCo Assets without significant support from NewCo Shareholders.

12. What if I want to sell my NewCo Shares?

The NewCo Shares will likely have limited liquidity upon being issued (i.e. you may have a limited ability to sell them); however, this liquidity may improve over time depending on the mandate established for NewCo and NewCo's operating results. All sales of NewCo Shares will be subject to the approval of the NewCo Board and trading restrictions under applicable securities legislation, which contain limitations on who can purchase shares. As such, the sale of NewCo Shares would be subject to the seller finding a suitable and willing purchaser who was eligible to purchase shares under applicable securities legislation.

13. If I don't sell my NewCo Shares, how can I receive money from my NewCo Shares?

As NewCo Shareholders, Eligible Affected Creditors may receive cash recoveries over time, through mechanisms that may include the following:

- *Should NewCo's operations be profitable, dividends may be paid to NewCo Shareholders. For greater clarity, this represents money paid to the NewCo Shareholders from NewCo's profits; and*
- *A pro-rata portion of the NewCo Shares may be redeemed upon the sale of any portion of the NewCo Assets that generates net sale proceeds of over \$5.0 million, subject to NewCo meeting the solvency test.*

Representative Action

14. Who will sit on the Representative Action Subcommittee and what is the Subcommittee's role?

The Subcommittee will be made up of three to five individuals and all members of the Subcommittee will be chosen by the District Committee. The District Committee was established in April 2015 and is made up of three District Depositors who have significant claims or were chosen by congregations with significant claims, and three District Depositors who were elected by District Depositors at large. The District Committee serves in a fiduciary capacity on behalf of the District Depositors.

All members of the Subcommittee will be District Depositors (or a committee, trustee or personal representative of a District Depositor), who elect to participate in the Representative Action and do not have any conflict of interest with respect to the

Representative Action. For clarity, no potential named defendant in the Representative Action would be eligible to serve on the Subcommittee.

The Subcommittee will serve in a fiduciary capacity to all District Depositors who are participating in the Representative Action (the "Representative Class"). They will conduct themselves in accordance with the principles laid out in the Order appointing them (described in detail on pages 22-24 of the Monitor's Report) with a mandate to take reasonable steps to maximize the amount of funds that is ultimately available for distribution to the Representative Class.

One of the Subcommittee's first tasks will be to review the qualifications of at least three lawyers and select one to act as Representative Counsel for the Representative Class. The Subcommittee will also work with Representative Counsel to identify a party willing to act as the Representative Plaintiff, work with the Representative Counsel and the Monitor to establish the amount of the Representative Action Holdback and report to the Representative Class on the status of the Representative Action and the Representative Action Holdback.

The Monitor's role with respect to the Subcommittee is limited and includes providing assistance related to the formation of the Subcommittee, facilitating the review of the qualifications of legal counsel who wish to act as Representative Counsel (for clarity, the Monitor will not participate in the selection of Representative Counsel) and reporting to the Representative Class on the Representative Action Holdback. The Monitor would not be subject to any privileged information related to the Representative Action, including any information regarding the defendants to be named in the Representative Action or the claims to be pursued in the Representative Action. For clarity, the District will have no involvement in the Subcommittee.

15. What assurance is there that I will be satisfied with the lawyer chosen to act as Representative Counsel?

The lawyers that will be considered to act as Representative Counsel will specialize in class action proceedings or other forms of litigation. Legal counsel who have expressed an interest in acting as Representative Counsel have already been invited to submit their qualifications with the decision on the selection of Representative Counsel being made by the Subcommittee. For clarity, different legal counsel will be chosen to act as Representative Counsel for the District Depositors and the DIL Depositors pursuant to those group's respective Representative Actions.

As the Subcommittee will be made up of District Depositors who are participating in the Representative Action, their interests will be aligned with other District Depositors in the

Representative Class. Also, as noted above, the Subcommittee will act in a fiduciary capacity in respect of the Representative Class.

The Subcommittee will likely consider multiple factors in choosing the Representative Counsel, including each candidate's experience, fee arrangements (preference will likely be given to legal counsel who may be willing to act on a contingency basis), litigation strategy, etc.

16. How will the Representative Counsel's fees be charged in the Representative Action?

Any fee arrangement will be negotiated between the Subcommittee and Representative Counsel. The Subcommittee will likely give preference to legal counsel who are willing to act mainly on a contingency basis but this decision will ultimately be that of the Subcommittee.

The inclusion of the Representative Action in the District Plan may result in cost savings for District Depositors since it serves to streamline future litigation and avoids a situation where District Depositors are making contributions to multiple legal counsel to pursue the Representative Action Claims. It also may provide for increased recoveries on the basis that defendants will be able to settle claims with confidence that no further litigation from other potential parties related to those claims will be advanced.

17. What is the purpose of the Representative Action Holdback?

The District Plan provides the Representative Action Holdback as a mechanism for District Depositors to share any out-of-pocket costs associated with the Representative Action. For greater clarity, should the lawyer chosen to act as Representative Counsel be willing to act entirely on a contingency basis, it is possible that no Representative Action Holdback will be required. The inclusion of the Representative Action Holdback in the plan is intended to provide the Subcommittee with the flexibility to fund the Representative Action in the most appropriate fashion.

18. What claims will be pursued in the Representative Action?

Although the District Plan contains limited releases, it does not release any claims that could be pursued by District Depositors in the Representative Action. The Representative Action would include claims by District Depositors that are not paid under the District Plan and could involve the naming of a variety of defendants, which may include individuals, corporations or insurers.

The claims that are advanced in the Representative Action will be determined by the Subcommittee in consultation with Representative Counsel. They will likely consider

multiple factors in determining those claims to pursue including the strength of the legal arguments that can be advanced, the availability of evidence and witnesses and the financial ability of any defendants to such litigation to satisfy the claims being advanced against them.

19. Does the Representative Action benefit the potential defendants to the Representative Action?

In the Monitor's view, the Representative Action does not provide a benefit to potential defendants in the Representative Action. To the extent that it provides a streamlined process for the commencement of legal action, whether by way of a class action or otherwise, it may result in potential defendants having to defend only against one group, the Representative Class, as opposed to against multiple groups. This is advantageous for the Representative Class, as increased recoveries may be achieved in settling the Representative Action Claims on the basis that potential defendants can be assured that a settlement with the Representative Class will be a resolution of any and all claims by District Depositors.

Should you have additional questions, please contact the undersigned by telephone at 1-403-298-5955 or via email at vanallen@deloitte.ca

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

Schedule 11

April 25, 2016

Answers to frequently asked questions regarding joint accounts and estates - Amended April 29, 2016

For depositors to 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. Deloitte Restructuring Inc. acts as the Monitor (the “Monitor”) in the CCAA proceedings. Those creditors of the District with proven claims or disputed claims that have not yet been settled or adjudicated will be referred to as the “Eligible Affected Creditors”. Other terms, not otherwise defined in this document, are as included in the District’s Plan of Compromise and Arrangement (the “District Plan”) and in the Monitor’s First Report to the Creditors of the District, dated March 28, 2016 (the “Monitor’s Report”).

The purpose of this document is to clarify the treatment of joint accounts and estates pursuant to the District Plan.

Joint Accounts

1. Where accounts are joint, who holds the claim?

As previously communicated, unless joint accounts were split pursuant to the claims process approved by the Court of Queen’s Bench of Alberta on February 20, 2015 (the “Claims Process”), the claims of all joint account holders are in the name of the primary account holder only and only the primary account holder is eligible to vote on and share in any distributions pursuant to the District Plan.

Assigning distributions pursuant to the District Plan

2. Can I have my cash distributions issued to the joint account holder or a third party pursuant to the District Plan?

No, all cash distributions must be issued in the name of the Eligible Affected Creditor, who will be the primary account holder.

3. Can I assign my NewCo Shares to the joint account holder or a third party(ies) pursuant to the District Plan?

Yes, Eligible Affected Creditors who are eligible to receive NewCo Shares pursuant to the District Plan, may have their NewCo Shares issued in the name of one or more third party(ies) upon completing the attached Notice of Transfer of NewCo Shares Form and Assignment of Rights and Assumption of Liabilities Agreement (collectively the "Assignment Forms"). The Assignment Forms must be submitted to the Monitor at the address above, prior to the close of business on May 31, 2016.

Joint Accounts vs. Trust Accounts

4. What do I do if I believe that my account was a trust account but it was classified as a joint account?

Selected Eligible Affected Creditors have indicated that they held a trust account for a named third party recipient, which was erroneously classified as a joint account pursuant to the Claims Process. Where you believe that this is the case, please contact Joseph Sithole via telephone at 1-587-293-3203 or via email at josithole@deloitte.ca.

Power of Attorney

5. What do I need to do if I hold power of attorney for an Eligible Affected Creditor?

If a joint account holder or other third party has power-of-attorney for an Eligible Affected Creditor, they may have the right to vote on the District Plan or deal with the NewCo Shares (which will be in the name of the Eligible Affected Creditor) on behalf of the Eligible Affected Creditor. This will be dependent on what specific powers are granted to you pursuant to the power-of-attorney (please check with your legal counsel if you are unsure).

Estates

6. What steps need to be taken, if the Eligible Affected Creditor passes away?

Should an Eligible Affected Creditor become deceased prior to distributions being made pursuant to the District Plan, their claim can be transferred into the beneficiary's name upon the District being provided with a copy of the death certificate and the last will and testament (the "Will"). In this case, distributions pursuant to the District Plan will be paid in the beneficiary's name and the NewCo Shares will be issued in the beneficiary's name. The Eligible Affected Creditor's personal representative under their Will be asked to sign a Statutory Declaration and Indemnity with respect to any distributions pursuant to the District Plan, a copy of which can be requested from Candace Rivet at the District via telephone at 1-888-474-0063 ext. 101 or via email at CRivet@lccabc.ca.

7. What happens if an estate has multiple beneficiaries?

If there are multiple beneficiaries to an estate, the claim of the Eligible Affected Creditor will still be treated as a single claim (i.e. one vote) which will be transferred into the name of the Eligible Affected Creditor's personal representative under their Will. The distribution of cash and NewCo Shares will be split between beneficiaries as set out in the Eligible Affected Creditor's Will. For clarity, this means that NewCo Shares will be issued in each beneficiary's name. As above, the Eligible Affected Creditor's personal representative under their Will be asked to sign a Statutory Declaration and Indemnity with respect to any distributions pursuant to the District Plan, a copy of which can be requested from Candace Rivet at the District via telephone at 1-888-474-0063 ext. 101 or via email at CRivet@lccabc.ca.

8. What happens with the NewCo Shares if an Eligible Affected Creditor becomes deceased following distributions having been made pursuant to the District Plan?

Should an Eligible Affected Creditor become deceased following distributions having been made pursuant to the District Plan, their personal representative under their Will would need to contact NewCo with respect to the transfer of the ownership of the NewCo Shares.

9. What happens if an Eligible Affected Creditor becomes deceased prior to distributions being made pursuant to the District Plan but no Will is in place?


Should an Eligible Affected Creditor become deceased prior to distributions being made pursuant to the District Plan but no Will is in place, any distributions that have not yet been made pursuant to the District Plan (whether in the form of cash or NewCo Shares) will be held in trust for the deceased Eligible Affected Creditor's estate and until such time as the estate has been settled.

Should you have additional questions, please contact the undersigned by telephone at 1-403-298-5955 or via email at vanallen@deloitte.ca

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

NOTICE OF TRANSFER OF NEWCO SHARES FORM

The undersigned, a creditor of Lutheran Church-Canada, the Alberta-British Columbia District (the "**District**") hereby provides notice to the District and Deloitte Restructuring Inc. (the "**Monitor**") that it has transferred all or a portion of its rights to receive NewCo Common Shares issued under the Third Amended Amended Plan of Compromise and Arrangement of Lutheran Church-Canada, dated March 21, 2016 to the following person(s) or entity(ies) and in the following proportions:

| Name of Transferee | Address | Percentage % of NewCo Common Shares |
|--|-------------|-------------------------------------|
| Creditor (if Creditor is keeping a portion of NewCo Common Shares) | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| Total: | 100% | |

and constitutes the above-named transferee(s) as a substitute shareholder(s) for the said percentage of NewCo Common Shares and agrees to execute and deliver to the Monitor:

- (a) a duly executed Assignment of Rights and Assumption of Liabilities Agreement in the form attached hereto as Schedule "A" **for each transferee**;
- (b) any other documents required in the sole opinion of the District, the Monitor or NewCo to effect a valid transfer of the rights to receive NewCo Common Shares; and
- (c) any other documents required in the sole opinion of the District, the Monitor or NewCo to establish that all applicable laws have been complied with in connection with such transfer(s).

DATED at _____, this ___ day of _____, _____.

(Witness to Signature)

(Signature of Creditor)

(Name of Witness – Please Print)

(Name of Creditor – Please Print)

(Residence Address)
(City, Province, Postal Code)

Res: _____ Bus: _____

SCHEDULE "A"

ASSIGNMENT OF RIGHTS AND ASSUMPTION OF LIABILITIES AGREEMENT

BETWEEN :

[CREDITOR], an individual residing in _____ or a corporation existing under the laws of _____ ("**Assignor**")

- and -

[TRANSFEREE], an individual residing in _____ or a corporation existing under the laws of _____ ("**Assignee**")

CONTEXT:

- A. The Assignor is a creditor of the Lutheran Church-Canada, the Alberta-British Columbia District (the "**District**") and is entitled to receive NewCo Common Shares under the Third Amended Plan of Compromise and Arrangement of the District, dated March 21, 2016 (the "**Plan**").
- B. The Assignor has agreed to assign to the Assignee _____% (the "**Shares**") [**Note: Insert percentage of Shares assigned**] of its rights to receive the NewCo Common Shares and the Assignee has agreed to receive the Shares and to assume liability for the performance of the obligations of the Assignor under the Plan as it relates to the Shares from the date hereof in exchange for \$1.00 (the "**Consideration**") from the Assignor to the Assignee.
- C. The Assignor shall continue to be responsible for its obligations under the Plan.

THEREFORE, the parties agree as follows:

1. Assignment

The Assignor hereby sells, transfers and assigns to the Assignee all the Assignor's right, title and interest in the Shares as and from the date of this Agreement and agrees to provide the Consideration to the Assignee.

2. Assumption

The Assignee hereby assumes, and will observe and perform, all of the Assignor's obligations and liabilities with respect to the Shares and the Plan as it relates to the Shares as at the date of this assignment, to the extent these obligations and liabilities are to be observed, paid, discharged or performed after that date and arise out of events occurring after that date, in exchange for the receipt of the Consideration from the Assignor.

3. Notification by the Assignor

The Assignor has notified Deloitte Restructuring Inc., the Monitor of the District, of the assignment by the Assignor to the Assignee and has provided them with a copy of this Agreement.

4. Termination

The Assignor acknowledges and agrees that its rights and obligations to the Shares will terminate effective the Effective Date.

5. Further Assurances

Each party will promptly do, make, execute or deliver, or cause to be done, made, executed or delivered, all further acts, documents and things as the other party may reasonably require from time to time for the purpose of giving

effect to this assignment and will use its best efforts and take all such steps as may be reasonably within its power to implement to their full extent the provisions of this assignment.

6. Enurement

This assignment will enure to the benefit of and be binding upon the parties and their successors and assigns, respectively.

7. Governing Law

This assignment will be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable in that Province.

8. Counterparts

This assignment may be executed and delivered by the parties in one or more counterparts, each of which will be an original, and each of which may be delivered by facsimile, e-mail or other functionally equivalent electronic means of transmission, and those counterparts will together constitute one and the same instrument.

[Remainder of this page intentionally left blank; signature page follows.]

IN WITNESS WHEREOF, the parties hereto have executed this Assignment and Assumption Agreement effective the _____ day of _____, 2016 (the "**Effective Date**").

THE ASSIGNOR:

(Witness to Signature)

(Signature of Creditor)

(Name of Witness – Please Print)

(Name of Creditor – Please Print)

(Residence Address)
(City, Province, Postal Code)

Res: _____ Bus: _____

THE ASSIGNEE:

(Witness to Signature)

(Signature of Transferee)

(Name of Witness – Please Print)

(Name of Transferee – Please Print)

(Mailing Address of Transferee)
(City, Province, Postal Code)

(Telephone)

Social Insurance or Business Number(s) of
Transferee

Schedule 12

April 29, 2016

To the Depositors of the Lutheran Church – Canada, the Alberta – British Columbia District (the “District”)

Re: Potential outcomes of the CCAA proceedings

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. Deloitte Restructuring Inc. acts as the Monitor (the “Monitor”) in the CCAA proceedings. Those creditors of the District with proven claims or disputed claims that have not yet been settled or adjudicated will be referred to as the “Eligible Affected Creditors”. Other terms, not otherwise defined in this document, are as included in the District’s Plan of Compromise and Arrangement, as amended (the “District Plan”) and in the Monitor’s First Report to the Creditors of the District, dated March 28, 2016 (the “Monitor’s Report”).

The purpose of this document is to discuss the potential outcomes of the CCAA proceedings, depending on whether the District Plan is approved or fails.

Approval of the District Plan

1. If the District Plan is approved, what will happen?

If the District Plan is approved by the required majority of Eligible Affected Creditors, being both a majority in number and 2/3 in value of voting Eligible Affected Creditors and also approved by the Court, the District Plan will be implemented as described in the Monitor’s Report. For clarity, the Monitor notes the following:

- *If the District Plan is approved, it will bind all Eligible Affected Creditors whether they vote for or against the District Plan; and*
- *The District Plan is being voted on in its entirety and there is no ability to accept one portion of the District Plan and reject another portion of the District Plan.*

Failure of the District Plan

2. If the District Plan fails, what will happen?

There will be a subsequent insolvency proceeding, which will likely take the form of either a further CCAA proceeding or a Court-appointed receivership. For further clarity, the Monitor notes the following:

- *If there is a further CCAA proceeding, the District may either attempt to present a further plan of compromise and arrangement to their creditors or they may seek to liquidate their assets under a Court supervised process; and*
- *If there is a subsequent receivership, the District would no longer maintain control of their assets, which would vest in a Court-appointed receiver and manager (the “Receiver”). The Receiver would then seek to liquidate the District’s assets.*

3. If the District Plan fails, will I still receive the Convenience Payment?

No, if the District Plan fails, distributions will not be made as set out in the District Plan. For clarity, Eligible Affected Creditors will still hold their claims and be entitled to participate in future distributions but the timing and quantum of those distributions is uncertain as further described herein.

4. If the District Plan were to fail, how long would further insolvency proceedings take?

In the case of further CCAA proceeding (depending on whether the District attempts to present a further plan of compromise and arrangement to the Eligible Affected Creditors) the Monitor anticipates that these further CCAA proceedings would extend from six to eighteen months, depending on the timing of both subdivision (which is estimated to take six to twelve months) and the sale process.

In the case of a Court-appointed receivership, the Monitor anticipates that these further proceedings would extend from twelve to eighteen months, depending on the timing of both subdivision (which is estimated to take six to twelve months) and the sale process.

5. How will distributions occur if the District Plan fails?

If the District Plan fails and the District attempts to advance a further plan of compromise and arrangement, distributions will be as set out in that further plan of compromise and arrangement. The nature of these payments is not currently known (i.e. cash, shares or a combination).

If the District Plan fails and the District’s assets are liquidated either through further CCAA proceedings or through a Court-appointed receivership, distributions would likely consist of cash that would be distributed to Eligible Affected Creditors on a pro-rata basis.

6. When will distributions occur if the District Plan fails?

If the District Plan fails and the District does not attempt to present a further plan of compromise and arrangement to the Eligible Affected Creditors, the timing of future distributions will be somewhat dependent on the length of time required to dispose of the Prince of Peace Properties pursuant to further insolvency proceedings. In order to dispose of the Prince of Peace Properties, foreclosure proceedings may have to be undertaken, the Prince of Peace Properties would need to be subdivided and a fulsome sales process would need to be completed. The Monitor is of the view that it would take between twelve to eighteen months before funds could be made available from the disposition of the Prince of Peace Properties, depending on the timing of both subdivision (which is estimated to take six to twelve months) and the sale process. Having said that, it is possible that interim distributions could be made ahead of that time from cash held in trust from assets that have been sold and from the future sale of assets outside of the Prince of Peace Properties.

7. What amount will be available for distribution if the District Plan fails?

It is difficult to provide an estimate of the quantum of distributions available to Eligible Affected Creditors if the District Plan fails as such distributions would be impacted by multiple factors, including the following:

- The amount of time required to complete further insolvency proceedings;
- The nature of further insolvency proceedings (CCAA or receivership);
- The timing to complete foreclosure proceedings, if required, on the Prince of Peace Properties;
- The timing to complete any required subdivision of the Prince of Peace Properties;
- The market conditions at the time that the Prince of Peace Properties are being sold; and
- The market conditions at the time that the assets outside of the Prince of Peace Properties are being realized on.

The Monitor anticipates the following should the District Plan fail:

- Professional fees will be significantly higher than in the case where the District Plan is approved due to the additional time required to complete further CCAA or receivership proceedings. For clarity, either a further CCAA or receivership proceeding will require the ongoing participation of the professionals who are

currently involved in the CCAA proceeding and, in the case of a receivership, may require the participation of additional insolvency professionals.

- In a receivership scenario, realizations on assets outside of the Prince of Peace development that have not yet been disposed of are anticipated to be 10% to 20% lower than they would be if sold in an orderly manner in the current CCAA proceedings;
- In a forced liquidation pursuant to a CCAA or receivership, realizations on the Harbour and Manor senior's care facilities are anticipated to be up to 15% lower than they would be if sold in an orderly manner outside of CCAA proceedings, such as by NewCo. Additional complications may also impact realizations, such as related to the assignment of various agreements with Alberta Health Services related to the operations of the Harbour and Manor senior's care facilities, which may be impacted by foreclosure or further receivership proceedings;
- In a forced sale liquidation pursuant to a CCAA or a receivership, realizations on the development lands, the expansion lands and the Prince of Peace Church and School are anticipated to be up to 20% lower than they would be if sold in an orderly manner outside of the CCAA proceedings, such as by NewCo; and
- In a receivership scenario, selected assets held by ECHS and EMSS (including working capital, computer hardware, furniture and fixtures, a water treatment plant, medical equipment and a vehicle), which are to be transferred to NewCo pursuant to the District Plan, will not be available to the Eligible Affected Creditors.

Should you have additional questions, please contact the undersigned by telephone at 1-403-298-5955 or via email at vanallen@deloitte.ca

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

Schedule 13

April 29, 2016

To the Depositors of the Lutheran Church – Canada, the Alberta – British Columbia District (the “District”)

Re: Future subdivision and development of properties within the Prince of Peace Development (the “PoP Development”)

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. Deloitte Restructuring Inc. acts as the Monitor (the “Monitor”) in the CCAA proceedings. Those creditors of the District with proven claims or disputed claims that have not yet been settled or adjudicated will be referred to as the “Eligible Affected Creditors”. Other terms, not otherwise defined in this document, are as defined in the District’s Plan of Compromise and Arrangement, as amended (the “District Plan”) and in the Monitor’s First Report to the Creditors of the District, dated March 28, 2016 (the “Monitor’s Report”).

The Monitor has received several questions related to the feasibility of the future subdivision and/or development of properties within the PoP Development. The following document is intended to provide additional information to Eligible Affected Creditors surrounding the ability of NewCo to subdivide and develop the properties that are being transferred to it pursuant to the District Plan, which include the Harbour and Manor seniors’ care facilities, the development and expansion lands and the Prince of Peace Church and School (the “Prince of Peace Properties”). For clarity, the PoP Development includes both the Prince of Peace Properties and the Prince of Peace Village, a seniors’ condominium complex. The Monitor notes that this document is based on known information as at the date of this document and, as such, may be subject to change.

The master-site development plan (the “MSDP”)

1. Has the MSDP been completed and what does it say?

The MSDP was prepared by Alvin Reinhard Fritz Architect Inc. in December 2012 and was subsequently approved by the Municipal District of Rocky View County (the “MD of Rocky View”). The MSDP focusses on approximately 55 acres of development land, which make up part of the Prince of Peace Properties. The MSDP provides a development

context for land-use and the associated population density. The MSDP contemplates medium density residential as well as additional assisted living capacity, ground level retail and a parkade structure. The fact that the MSDP was approved by the MD of Rocky View suggests that some reliance may be placed on it in terms of the future development of the PoP Development.

Adding a municipal water tie-in to the Conrich water line (the “Conrich Tie-In”)

2. Is it necessary to complete the Conrich Tie-In?

The Monitor understands that the Conrich Tie-In would likely only be economical in the event that a mandate was chosen for NewCo which involved the further development of the Prince of Peace Properties. In the event that the Prince of Peace Properties were further developed and the Conrich Tie-In was completed, it would be estimated to require an initial cash outlay of approximately \$6.0 to \$7.5 million (as estimated in a document prepared by MPE Engineering Ltd. dated January 14, 2013, which was prepared in conjunction with the MSDP). This cost would, however, be partially offset by the following:

- Currently the water provided to service the PoP Development is trucked-in. Should the Conrich Tie-In be completed, additional revenue should be generated by the provision of utility services to the Prince of Peace Village at a greater margin than is currently possible;*
- Cost savings related to the more cost-effective provision of utility services to the Harbour and Manor seniors’ care facilities; and*
- The recovery of offsite levies that would otherwise be payable to the MD of Rocky View.*

The three items noted above will collectively be referred to as the “Water Savings”. The Monitor notes that it would take a number of years for the Water Savings to offset the cost of the Conrich Tie-In and that the timing would be dependent on the route taken to complete the Conrich Tie-In.

Should the NewCo Shareholders select a mandate for NewCo, which does not include the further development of the Prince of Peace Properties (such as the orderly liquidation of the Prince of Peace Properties or the expansion of the Harbour and Manor seniors’ care facilities) it is likely that the Conrich Tie-In would not be completed.

3. What levies would be charged by the MD of Rocky View in the event that the Conrich Tie-In was to be completed and would these levies make the completion of the Conrich Tie-In uneconomical?

The Monitor understands that, if the MD of Rocky View, or an alternate developer, were to build a water line such as the Conrich Tie-In, off-site levies (fees to connect to the Conrich Tie-In) would be payable by NewCo or a future developer to the MD of Rocky View. These levies would be partially offset against the current cost of trucking water to the PoP Development.

Should the Conrich Tie-In be completed by NewCo, the Monitor understands that NewCo would receive credit for the off-site levies which would otherwise be payable to the MD of Rocky View. In the long-term, this should partially off-set a portion of the cost of completing the Conrich Tie-In. As noted above, the cost of completing the Conrich Tie-In would also be partially offset by the Water Savings.

4. If the Conrich Tie-In is not completed, will this detract from the value of the NewCo Shares?

No, as described in the Monitor's Report, the value of the NewCo Shares is largely based on an appraisal for the Harbour and Manor seniors' care facilities prepared by CWPC Seniors' Housing Group as at November 30, 2015 and an appraisal for the remaining Prince of Peace Properties, prepared by Colliers International as at October 15, 2015. These appraisals have been prepared on the assumption that the Conrich Tie-In has not been completed.

The appraisal prepared for the development and expansion lands considered the impact of the Conrich Tie-In on the value of those lands. The results suggested that that Conrich Tie-In would only be economically feasible in the event that further development of the Prince of Peace Properties was undertaken.

Subdivision and further development

5. What are the challenges involved in getting approval for further subdivision of the Prince of Peace Properties or the further development of the PoP Development.

The Prince of Peace Properties could ultimately be subdivided in a number of different ways, which will be dependent on the mandate that is ultimately chosen for NewCo. Even in the case of an orderly liquidation of the Prince of Peace Properties, some additional subdivision will be required, including that of the lands that house the Prince of Peace Church and School. Subdivision is estimated to take six to twelve months. The Monitor is not aware of any substantive issues which would prevent or delay this subdivision, but

unknown issues may arise. As previously noted, a MDSP for the PoP Development has previously been approved by the MD of Rocky View on which some reliance can be placed with respect to the opportunity to subdivide or develop the PoP Development in the future.

6. Are there conflicts between the City of Calgary, the City of Chestermere and the MD of Rocky View related to future developments within the MD of Rocky View?

The Monitor understands that an appeal has been filed related to the approved Area Structure Plan for Conrich (the "Conrich ASP"), which has been put forward by the MD of Rocky View and now includes the PoP Development. The Conrich ASP will be delayed while this appeal is outstanding. It appears that negotiations are ongoing between the City of Calgary, the City of Chestermere and the MD of Rocky View related to the Conrich ASP, with the issues that are being negotiated including future traffic patterns within the MD of Rocky View. Should the Conrich ASP not be approved, it could delay the further development of the Prince of Peace Properties (depending what was being contemplated). The Municipal Government Board has asked all parties to continue negotiations.

7. Are there concerns associated with the lands within the PoP Development (environmental/ suitability for development) that would render further subdivision or development uneconomical?

All development activities have risk associated with them, however, the Monitor is not aware of any known issues related to the PoP Development which would suggest that the future subdivision or development of Prince of Peace Properties would not be feasible other than the risks that are typically associated with real estate development generally.

Should you have additional questions, please contact the undersigned by telephone at 1-403-298-5955 or via email at vanallen@deloitte.ca.

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

Schedule 14

April 29, 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. Deloitte Restructuring Inc. acts as the Monitor in the CCAA proceedings.

You would have previously received an information package containing information on the District’s plan of compromise and arrangement (the “District Plan”), the time and place for the meeting scheduled for the creditors of the District to consider the District Plan and the Monitor’s recommendations. Attached for your consideration, are the following additional documents that have been prepared, based on questions received by the Monitor related to the District Plan:

1. A document entitled Monitor’s Commentary, prepared regarding the information provided related to the new company to be formed pursuant to the District Plan, dated April 7, 2016;
2. A document entitled Answers to Frequently Asked Questions that addresses general questions received by the Monitor, dated April 18, 2016;
3. A document entitled Answers to Frequently Asked Questions prepared regarding joint accounts and estates, dated April 25, 2016 (as Amended on April 29, 2016);
4. A document entitled Frequently Asked Questions, prepared regarding the future subdivision and development of properties within the Prince of Peace Development, dated April 29, 2016; and
5. A document entitled Frequently Asked Questions, prepared regarding the outcomes of the CCAA proceedings, dated April 29, 2016.

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

Schedule 15

**IN THE MATTER OF THE
PLAN OF COMPROMISE AND ARRANGEMENT FOR
LUTHERAN CHURCH - CANADA, THE ALBERTA – BRITISH COLUMBIA DISTRICT
(the “District”)
MINUTES OF THE MEETING OF THE CREDITORS OF THE DISTRICT
(the “District Meeting”)**

DATE AND TIME: May 14, 2016 @ 10:00 a.m.
LOCATION: MacLeod Hall, Telus Convention Centre, 120 – 9th Avenue SE, Calgary,
AB

CHAIR: Vanessa A. Allen, Deloitte Restructuring Inc. (“Deloitte”)
PRESENT: See Attached Attendance List

ATTENDANCE

The Monitor acted as chair of the District Meeting (the “Chair”). The Chair proceeded to record the attendance of those individuals and creditors present or represented at the meeting of creditors for the District. The Chair adjourned the commencement of the District Meeting for approximately 30 minutes to allow all attendees to have their attendance recorded.

The Chair called the District Meeting to order. The District Meeting was convened pursuant to the Order of the Court of Queen’s Bench of Alberta (the “Court”) granted on March 21, 2016 (the “Meeting Order”). The Monitor indicated that the Chair was granted the authority to chair the District Meeting pursuant to paragraph 14 of the Meeting Order.

Defined terms herein are as defined in the Monitor’s First Report to the Creditors of the District, dated March 28, 2016 (the “Monitor’s Report”)

INTRODUCTIONS

The Chair introduced the following individuals who were in attendance at the District Meeting:

1. Jeff Oliver from Cassels Brock & Blackwell LLP, who acts as legal counsel for the Monitor;

2. Greg Peterson, Maxine Mongeon and Brian Kearl from Gowling (WLG) Canada LLP, who also act as legal counsel for Monitor and were in attendance to consult on procedures at the District Meeting, corporate and tax matters;
3. Liam Brunner, a partner in Deloitte's Real Estate Advisory Group and Joseph Sithole, who is a member of Deloitte's Restructuring group;
4. Francis Taman and Ksenia Court from Bishop & McKenzie LLP, who act as legal counsel for the District;
5. Cameron Sherban from Kluane Financial Services Inc., who acts as the Chief Restructuring Officer for the District;
6. Sandra Jory and Terry Goerz, who are members of the District's creditors' committee;
7. Alexis Teasdale from Bennett Jones LLP, who acts as legal counsel for the District's creditor's committee; and
8. Doug Nishimura from Field LLP, who acts as legal counsel for the DIL creditors' committee.

QUORUM

The Chair examined the proxies filed with the Monitor. Pursuant to paragraph 23 of the Meeting Order, the required quorum for the District Meeting is two Eligible Affected Creditors present in person or by proxy at the District Meeting. Based on those in attendance, the Monitor determined that a quorum was present at the District Meeting. The proxy holders present were as recorded on the attached Attendance List.

AGENDA

The Chair reported that the planned agenda for the District Meeting was as follows:

1. Overview of Procedures to be followed at the District Meeting;
2. The role of the Monitor;
3. Notice of the District Meeting;
4. General update on the CCAA proceedings;
5. Question period;
6. Overview of the plan of compromise and arrangement for the District (the "District Plan").
References to the District Plan would include all subsequent amendments;
 - a. Creditor composition and anticipated distributions;
 - b. NewCo Shares;
 - c. Question Period;
 - d. Representative Action and Releases; and
 - e. Summary
7. Comments from the District's creditors' committee;

8. Question Period;
9. Vote on the District Plan; and
10. Adjournment.

OVERVIEW OF THE PROCEDURES TO BE FOLLOWED AT THE DISTRICT MEETING

The Chair indicated that the following procedures would be followed at the District Meeting:

1. Pursuant to paragraph 17 of the Meeting Order, the only persons entitled to attend or speak at the District Meeting are Eligible Affected Creditors or their respective proxy holders, the District's directors, the Monitor, the District's legal counsel, the Monitor's legal counsel, members of the creditors' committees, legal counsel for the creditors' committees, the Chair, the scrutineers and the secretary. Any other person can be admitted by invitation of the Chair.
2. The Chair had admitted all those individuals who had attended at the District Meeting. The Monitor indicated that media would not have been permitted to attend the District Meeting but that, to their knowledge, no media had requested that they be admitted to the District Meeting.
3. Those who were not either an Eligible Affected Creditor or the proxy holder for an Eligible Affected Creditor were advised that, although they could remain to observe the District Meeting, they would not be allowed to participate in the District Meeting.
4. Eligible Affected Creditors and proxy holders were advised that there would be time for questions at designated times during the District Meeting. Deloitte representatives would be circulating with microphones but would only take questions during designated question periods. The Monitor asked Eligible Affected Creditors to be brief in submitting their comments or questions indicating that as Chair, they sought a balance between ensuring that valid questions and concerns were addressed, and having an organized and efficient meeting.
5. The Monitor indicated that they anticipated that the District Meeting would last at least three to four hours and that there would be approximately three breaks throughout the meeting. The Monitor further indicated that, due to the number of people in attendance at the District Meeting, the voting results would not be reported at the District Meeting. Pursuant to the Meeting Order, the Monitor was to file a report to the Court as to the results of the District Meeting (the "Meeting Report") within seven days of the District Meeting. The Meeting Report would also be posted on the Monitor's Website.
6. The Monitor indicated that, due to the large number of attendees at the District Meeting, each Eligible Affected Creditor would be limited to two questions during each designated question period at the District Meeting. There would be a longer question period ahead of the formal vote on the District Plan. The Monitor would also make themselves

available during the breaks to address individual questions from Eligible Affected Creditors.

7. The Monitor indicated that the question periods were provided for Eligible Affected Creditors to clarify matters related to the District Plan. They were not intended to be a forum for the expression of individual opinions on the District Plan.
8. The Monitor indicated that the District Meeting would not be recorded but that minutes would be prepared summarizing the discussion, which would be attached to the Meeting Report. Paragraph 15 of the Meeting Order specifically prohibits the District Meeting being recorded or videotaped.
9. The Monitor indicated that, should it be required, the meeting could be adjourned at the discretion of the Chair (such as for breaks). The Monitor further indicated that the meeting could be adjourned should such a resolution be approved by a majority in value of the Eligible Affected Creditors present in person or via proxy.
10. The Monitor indicated the following with respect to voting at the District Meeting:
 - a. The only people eligible to vote at the District Meeting were those whose claims had been proven pursuant to the Claims Process Order that had been approved by the Court on February 20, 2015 (i.e. Eligible Affected Creditors) or those who were properly approved proxy holders for such individuals.
 - b. The Monitor indicated that all voting at the District Meeting would be done by way of written ballot. Each Eligible Affected Creditor should have received a written ballot upon entering the District Meeting. If Eligible Affected Creditors were unable to stay for the duration of the District Meeting, they could submit their written ballot to one of the Deloitte representatives, who were positioned around the room.
 - c. The Monitor noted that each Eligible Affected Creditor would only be allowed to submit one written ballot or Election Letter. As such, if an Eligible Affected Creditor had previously submitted an Election Letter but was now in attendance at the District Meeting, they did not need to submit a further written ballot unless, prior to the vote being called, they wished to amend the vote they had previously submitted in which case, they could submit a written ballot, which would be considered to take precedence to the Election Letter that they had previously provided to the Monitor.
 - d. The Monitor noted that where an Election Letter and a Proxy had been submitted and the Proxy submitted did not specify the Eligible Affected Creditor's preference for voting for or against the District Plan and the Proxy holder present at the District Meeting wished to submit a different vote on behalf of the Eligible Affected Creditor for whom they were acting (compared to what was reflected in

the Election Letter), the vote submitted by the Proxy holder at the District Meeting would take precedence.

- e. In order for the District Plan to be passed, a majority in number and 2/3 in dollar value of voting creditors must vote in favour of the District Plan meaning that the following two tests must be met:
 - i. When considering the total dollar value of the claims of those voting for or against the District Plan, at least 2/3 in dollar value must vote in favour of the District Plan. For example, if Eligible Affected Creditors with claims totalling \$1.0 million voted on the District Plan, the claims of Eligible Affected Creditors voting in favour of the District Plan must be at least \$666,667 in order for the District Plan to pass; and
 - ii. When considering the votes received from Eligible Affected Creditors, a majority of Eligible Affected Creditors who are voting must vote in favour of the District Plan. For example, if 500 Eligible Affected Creditors vote on the District Plan, at least 251 must vote in favour of the District Plan in order for the District Plan to pass.
- f. In order for other resolutions to be passed at the District Meeting (outside of a vote to adjourn the District Meeting), a simple majority in number would be required.
- g. Pursuant to paragraph 28 of the Meeting Order, scrutineers from the Monitor's office are in attendance who will independently supervise the vote and tabulate the voting results.

THE ROLE OF THE MONITOR

The Monitor summarized the role of the Monitor in the CCAA proceedings and specifically noted the following:

1. The Monitor is not the author of the District Plan, which was formulated by the District and was subject to input from the District's creditors' committee, the CRO, other stakeholders and the Monitor.
2. The Monitor is an officer of the Court and has no economic stake in the outcome of the District Plan. The Monitor would review the contents of the District Plan at the District Meeting and answer any questions surrounding the District Plan so that Eligible Affected Creditors could make an informed decision regarding the District Plan.
3. The Monitor's role includes providing District Depositors with sufficient information to consider the District Plan and reporting to District Depositors on its view of the reasonableness and fairness of the District Plan. There is some information related to future events and contingencies, which are not known at this time and, in the

circumstances, the Monitor can't report on them. Notwithstanding these unknowns, the Monitor is of the view that that the District Plan is reasonable and includes the potential for a greater recovery than would be available to Eligible Affected Creditors in a forced sale liquidation scenario.

4. The Monitor's advice is based on business considerations and need not be accepted by Eligible Affected Creditors, who need to make their decision in accordance with their own particular circumstances and views. Ultimately, it is the Eligible Affected Creditors who will determine if the District Plan is approved and should be considered by the Court.
5. The District Plan is being voted on in its entirety meaning there is no ability to accept one part of the District Plan and reject another.
6. Due to the large number of Eligible Affected Creditors, it is to be expected that there will be divergent viewpoints and nothing should be taken from the fact that divergent views exist.

NOTICE OF THE DISTRICT MEETING

The Meeting Order prescribed how the Eligible Affected Creditors were to receive notice of the District Meeting. The Monitor confirmed that the notice requirements set out in the Meeting Order were complied with and that the Eligible Affected Creditors were notified of the District Meeting as follows:

1. The Monitor posted a copy of the information package for Eligible Affected Creditors on the Monitor's Website on March 28, 2016 (the "Information Package");
2. The Monitor printed notice of the District Meeting in the Globe and Mail National Edition on March 24, 2016.
3. The Information Package was mailed to Eligible Affected Creditors with all mail-outs being completed by April 8, 2016, which included the following:
 - a. A cover letter and the District Report;
 - b. Hand-outs dated March 28, 2016, entitled "Further Information for creditors of the District – The basics and what you need to do", which were tailored to specific groups of Eligible Affected Creditors; and
 - c. A document entitled "Answers to frequently asked questions" also dated March 28, 2016.
4. The following additional information was subsequently posted by the Monitor to its website and mailed to Eligible Affected Creditors with claims over \$5,000 on May 3, 2016 (the May 3 Package):
 - a. A Monitor's commentary dated April 7, 2016, regarding the information provided by the CRO related to NewCo (the "Commentary");

- b. A document entitled “Answers to frequently asked questions” dated April 18, 2016, which addresses various topics;
 - c. A document entitled “Answers to frequently asked questions” dated April 25, 2016 regarding joint accounts and estates;
 - d. A document entitled “Answers to frequently asked questions” dated April 29, 2016 regarding the potential outcomes of the CCAA proceedings; and
 - e. A document entitled “Answers to frequently asked questions” dated April 29, 2016 regarding the future subdivision and development of the properties within the Prince of Peace development (“FAQ – Subdivision and Development”).
5. The Monitor also attended five information meetings, which were held throughout Alberta (Sherwood Park, Red Deer and Medicine Hat) and British Columbia (Langley and Quesnel). The dates and times for these meetings were posted on the Monitor’s Website on April 7, 2016.

The Monitor commented that they often received questions about the amount of information that was provided to Eligible Affected Creditors. The Monitor is required to provide selected Court documents to Eligible Affected Creditors and provides additional information that they view as necessary to assess the District Plan. Due to the fact that a lot of these Court documents are legal documents, they are technical in nature. The documents prepared by the Monitor are intended to provide easier to read information regarding the contents of the District Plan.

GENERAL UPDATE ON THE CCAA PROCEEDINGS

The Monitor proceeded to provide a general update on the CCAA proceedings for Encharis Community and Housing Services (“ECHS”), Encharis Management and Support Services (“EMSS”) and Lutheran Church – Canada, the Alberta – British Columbia District Investments Ltd. (“DIL”) The Monitor specifically noted as follows:

1. The plan of compromise and arrangement for ECHS (the “ECHS Plan”) has been sanctioned by the Court. The trade creditors of ECHS have been paid in full. The life lease residents within the Prince of Peace Village are having their leasehold interests in their condominiums transferred to fee simple and are paying the corresponding fee for the benefit of DIL as set out in the ECHS Plan. Certain provisions of the ECHS Plan are dependent on whether or not the District Plan becomes effective so will not be implemented until that has been determined.
2. The plan of compromise and arrangement for EMSS (the “EMSS Plan”) has also been sanctioned by the Court and the trade creditors of EMSS have been paid in full. As with

ECHS, selected provisions of the EMSS Plan are dependent on whether or not the District Plan becomes effective.

3. The plan of compromise and arrangement for DIL (the "DIL Plan") has been approved by the required majority of DIL Depositors and the application to sanction the DIL Plan has been heard. The Court is to make a determination on the sanction of the DIL Plan at the same time as they make a determination on the sanction of the District Plan. On April 27, 2016, DIL received Court approval to distribute up to \$7.5 million to DIL Depositors. Not all of these funds are releasable right now and the initial amount that is being released is \$3.0 million.

QUESTION PERIOD

The following discussion ensued:

1. An attendee inquired as to who would act as scrutineers for the purposes of tabulating the voting results on the District Plan. The Monitor indicated that representatives from Deloitte would act as scrutineers.
2. An attendee then indicated that, in view of the fact that the Monitor had indicated that they were supportive of the District Plan, he would like to make a motion to appoint a third-party scrutineer to tabulate the voting results, being a Mr. Odegard. The Monitor indicated that the fact that they were supportive of the District Plan was not a conflict of interest. The Monitor noted, that the reality of CCAA proceedings was that it would be extremely unlikely that the Applicants would present a plan of compromise and arrangement to their creditors, which was not supported by the Monitor and, in this case, the District's creditors' committee since such a plan of compromise and arrangement would likely have little chance of success. The Monitor adjourned the District Meeting for five minutes to consult with legal counsel.
3. The Monitor reconvened the District Meeting and indicated that all scrutineers had been properly appointed by the Monitor pursuant to paragraph 28 of the Meeting Order and that the Meeting Order gave the authority to appoint scrutineers to the Monitor. As such, the proposed motion would not be allowed.
4. An attendee demanded that further discussion of the motion be held. The Monitor indicated that there would not be further discussion of the motion since the motion was not being allowed.
5. Ms. Errin Poyner, who was legal counsel with the firm Sugden Mcfee and Roos LLP ("Sugden") and acted as legal counsel for two creditors, Mr. Randall Kellen and Ms. Elvira Kroeger, indicated that the Meeting Order did not preclude the Monitor from selecting additional independent scrutineers for the purposes of the vote on the District Plan. Ms. Poyner further indicated that the motion had been advanced based on her

client's allegations that Deloitte had a conflict of interest due to the fact that Deloitte LLP, a sister company to Deloitte, acted as auditor of the District between 1990 and 1999. The Monitor advised that they did not believe that it was necessary to appoint additional scrutineers. The Monitor further advised that the prior involvement of Deloitte LLP with the District had been disclosed in the Monitor's Fourth Report in June 2015 and discussed in subsequent Court reports. The Court had reviewed the disclosure provided by the Monitor and determined that it was appropriate. In addition, the Monitor noted that there were no releases granted pursuant to the District Plan for any of the work done by Deloitte LLP in their capacity as auditor of the District for the period from 1990 to 1999. The Monitor went on to note that Ms. Poyner had previously indicated that, should the District Plan be approved by the Eligible Affected Creditors, her clients would object to the application for the Court sanction of the District Plan. As part of that application, she had indicated that her clients would be requesting the appointment of an interim monitor (the "Interim Monitor") for the limited purpose of advising the Court with respect to the provisions of the District Plan related to the Representative Action (the "Representative Action Provisions"). The fees of the proposed Interim Monitor were estimated to be \$75,000 and were to be paid by the District. The Monitor also commented that they had provided a business opinion with respect to the Representative Action Provisions, however, they would have been unable to do so without extensive legal advice. They anticipated that, should the proposed Interim Monitor be appointed, they would also require legal advice to make a determination on the Representative Action Provisions. The Monitor noted that, in addition to being reviewed by the Monitor and the Monitor's legal counsel, the Representative Action Provisions have also been reviewed by the creditors' committees for the District and DIL, who act in a fiduciary capacity with respect to the creditors of those respective entities and by each creditors' committee's independent legal counsel.

6. Mr. Allan Garber from Garber Professional Association, who acted as legal counsel for Ms. Ruby Sherman and Ms. Marilyn Huber, indicated that both Sugden McFee and Roos LLP and Garber Professional Association had, on behalf of their clients, commenced class action proceedings against various parties that had subsequently been stayed by the Court (the "Sugden and Garber Actions"). He inquired if the Monitor's Report contained any statements that Deloitte LLP may eventually be named as a defendant in the Sugden and Garber Actions. He further inquired as to whether the Monitor's Report disclosed the existence of the Sugden and Garber Actions and the current named defendants in the Sugden and Garber Actions. The Monitor indicated that this was disclosed on pages 26 to 28 of the Monitor's Report, and specifically in paragraphs 64 and 65.

7. Mr. Garber inquired as to whether the Monitor's Report disclosed that the District's legal counsel, Bishop & McKenzie LLP had been named as a defendant in the Sugden and Garber Actions. The Monitor indicated that this was disclosed in paragraph 64 of the Monitor's Report.
8. An attendee indicated that she perceived that legal counsel for other depositors were railroading the process. She asked that they have respect for those Eligible Affected Creditors who had attended the District Meeting to obtain information regarding the District Plan. The Monitor indicated that they would take one or two more questions and then continue with their remarks on the District Plan.
9. An attendee asked about the Master Site Development Plan (the "MSDP") that had been referenced in the FAQ – Subdivision and Development. The attendee expressed various concerns regarding the MSDP and indicated that they were of the view that there were obstacles to subdividing and developing the Prince of Peace Properties that could not be overcome. The attendee asked if the Monitor would agree that, even if funding was available for further development, a permit could not be approved until numerous obstacles were overcome. The Monitor indicated that the mandate of NewCo was to be determined by the NewCo Shareholders at a meeting of the NewCo Shareholders to be held within 6 months of the District Plan becoming effective (the "NewCo Shareholder Meeting"). As such, a vote on the District Plan was not a vote in favour of the further development of the Prince of Peace Properties or any other possible mandate for NewCo. That mandate would be determined at the NewCo Shareholder Meeting, following the NewCo Shareholders having received professional management advice. Liam Brunner, Partner in Deloitte's real estate advisory group, indicated that any party who sought to further develop the Prince of Peace Properties would need to obtain appropriate approvals depending on what type of development was being contemplated. The work that was needed was not unusual for this type of development. Mr. Brunner further pointed out that that the appraisals that had been prepared for the lands within the Prince of Peace Properties were done on the basis that that lands were low density development lands and did not contemplate the densities and form of build-out contained in the MSDP. These appraisals also took into account all corresponding work and costs that would be required by a developer, who was contemplating the purchase of those lands.

OVERVIEW OF THE DISTRICT PLAN

The Chair proceeded to summarize the District Plan reviewing the material included in the District Report and the other documents prepared by the Monitor, highlighting how the Eligible Affected Creditors would be treated should the District Plan be approved and explaining that should the

Eligible Affected Creditors approve the District Plan, it would still need to be sanctioned by the Court. The Monitor reviewed the District Plan taking questions periodically, as follows:

1. Creditor composition and anticipated distributions;
2. NewCo Shares;

QUESTION PERIOD

The following discussion ensued:

1. An attendee indicated that she had land development expertise and had grave concerns related to the ability of NewCo to subdivide and develop the Prince of Peace Properties. She expressed various concerns indicated that the MSDP had contemplated a nine phase development. In asking questions of the Municipal District of Rocky View County, she had understood that the tie-in of the Conrich water line (the "Conrich Tie-In") would be an impediment to the further development of the Prince of Peace Properties. She further understood that no further development could be done until the subdivision of the Prince of Peace Properties was complete, which could not be done unless the Conrich Tie-In was completed, additional roads were built and other work was completed. An architect was hired by the District to prepare the MSDP and the attendee asked why the MSDP was not reported on by the Monitor until April 29, 2016. The Monitor indicated that the the FAQ – Subdivision and Development had been prepared based on questions that were being received by Eligible Affected Creditors. The information provided did not change the analysis that had been previously provided by the Monitor. The Monitor reminded Eligible Affected Creditors that a vote in favour of the District Plan did not constitute a vote in favour of any particular mandate for NewCo and that further development was only one of the possible mandates available for NewCo.
2. An attendee further inquired as to when Deloitte had become aware of the MSDP. The Monitor indicated that Deloitte was aware of the MSDP but could not report the exact date that they became aware of that information. The attendee inquired as to when Deloitte's real estate advisory group became aware of the MSDP. Mr. Brunner indicated that he became aware of the MSDP in 2014 but could not give an exact date. The attendee inquired as to when the CRO became aware of the MSDP. The CRO indicated that he became aware of the MSDP shortly after being appointed as CRO in 2015. The CRO further indicated that the further development of the Prince of Peace Properties would be one of the options considered by NewCo. The attendee inquired as to when the creditors' committee for the District became aware of the MSDP. Sandra Jory from the creditors' committee indicated that she became aware of the specifics of the MSDP from the FAQ – Subdivision and Development but stated that further development of the Prince of Peace Properties would be just one of the options to be considered by NewCo.

She further commented that the District owned the Prince of Peace Properties and they would need to be dealt with regardless of whether or not the District Plan was ultimately approved.

3. An attendee indicated that he had reviewed an appraisal on the lands within the Prince of Peace Properties from 2014 and wondered how valid it was. The Monitor indicated that, as previously reported, the appraisals being relied upon were those prepared as at November 30, 2015 by CWPC Seniors' Housing Group and as at October 15, 2015 by Colliers International (the "Appraisals").
4. An attendee inquired as to whether the Appraisals would be released. The Monitor indicated that the Appraisals would not be released as, in the event that a mandate was chosen for NewCo that involved the liquidation of the Prince of Peace Properties, the release of the Appraisals could compromise any subsequent sale process. Some indication of the value of the Prince of Peace Properties could be ascertained through the value attributed to the NewCo Shares.
5. An attendee inquired as to when the Appraisals would be released. The Monitor indicated that the Appraisals would not be released.
6. An attendee inquired as to whether the fees associated with the completion of the Conrich Tie-In were one time fees. Mr. Brunner indicated that this was correct.
7. An attendee indicated that some congregations received the May 3 Package after already having determined how they would vote. Following receipt of the May 3 Package, these congregations did not have time to hold a further meeting to determine if congregation members may wish to change their votes as a result of the May 3 Package. The Monitor reiterated that the May 3 Package had been provided to respond to various inquiries received by the Monitor. The May 3 Package did not change the Monitor's views of the District Plan but simply attempted to clarify various aspects of the District Plan.
8. An attendee raised a concern regarding whether sufficient information had been provided to Eligible Affected Creditors as part of the Information Package to allow Eligible Affected Creditors to consider their decision on the District Plan. The attendee pointed out that a large portion of the Eligible Affected Creditors were elderly and did not use the Internet. The Monitor indicated that they were very aware that many Eligible Affected Creditors did not access the Internet. The Monitor commented that in a typical CCAA proceeding, notification would be done online. In these proceedings, mail-outs had been done to address the needs of the Eligible Affected Creditors. The Monitor further commented that, in their view, the information in the Information Package was sufficient for Eligible Affected Creditors to consider the District Plan and was well in excess of what would be provided in a typical CCAA proceeding.

9. An attendee indicated that, in their view, the time difference between the District Meeting and the receipt of information was not sufficient. They further commented that they did not believe that the NewCo Shares aligned with the original desire of Eligible Affected Creditors to invest in church activities. The attendee expressed that that they were disappointed that they were not given an option to liquidate pursuant to the District Plan and that they did not feel that the District Plan, as a whole, was reflective of the wishes of Eligible Affected Creditors.
10. The Monitor noted that there were different versions of the District Plan that had been contemplated and that the current version had been developed following extensive consultation with the CRO, the Monitor, the District's creditors' committee and legal counsel for the District's creditors' committee. The Monitor was aware that there were extremely divergent viewpoints among the Eligible Affected Creditors. The Monitor indicated that they were supportive of the District Plan on the basis that they believed it may provide a greater recovery to Eligible Affected Creditors than would be available in a forced sale liquidation scenario and that it allowed those Eligible Affected Creditors with significant economic interests to determine NewCo's mandate related to the Prince of Peace Properties.
11. An attendee commented that there were many unknowns associated with NewCo. They asked how the District Plan would impact those who were on a fixed income and may require funds to satisfy their basic needs in the short-term. The Monitor commented that each Eligible Affected Creditor needed to take their personal situation into account in determining how they wished to vote on the District Plan.
12. An attendee commented that they had put money into the District for the purpose of funding church activities. In the last few years, the District had not been doing that. They had been investing in "for profit" activities.

The Creditors' Meeting was adjourned for a twenty minute break following which the question and answer period resumed.

13. An attendee inquired as to why all of the risks associated with NewCo had not been discussed specifically as part of the Monitor's presentation. The Monitor indicated that the Monitor's presentation was meant to give an overview of the District Plan only. There were risks associated with all investments including NewCo. These risks were discussed in detail on page 18 of the Monitor's Report (paragraphs 42 and 43). The attendee asked if the Monitor could read through those paragraphs and the Monitor proceeded to do so.
14. An attendee inquired as to the timing of the release of certain electronic funds transfers, the return of which had previously been approved by the Court. The Monitor indicated

that an Order had originally been granted approving the return of EFTs taken after March 1, 2014 on the basis that no other deposits had been collected by the District after that date. It was subsequently determined that the date should have been April 7, 2014 instead of March 1, 2014. As such, the District would be seeking an amendment to the Order to correct the date, which application would likely take place in early June 2016.

The Monitor further reviewed the District Plan as follows:

1. Representative Action and Releases; and
2. Summary.

In particular, the Monitor reported that minor amendments had been made to the District Plan with the latest version being filed on May 12, 2016. These amendments included the following:

1. An amendment to Article 8.2 to clarify that that the Released Representatives are not released from any actions or omissions, which are not related to the CCAA proceedings or their commencement;
2. An amendment to Article 8.4(e) to reflect a wording clarification requested by the D&O insurer. This change does not change the meaning of this paragraph; and
3. A wording change to the NewCo Articles to reflect the fact that all share transfers are subject to board of director approvals. This was included in the NewCo Articles previously but needed to be duplicated under "Restrictions on Share Transfers" for administrative purposes.

QUESTION PERIOD

The following discussion ensued:

1. An attendee commented that he felt that the Monitor had failed to adequately discuss the most serious risk of the District Plan, which was that Eligible Affected Creditors would be trading debt for equity. He was of the view that, if there was further development of the Prince of Peace Properties, Eligible Affected Creditors could be responsible for these costs. In addition, he commented that the information provided by the CRO suggested that EMSS has been profitable, which he did not believe to be true. He indicated that, by accepting shares, Eligible Affected Creditors would be taking on the District's problems in the form of the Prince of Peace Properties. The Monitor commented again that by voting in favour of the District Plan, Eligible Affected Creditors were not voting on any particular mandate for NewCo, which would be decided as part of the meeting of NewCo Shareholders to be held within six months of the District Plan becoming effective. Further the Prince of Peace Properties were being transferred to NewCo free and clear (i.e.

- without any corresponding debt). As such, it was not correct to say that the shareholders of NewCo would face the same situation as was currently faced by the Applicants.
2. An attendee expressed that he did not feel that his congregation had had enough time to consider the May 3 Package and determine whether it may change their voting decision. The Monitor reiterated that there was no information in the May 3 Package that was contrary to the information that had previously been provided by the Monitor.
 3. An attendee inquired as to whether any specific financial information regarding EMSS had been provided to Eligible Affected Creditors. The Monitor indicated that historical financial information for EMSS had been included in the Summary Presentation on NewCo prepared by the CRO, which was attached as “Schedule 4” to the Monitor’s Report. The Monitor had prepared the Commentary with respect to this information.
 4. An attendee inquired as to whether becoming a shareholder of NewCo would jeopardize the charitable status of congregations. The Monitor indicated that an email had previously been sent to congregations to address this inquiry, although, congregations always had the option of seeking their own tax advice. Owning NewCo Shares should not, in itself, jeopardize a congregation’s charitable status since it was the equivalent of owning an investment as opposed to operating a business. Terry Goerz commented that, in his experience, congregations often received shares in companies and that this did not affect their charitable status unless they started doing business. Brian Kearl, tax counsel at Gowlings, confirmed that if all a congregation was doing was replacing debt with shares and they were not taking on extensive activities, it was not anticipated that this should change their charitable status.
 5. An attendee commented that the District Plan was simply a plan to put another plan together. They indicated that they were unsure of the financial information provided by EMSS and were concerned that NewCo would increase rents for residents of the Harbour and Manor senior’s care facilities in order to meet any future projections. The Monitor commented that the District Plan had been structured to cause as few disruptions as possible for residents of the Harbour and Manor seniors’ care facilities. Cam Sherban, the District’s CRO, commented that the Manor and Harbour senior’s care facilities had positive cash flows but that they had historically not made enough money to service their debts.
 6. An attendee commented that he had been contacted by a tenant, who indicated that her rent at one of the seniors’ care facilities was increasing and she could not afford the increase. If that was the way that tenants were being treated, it called the entire District Plan into question. Cam Sherban commented that the properties were being operated by a professional management company known as the Verve (formerly Diversicare) who operates a variety of senior’s care facilities throughout Canada and that there was

currently no intention to increase rents for residents of the Harbour and Manor seniors' care facilities.

7. An attendee inquired as to, if a congregation held shares, which in turn allowed them to vote for the directors of NewCo, would that cause them to lose their Canada Revenue Agency ("CRA") status as a charity. The Monitor replied that it would not. Maxine Mongeon, corporate counsel at Gowlings, commented that the board of directors had a fiduciary duty to NewCo's Shareholders as a whole and would not be acting on the board as representatives or agents of specific shareholders or groups. The attendee commented that they would like to see a ruling from CRA in this regard.
8. An attendee indicated that his mother was an Eligible Affected Creditor, who had no interest in owning shares in NewCo and asked how she could dispose of her shares in the future. The Monitor indicated that NewCo was exempt from the requirement to file a prospectus in relation to the share issuance being done pursuant to the District Plan. Future trades may be restricted to the extent that those purchasing shares would have to be subject to a prospectus exemption and fill out documentation to that effect. Maxine Mongeon subsequently confirmed this.
9. An attendee inquired as to whether that meant that Eligible Affected Creditors could find an investor to purchase their shares subject to NewCo Board approval. Maxine Mongeon indicated that that was correct, subject to compliance with applicable securities legislation.

COMMENTS FROM THE DISTRICT'S CREDITORS' COMMITTEE

The Monitor introduced Sandra Jory from the District's creditors' committee, who discussed, how she had come to be appointed to the District's creditors' committee and her views of the District Plan. She discussed her experience on the District's creditors' committee and indicated that the District's creditors' committee had done their best to assist in obtaining the greatest recovery for the Eligible Affected Creditors. The Monitor subsequently introduced Terry Goerz from the District's creditors' committee who provided similar comments.

Following these comments, the Monitor reiterated that it was the right of each District Depositor to make their own determination with respect to opting in or opting out of the Representative Action.

QUESTION PERIOD

The following discussion ensued:

1. An attendee indicated that, although some teachings may instruct against Christians suing their fellow Christians, the CCAA proceedings were essentially an action against

Eligible Affected Creditors to prevent them from pursuing their legal rights. In addition, he indicated that he believed that the District's creditors' committee has been misled. He inquired of Alexis Teasdale from Bennett Jones LLP, legal counsel for the District's creditors' committee, as to when she became aware of the MSDP. Alexis Teasdale indicated that she had only been aware of the details of the MSDP for the past week or so as she had not been involved before that time, but that she was not purporting to speak for Chris Simard, also of Bennett Jones LLP, who had had charge of the file, as to when he may have become aware of the MSDP. She further indicated that the District's creditors' committee had been appointed by the Court and that the duty of Bennett Jones LLP was to the District's creditors' committee and specifically included assisting them in fully understanding the District Plan. The Monitor reiterated that Chris Simard had been the legal counsel from Bennett Jones LLP, who had been involved throughout the CCAA proceedings. They further indicated that, in no way were CCAA proceedings legal action against the Eligible Affected Creditors.

2. Ms. Poyner asked the following series of questions of the Monitor:
 - a. Ms. Poyner asked the Monitor to confirm that the Representative Action Holdback was structured such that only the universal amount of the Representative Action Holdback would be known prior to the deadline for District Depositors to opt-out. This meant that, if a significant number of District Depositors were to opt-out of the Representative Action between being advised of the estimated amount of the Representative Action Holdback and the deadline for opting-out of the Representative Action, Eligible Affected Creditors may face a larger financial burden than they had originally anticipated. The Monitor indicated that this was correct. They would provide Eligible Affected Creditors with an estimated range for the Representative Action Holdback prior to the deadline for opting-out. The exact amount of the Representative Action Holdback would not be known, however, until after the deadline for opting-out of the Representative Action.
 - b. Ms. Poyner indicated that, if District Depositors were unable to accept the possibility of an increase in the Representative Action Holdback, they may be forced to opt-out of the Representative Action and therefore to give up any legal recourse. The Monitor pointed out the following:
 - i. It was up to the Subcommittee to select the Representative Counsel and it was likely that they would give preference to legal counsel who was willing to act on a contingency basis;
 - ii. All litigation was expensive. It was simply a matter of the fee arrangement that was entered into with legal counsel. As such, District

Depositors who were very fee sensitive may be less likely to undertake litigation;

- iii. The Monitor confirmed that only an estimated range for the Representative Action Holdback would be available prior to the deadline for opting out of the Representative Action;
 - c. Ms. Poyner asked what would happen once the Representative Action Holdback ran out and inquired as to whether this would mean a further cash call for Eligible Affected Creditors. The Monitor indicated that this was a possibility but that it was important for Eligible Affected Creditors to understand that all litigation had an associated cost and how that cost was paid would be dependent on the fee arrangement that was negotiated between the Subcommittee and Representative Counsel.
 - d. Ms. Poyner asked for clarification that the total cost of the Representative Action would not be known prior to the deadline for opting-out of the Representative Action. The Monitor indicated that no estimate of the total fees to be charged in the Representative Action could be provided at that time since costs in litigation were dependent on a number of factors many of which were currently unknown.
 - e. Ms. Poyner indicated that no fees were being charged by either herself or Mr. Garber in the Sugden and Garber Actions. The Monitor indicated that, as previously communicated, should they desire to do so, both Ms. Poyner and Mr. Garber could put their name forward to be considered by the Subcommittee as Representative Counsel.
 - f. Ms. Poyner asked Mr. Taman, legal counsel for the District, to clarify a comment that he had made at the creditors' meeting for DIL, where he said his firm did not perform any work for the District. Mr. Taman indicated that when he responded to her question at the DIL Meeting, he had been speaking about two specific transactions that were handled by other legal counsel. His firm's involvement had been as disclosed in the most recent Monitor's Report.
 - g. Ms. Poyner asked Mr. Taman if, when the District Plan was being drafted, he was aware that he was a potential defendant to Representative Action. Mr. Taman indicated that he did not consider this as the Representative Action Provisions were drafted in such a way that his firm was not released with respect to any potential claims in the Representative Action.
3. An attendee asked if the Monitor had reviewed the insurance coverage for the parties named in the Sugden and Garber Actions. The Monitor indicated that they had reviewed the insurance coverage for the Applicants only and not for the parties named in the Sugden and Garber Actions.

4. An attendee read a letter that the District had issued in November 2014 in which they seemed to suggest that they had excess funds. She inquired of the Monitor as to why the District would send this letter and then state that they were insolvent two months later. The Monitor indicated that they could not comment on the District's communications prior to the CCAA proceedings.
5. The same attendee indicated that she felt lied to by the District and that she would have withdrawn her money had she been aware of the situation. She asked again why the Monitor could not comment. The Monitor indicated that they could not comment on the intentions behind third party correspondence, particularly where it was issued in advance of the CCAA proceedings.
6. An attendee indicated that they were aware that several Eligible Affected Creditors wished to assign their shares and asked if there was a procedure in place to do so. The Monitor indicated that there was a form on their website that would allow Eligible Affected Creditors to assign their shares. In addition, another form would be posted early in the following week to allow those Eligible Affected Creditors who wished to do so, the ability to have their shares issued in joint names should that be their preference.
7. The same attendee asked if there was a rush to decide whether NewCo Shares would be assigned. The Monitor indicated that the current deadline for Eligible Affected Creditors to indicate that they wished to assign their shares was May 31, 2016, however, that may be extended.
8. An attendee asked if any of the intended management or directors of NewCo were in attendance. The Monitor indicated that no one was in attendance with the exception of Sandra Jory, who had already identified herself.
9. An attendee referenced a report by a group formed by the District to review the non-financial causes of the District's insolvency (the "Review Task Force"). The attendee inquired as to whether the report of the Review Task Force was provided to the District's creditors' committee. The Monitor indicated that the District's creditors' committee was aware of this report.
10. The same attendee inquired as to why the report of the Review Task Force had not been provided to the Eligible Affected Creditors at large as part of the Information Package. The Monitor indicated that they understood that the report of the Review Task Force had been available online for quite some time but that it was not part of the CCAA proceedings, did not have implications for the District Plan (although the content may be reviewed by the Subcommittee and Representative Counsel in relation to the Representative Action) and would not be information that was circulated by the Monitor.
11. An attendee asked if the District Plan had been tested against CRA's restructuring rules. The Monitor indicated that the tax consequences for Eligible Affected Creditors were

- discussed in Schedules 5 and 6 of the Monitor's Report. Brian Kearl reiterated that there were no "CRA restructuring rules" but there were various tax rules that were applicable to this restructuring and that was what were addressed in the referenced schedules to the Monitor's Report.
12. The same attendee asked if the District Plan had been reviewed by CRA. The Monitor indicated that this is not something that would occur as part of the CCAA proceedings.
 13. An attendee asked of the approximately \$82.0 million owed by ECHS to the District, what portion was principal and what portion was interest. The Monitor indicated that they could not recall the exact breakdown but the original principal balance was \$45.0 million.
 14. An attendee asked if there was an existing lease with respect to the Prince of Peace School. The Monitor indicated that there was and that ultimately NewCo would become the lessor under that lease. This lease was currently up for renewal.
 15. An attendee asked if, since people may have religious considerations related to how they would vote on the District Plan, it would be possible to take a break prior to the vote. The Monitor indicated that that would be fine.
 16. An attendee asked the Monitor to confirm whether the District was insolvent in advance of the CCAA proceedings. The Monitor indicated that they consulted with the District on an advisory basis ahead of the CCAA proceedings with respect to their financial difficulties and options.
 17. An attendee asked Mr. Taman if the District's Plan was created by Mr. Taman. Mr. Taman indicated that the District Plan had been formulated by the District, subject to input from the parties previously referenced by the Monitor.
 18. An attendee asked if the Monitor was aware that Mr. Taman was involved with the Applicant's prior to the CCAA proceedings and viewed this as a conflict of interest. The Monitor indicated that they were aware that Mr. Taman's firm had previously been involved with the Applicants. Prior to the commencement of the CCAA proceedings, he acted as legal counsel for ECHS and EMSS and his additional involvement was outlined in the most recent Monitor's Report.
 19. An attendee inquired as to when the first payments would be made pursuant to the District Plan if the District Plan was approved. The Monitor indicated that it was likely that the application for Court sanction of the District Plan would take place within 30 days of the creditors' approving the District Plan and, should the District Plan be sanctioned by the Court, it is likely that distribution would flow approximately 21 days thereafter.
 20. An attendee encouraged other Eligible Affected Creditors to review the report of the Review Task Force. They also inquired about funds that were rolled over upon their investments being renewed prior to the CCAA proceedings. The Monitor indicated that

all amounts owing to Eligible Affected Creditors were included as part of their proven claims in the CCAA proceedings.

21. An attendee indicated that they were concerned with the inclusion of the Representative Action in the District Plan. Their concern was that it was set-up by the District to protect the District and precluded Eligible Affected Creditors from advancing their own legal actions. They were also concerned with the way that the Representative Action Holdback was structured, which provided some level of uncertainty as to how much Eligible Affected Creditors would be paying pursuant to the Representative Action. They indicated that they would like to hear the thoughts of Mr. Lemke from the District's creditors' committee on this point. Mr. Lemke indicated that he would like to consult with his legal counsel before making a statement.
22. Ms. Poyner indicated that both she and Mr. Garber were acting on a contingency basis.
23. An attendee expressed concern that there were many unknowns with respect to the strategy to be used in advancing the Representative Action. The Monitor indicated that this was currently unknown since the strategy would be decided by the Subcommittee in consultation with Representative Counsel, however, the Subcommittee would be made up of Eligible Affected Creditors who were also participants in the Representative Action therefore their interests would be aligned with other participants in the Representative Action.
24. An attendee asked to make a motion that the District Meeting be adjourned so that congregations could have more time to consult prior to voting on the District Plan (the "Adjournment Motion"), indicating that some congregations had voted prior to receiving the May 3 Package and may have benefited from hearing the discussion at the District Meeting.

The Monitor adjourned the meeting for ten minutes to consult with counsel.

25. The Monitor reconvened the meeting and indicated that the Adjournment Motion could be heard.
26. The Adjournment Motion was made and seconded. The Monitor asked if there was any discussion regarding the Adjournment Motion. The following discussion ensued:
 - a. An attendee indicated that congregations had had the opportunity to plan their meetings knowing there may be additional documents released by the Monitor. They further indicated that a delay would cause additional professional fees to be incurred. In addition, many attendees had already left the District Meeting, which did not appear to be fair.
 - b. An attendee indicated that their congregation had not previously been aware of the report of the Review Task Force. The Monitor indicated that this information

would not have been circulated as part of the information related to the District Plan, in any event.

- c. An attendee asked if a new meeting would be held if the motion passed. The Monitor indicated that the District Meeting would be reconvened on another date if the motion passed but that it would be for the purposes of holding the vote only since significant discussion had already taken place. The Monitor would consult with congregations on the required timing for such an adjournment.
- d. An attendee inquired as to who knew about the MSDP. The Monitor indicated that it was not appropriate to poll the audience on this point.

The vote on the Adjournment Motion took place.

The District Meeting was adjourned such that the Monitor could tabulate the votes regarding the motion to adjourn the District Meeting.

The Monitor reconvened the meeting and the Monitor reported the following voting results:

FOR THE MOTION: 22/ \$3,829,442 (62% of voting claims)

AGAINST THE MOTION: 23/ \$2,340,361 (38% of voting claims)

As the motion required a majority in dollar value to be approved, the motion was passed.

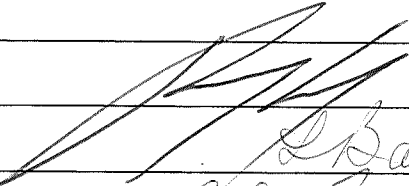
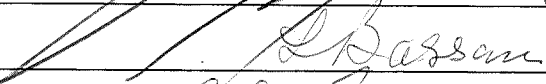
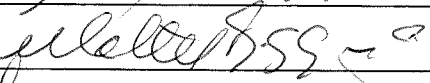

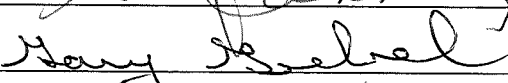

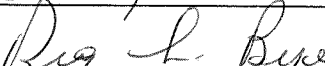
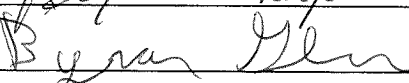

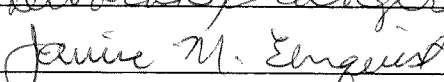

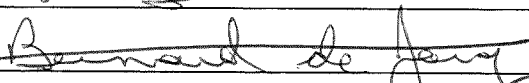
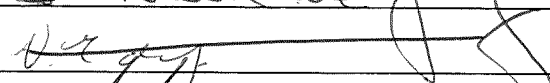

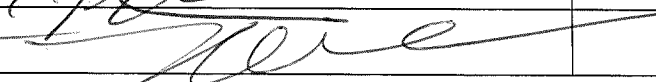
ADJOURNMENT

The District Meeting was adjourned *sine die* at approximately 4:30 p.m. The Monitor indicated that Phil Lemke would speak to those who remained following the adjournment.

**DELOITTE RESTRUCTURING INC.,
IN ITS CAPACITY AS MONITOR OF
LUTHERAN CHURCH – CANADA, 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 CAPACITY**

Vanessa A. Allen

In the Matter of the Plan of Compromise or Arrangement of
 Lutheran Church Canada, The Alberta – British Columbia District Investments Ltd.
 Deloitte Restructuring Inc., Monitor

| Name (Print) | Name (Sign) | Name of depositor for whom you act as a proxy |
|----------------------------|---|---|
| RANDALL FRY |  | |
| LAURA BASSANI |  | |
| WALTER BASSANI |  | |
| GARY ANNING |  | |
| GARY GOEBEL |  | |
| HOLLY DRINKLE |  | James Drinkle |
| REG RYE |  | |
| Byron Glass |  | B Shandel Glass (guardian) |
| | | Concordia Lutheran Ch., Edm. Concordia Luther. Ch. Edm. L.W.M.L. |
| | | MARTS, Kenneth (proxy) |
| Deborah Granger |  | Wilfred Granger |
| Janice Elmqvist |  | Public Trustee |
| Dusanne Boivin |  | |
| Bernard de Jong |  | |
| Vera de Jong |  | |
| Tom Lubmann |  | |
| Nancy Guehen |  | |

①






In the Matter of the Plan of Compromise or Arrangement of
 Lutheran Church Canada, The Alberta – British Columbia District Investments Ltd.
 Deloitte Restructuring Inc., Monitor

May 14, 2016

10:00 AM

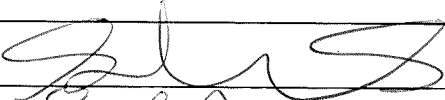
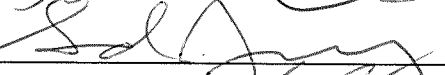

Calgary Telus Convention Centre

120 9th ave SE Calgary, Alberta


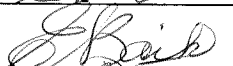
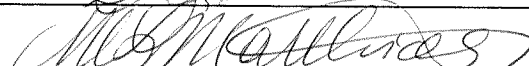
| Name (Print) | Name (Sign) | Name of depositor for whom you act as a proxy |
|-------------------------------------|--|--|
| Ty Lund | Ty Lund | |
| Randy Keller | Randy Keller | |
| Alexis Teasdale (Bennett Jones LLP) |  | N/A - Counsel for District Creditors Committee |
| KIOS - Greg | Greg | |
| Beverly Hennig | Beverly | |
| Bernice Hennig | Bernice Hennig | |
| BRIAN KETLER |  | FOOTHILL LUTHERAN Church |
| JACQUELINE HENSLEY | Jacqueline Hensley | Doree Hensley |
| Marilyn Huber | Marilyn Huber | |
| KEITH REUSE | Keith Reuse | JUDY REUSE |
| Greg Peterson |  | counsel Deloitte Cowling |
| Brian Coull |  | Counsel Deloitte |
| Corinne Nowoczin | C. Nowoczin | |
| Adam Macross |  | Lutheran Church Canada |
| Michelle Neal | Michelle Neal | |

Guest List











In the Matter of the Plan of Compromise or Arrangement of
Lutheran Church Canada, The Alberta – British Columbia District Investments Ltd.
Deloitte Restructuring Inc., Monitor

| Name (Print) | Name (Sign) | Name of depositor for <small>whom you are a guest with</small> whom you act as a proxy |
|----------------|--|---|
| MARUSAK Shirk |  | Margret Hausden |
| Sandra Jory |  | Creditors Committee |
| Raymond Borwin |  | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |

In the Matter of the Plan of Compromise or Arrangement of
Lutheran Church Canada, The Alberta – British Columbia District Investments Ltd.
Deloitte Restructuring Inc., Monitor

| Name (Print) | Name (Sign) | Name of depositor for whom you act as a proxy |
|-------------------|--|---|
| SIGI HERMANN |  | |
| Elsie Baik |  | |
| MARY-LOU MATTHIAS |  | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |














In the Matter of the Plan of Compromise or Arrangement of
 Lutheran Church Canada, The Alberta – British Columbia District Investments Ltd.
 Deloitte Restructuring Inc., Monitor

| Name (Print) | Name (Sign) | Name of depositor for whom you act as a proxy |
|-----------------------|--|---|
| Ksenia Court |  | Counsel for District |
| Francis Taman |  | Counsel for District |
| Diana Wolfe |  | Kluane |
| CAM SHERBAN |  | " |
| Shona Murray |  | Kluane. |
| Dwayne Cleave | Dwayne Cleave. | |
| WILLIAM W. WOOD | William W. Wood | MAGDALENE CARR. |
| Liam Brunnel |  | Deloitte. |
| David Clapperton | DClapperton | myself |
| Inge Clapperton | I. Clapperton | |
| LORRAINE GIBSE |  | |
| WILLIAM BEAUCH | W Beauch | Gracehutan, Calgary |
| CLIFF ELLE | Cliff Elle | |
| DOUGLAS BELL |  | RUTH GUEBANT |
| CERYL PREGIZER |  | |
| WALT EVANS |  | |
| Laurie-Lynn Brookwell | L Brookwell. | |

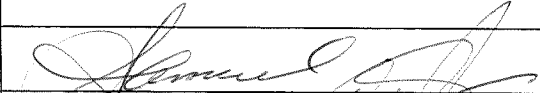






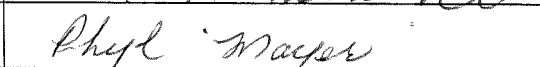
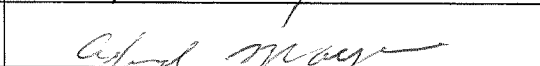
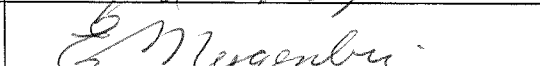


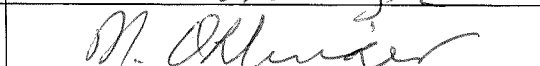
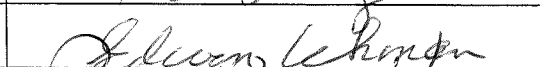



In the Matter of the Plan of Compromise or Arrangement of
 Lutheran Church Canada, The Alberta – British Columbia District Investments Ltd.
 Deloitte Restructuring Inc., Monitor

| Name (Print) | Name (Sign) | Name of depositor for whom you act as a proxy |
|------------------------------|--------------------------|---|
| DAVE BROOKWELL | <i>Dave Brookwell</i> | |
| Fran de Beer | <i>Fran de Beer</i> | |
| Kevin Hebb | <i>Kevin Hebb</i> | |
| PAMELA FRASER | <i>Pamela Fraser</i> | |
| Larry Fraser | <i>Larry Fraser</i> | |
| SCHOENHAAR, GARY | <i>Gary Schoenhaar</i> | SEC |
| Christie Poterson | <i>Christie Poterson</i> | SEC |
| Marta Gill | <i>Marta Gill</i> | Marta Gill |
| Abelia Altwasser | <i>Abelia Altwasser</i> | |
| HARRY ALTWASSER | <i>Harry Altwasser</i> | |
| MONICA FERRO | <i>Monica Ferro</i> | DON BERTSCHI |
| NICK CARBONNELL | <i>Nick Carbonnell</i> | SEC |
| ROLAND FEIDICK | <i>Roland Feidick</i> | DAN E. DICK |
| CHARLES BOWOIN | <i>Charles Bowoin</i> | |
| Letha M. Bertschi (Executor) | <i>Letha M. Bertschi</i> | Ernest Bertschi (Deceased) |
| PHIL BROSE | <i>Phil Brose</i> | LEONA BROSE |
| | | |


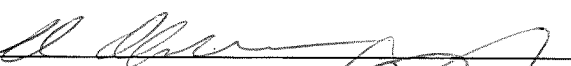
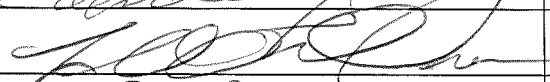

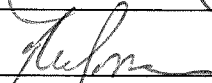

In the Matter of the Plan of Compromise or Arrangement of
 Lutheran Church Canada, The Alberta – British Columbia District Investments Ltd.
 Deloitte Restructuring Inc., Monitor

| Name (Print) | Name (Sign) | Name of depositor for whom you act as a proxy |
|--------------------------------|---|---|
| Terry Goertz |  | Redeemer L.C. |
| DOREEN UNTERSCHULTZ |  | DONALD UNTERSCHULTZ |
| Alan Welke |  | Trinity Lutheran Church, P.C. |
| Sharon Sherman |  | Ruby Sherman |
| HARLEY SANDERS |  | MERVIN SANDERS |
| BRIAN SWAN |  | |
| SATHER, Ruth & BRIAN |  | GERTRUDE HOEHN |
| |  | |
| ARLEEN READ |  | |
| ED. READ |  | |
| Peter Graumann |  | St. Matthew Lutheran Calgary |
| Marg Reinhart |  | |
| Cliff Reinhart |  | |
| | | |
| | | |
| | | |
| | | |

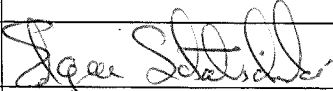
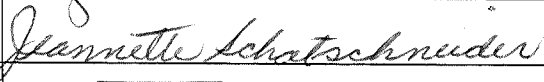


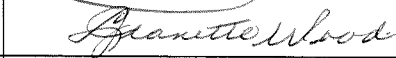
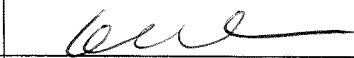





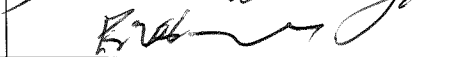



In the Matter of the Plan of Compromise or Arrangement of
 Lutheran Church Canada, The Alberta – British Columbia District Investments Ltd.
 Deloitte Restructuring Inc., Monitor

| Name (Print) | Name (Sign) | Name of depositor for whom you act as a proxy |
|-------------------|--|---|
| J. SAMUEL. |  | ALVIRA KROEGER |
| D.W.J. SPECHT |  | ERNST KROEGER |
| I ✓ |  | DORREN JOHNSON |
| EARL Poyner |  | JANET KELLY |
| Sylvia Klarenbach |  | |
| ED KLARENBACH |  | |
| EMILIE KAMINSKI |  | |
| Philippa MAYER. |  | |
| ALFRED MAYER |  | |
| Evelyn Megenbir |  | |
| A. Garber |  | Marilyn Huber |
| Eldon Oklinger |  | |
| MARIAN OKLINGER |  | |
| Edwin Lehman |  | ESTATE OF MARJORIE LEHMAN |
| KETIA HARRIS |  | |
| PHILIP W LEMKE |  | VICTOR FISHER |
| Cheryl Lemke |  | |

In the Matter of the Plan of Compromise or Arrangement of
 Lutheran Church Canada, The Alberta – British Columbia District Investments Ltd.
 Deloitte Restructuring Inc., Monitor

| Name (Print) | Name (Sign) | Name of depositor for whom you act as a proxy |
|-----------------------------|---|---|
| ARNOLD LOOK |  | |
| M. OHLHAUSER |  | |
| Warren OHLHAUSER |  | |
| CHRISTA NICHOLSON |  | Client: Bishop McKenzie UCC of F. Thom. |
| Reeth Ulmer |  | WILLIAM STOLERY |
| DALZULPER |  | " " |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |

In the Matter of the Plan of Compromise or Arrangement of
 Lutheran Church Canada, The Alberta – British Columbia District Investments Ltd.
 Deloitte Restructuring Inc., Monitor

| Name (Print) | Name (Sign) | Name of depositor for whom you act as a proxy |
|---------------------------|--|---|
| SCHATSCHWEIDER EDGAR |  | |
| SCHATSCHWEIDER JEANWETTE |  | |
| ERRIN POYNER |  | CARL WIEMKEN |
| ERRIN POYNER |  | DENNIS WIEMKEN |
| LILLIAN J. WOOD |  | |
| Keith Odgaard |  | Eric Reutter |
| Terry Goerz |  | Susan Wildem |
| Brian Gaudin |  | Loretta Wiens |
| Mary Ann Wiens |  | to |
| Kurt Weisbrodt |  | Ed Weisbrodt |
| Donna Wright (nee Heiden) |  | |
| Robert Wiens |  | |
| MURRAY SCHMIDT |  | |
| Denise Young |  | |
| Kevin Webster |  | Estate of Rebekah Webster |
| | | |
| | | |

In the Matter of the Plan of Compromise or Arrangement of
Lutheran Church Canada, The Alberta – British Columbia District Investments Ltd.
Deloitte Restructuring Inc., Monitor

May 14, 2016

10:00 AM

Calgary Telus Convention Centre

120 9th ave SE Calgary, Alberta

| Depositor Name | Proxyholder name | Proxy form submitted | ID Check |
|---|-------------------------------|----------------------|----------|
| Joan Boles | Ivan G. Boles | Yes | |
| Bart Boles | Ivan Boles | Yes | |
| Leona Brose | Phil Brose | Yes | ✓ |
| Magdalene Carr | William Wood | Yes | ✓ |
| Brian Chandler foothills Lutheran Church | Brian Kehler | Yes | ✓ |
| Ruth Guebert | Douglas Bell | Yes | |
| Doreen Johnson | Donald W.J Specht | Yes | ✓ |
| Janet Kelly | Errin Poyner | Yes | ✓ |
| Vernon Kembel | Donald Specht | Yes | ✓ |
| Alvira Kroeger | ✓ Donald Specht Joanne Samuel | Yes | ✓ |
| The Estate of Ernst Kroeger | Joanne Samuel | Yes | ✓ |
| Lutheran Church - Canada | Adam Maerov | Yes | ✓ |
| Mikayla Medwedrich | Teresa Vaccan | Yes | |
| Eric Reuter | Keith Odegard | Yes | ✓ |
| Ruby Sherman | Sharon Sherman | Yes | ✓ |
| Trinity Lutheran Church, Pincher Creek | Allan J. Welke | Yes | ✓ |
| Carl Wiemken | Errin Poyner | Yes | ✓ |
| Dennis Wiemken | Errin Poyner | Yes | ✓ |
| Loretta Wiens | Brian Gourdinne | Yes | ✓ |

Schedule 16

Brian Kearl

Direct +1 403 298 1965

Direct Fax +1 403 695 3468

brian.kearl@gowlingwlg.com

File no. A135752

MEMORANDUM

To: Vanessa Allen, Deloitte Restructuring Inc.
Re: Registered Charities as NewCo Shareholders
Date: May 25, 2016

You have asked for our opinion as to whether the exchange (the “**Exchange**”) of unsecured debt (the “**Debt**”) issued by the Church Extension Fund of the Lutheran Church – Canada, the Alberta & British Columbia District (the “**District**”) for cash and shares (the “**Shares**”) in the capital stock of a new Alberta corporation (“**NewCo**”), by a holder of Debt that is a “charitable organization” and a “registered charity” (a “**Charity**”), both for purposes of the *Income Tax Act* (Canada) (the “**Tax Act**”), would, in and of itself, cause the Charity to lose its status as a registered charity.

This document is confidential and intended for the sole use of the addressee. The advice contained herein is not intended to be, and may not be, relied upon or released to any person other than the addressee without the express written consent of *Gowling WLG (Canada) LLP*.

Our comments herein are based on the provisions of the Tax Act and the regulations thereto (“**Regulations**”) as they presently read, proposed amendments to the Tax Act and the Regulations announced by the Department of Finance (Canada) to the date hereof, applicable jurisprudence and our understanding of the current publicly available administrative practices and policies of the Canada Revenue Agency (“**CRA**”), all of which are subject to change from time to time. There is a possibility that such change(s) may be made, including with retroactive or retrospective effect, in which case our comments may cease to be accurate. *Gowling WLG (Canada) LLP* assumes no responsibility to update this opinion in the event of such change(s).

Executive Summary

Subject to the qualifications noted above, and the articles, objects and governing documents of a particular Charity, the particular Charity should not cease to qualify as such solely because of the Exchange.

Tax Analysis

Generally, a Charity includes a “charitable organization”, for purposes of the Tax Act, that (i) is resident in Canada, also for purposes of the Tax Act, (ii) was either created or established in Canada, and (iii) has applied to CRA in prescribed form for registration (and qualified as a charitable organization at the time of registration).

Generally, a “charitable organization” includes an organization “all the resources of which are devoted to charitable activities¹ carried on by the organization itself”. A charitable organization that carries on a business may have its registration revoked.² There are other requirements to be a charitable organization but we would not expect any of these requirements to be impacted, one way or another, solely by the Exchange.

In numerous published rulings CRA has indicated that it is permissible for a Charity to passively hold investments, such as the Debt and Shares. For example, CRA has stated on separate occasions:

Charities need to invest their capital and any funds not required for their current operations. Charity law dictates that a charity's assets be managed so as to obtain the best return within the bounds of prudent investment principles. As long as a charity manages its investments prudently, this function would generally be regarded as a necessary administrative function and not a business activity.³

On principle, and by analogy with individual taxpayers carrying on the same activity, managing one's own investment portfolio generally does not constitute a business activity.⁴

It is a question of fact whether the relationship between the charitable organization and the subsidiary corporation is suggestive of activities that are other than passive in nature.⁵

Based on the foregoing, provided the holding of the Debt would not have caused a particular Charity to necessarily lose its status as a Charity, merely exchanging such Debt for Shares should not, in and of itself, cause the particular Charity to lose its status as a Charity.

BK

CAL_LAW 2485439/2

¹ Generally, charitable activities includes advancement of religion. See *Vancouver Society of Immigrant & Visible Minority Women*, [1999] 2 C.T.C. 1 (SCC).

² See paragraph 149.1(2)(a) of the Tax Act.

³ See paragraph 15 of CRA's Registered Charities Policy Statements, CPS-019 – What is a Related Business?

⁴ See paragraph 2 of CRA's Registered Charities Policy Commentaries, CPC-023 – Private foundations – Whether the management of an investment portfolio constitutes a business activity.

⁵ See CRA technical interpretation 2009-0306691E5.

Schedule 17



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

May 20, 2016

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

Re: Notice of the adjournment of the meeting of the District’s creditors (the “District Meeting”) to consider the District’s Plan of Compromise and Arrangement (the “District Plan”)

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. Deloitte Restructuring Inc. acts as the Monitor (the “Monitor”) in the CCAA proceedings. Those creditors of the District with proven claims or disputed claims that have not yet been settled or adjudicated will be referred to as the “Eligible Affected Creditors”. Other terms, not otherwise defined in this document, are as included in the District Plan (references to which will include all subsequent amendments) and in the Monitor’s First Report to the Creditors of the District, dated March 28, 2016 (the “Monitor’s Report”).

Adjournment of the District Meeting

As you are aware, the District Meeting was convened on May 14, 2016. At that meeting, a motion was put forward from the floor to adjourn the District Meeting prior to a vote having been held on the District Plan and to have the Monitor consult with congregations as to whether they may need additional time to consider the District Plan. This motion was passed by the majority in dollar value of those Eligible Affected Creditors who were present and voting either in person or by Proxy at the time that the motion was made. The minutes of the District Meeting are available on the Monitor’s website at the following link:

http://www.insolvencies.deloitte.ca/en-ca/Pages/lutheran_church_canada_the_alberta_british_columbia_district_et_al.aspx?searchpage=Search-Insolvencies.aspx

Consultation with congregations

Following the District Meeting, the Monitor reached out via email to the approximately ninety-three Eligible Affected Creditors who are congregations and asked them to comment on whether they required additional time to consider the information that had been provided to them or whether they had any requests for additional information. The Monitor received responses from twenty-two congregations of which eighteen indicated that they did not require any additional time to consider the information that had been provided to them and did not have any requests for additional information. Of those eighteen congregations, eight congregations indicated that they were disappointed with the delay resulting from the adjournment and would wish the proceedings to continue as expeditiously as possible. Four congregations provided additional requests for information which have been, or are in the process of being responded to by the Monitor. For those congregations that did request additional information, they indicated that they would need three weeks to further consider the District Plan.

Date, time and location for the District Meeting to be reconvened

This correspondence will serve as notice that the District Meeting will be reconvened as follows:

Date: Friday, June 10, 2016

Time: 10:00 a.m. Mountain Time

Location: Deloitte, 700 Bankers Court, 850 2nd Street SW, Calgary, AB

Please be aware that there was already significant discussion surrounding the District Plan at the portion of the District Meeting held on May 14, 2016. As such, when the District Meeting is reconvened, it will be for the purposes of holding the formal vote on the District Plan only. **There will be no opportunity to ask questions or have further discussion at the District Meeting and all Eligible Affected Creditors are encouraged to contact the Monitor in advance of the District Meeting to have any inquiries responded to.**

Voting on the District Plan

The following sets out the impact of the adjournment of the District Meeting for voting on the District Plan:

If you have previously voted on the District Plan

If you have previously voted, either by way of Election Letter or by way of a written ballot submitted at the District Meeting, in person or by Proxy, your vote has been recorded and you do not need to take any further action.

If you have not yet voted on the District Plan

If you have not yet voted and wish to vote on the District Plan, you must do one of the following:

Option 1

Attend the reconvened District Meeting at the time and location set out above.

Option 2

Appoint someone as your Proxy by filling out Proxy that was previously provided to you so that they can attend the District Meeting and vote on your behalf. Proxies must be submitted by 5:00 p.m. on June 9, 2016, the day before the District Meeting.

Option 3

Vote on the District Plan by filling out the Election Letter that was previously provided to you so that your vote can be recorded even if you cannot attend the District Meeting and you do not wish to appoint a Proxy. Election letters must be submitted by 5:00 p.m. on June 9, 2016, the day before the District Meeting.

For clarity, if you have not previously voted and you do not vote on the District Plan using any of the options detailed above, your claim will not be counted in determining whether or not the District Plan has been approved by the required majority of Eligible Affected Creditors.

If you have previously voted and now wish to change your vote on the District Plan

If you have previously voted but now wish to change your vote on the District Plan, you may do so by submitting an updated Election Letter by 5:00 p.m. on June 9, 2016, the day before the District Meeting or by attending and voting at the reconvened District Meeting, either in person or by Proxy. Should an Eligible Affected Creditor submit more than one Election Letter, the most recent Election Letter will be accepted by the Monitor. For clarity, written ballots submitted at the District Meeting are considered to be Election Letters.

If you have previously submitted a Proxy and now wish to change your Proxy

If you have previously submitted a Proxy and now wish to change your Proxy, you may do so by submitting an updated Proxy by 5:00 p.m. on June 9, 2016, the day before the District Meeting. Should an Eligible Affected Creditor submit more than one Proxy, the most recent Proxy will be accepted by the Monitor.

Answers to frequently asked questions

The Monitor has recently received a number of questions related to the potential future development of the Prince of Peace Properties and the relevance of a Master Site Development Plan ("MSDP"). The MSDP was prepared for the District by Alvin Reinhard Fritz Architect Inc. in December 2012 and was subsequently approved by the Municipal District of Rocky View County (the "MD of Rocky View").

For ease of reference, the answer to these recently asked questions are included below:

Does a vote for the District Plan set what NewCo's mandate will be or determine whether the further development of the Prince of Peace Properties will be pursued by NewCo?

As previously communicated, a decision on the District Plan is not a decision with respect to the mandate to be chosen for NewCo, which will be determined at the meeting of the NewCo Shareholders to be held within six months of the District Plan becoming effective. There is no information to suggest that the further development of the Prince of Peace Properties is not a viable option but this is only one of the options available to NewCo.

To be clear, the vote on the District Plan is not a vote to determine what NewCo's mandate will be or what, if any, development options should be pursued by NewCo.

What does a vote for or against the District Plan mean for the Prince of Peace Properties?

The Prince of Peace Properties will need to be dealt with for the benefit of Eligible Affected Creditors whether or not the District Plan is approved. The creation of NewCo preserves a greater number of options for Eligible Affected Creditors with respect to how the Prince of Peace Properties can be dealt with as opposed to imposing a forced sale liquidation on Eligible Affected Creditors. Even in the event that the NewCo Shareholders were to decide that NewCo's mandate should include liquidation of the Prince of Peace Properties (only one of the options available to NewCo), they would be able to do so outside of insolvency proceedings and at a time when they may encounter more favourable conditions in the Alberta real estate market.

What is the significance of the MSDP?

To be clear, the MSDP is outdated and is unlikely to be used by either NewCo or any new group who is seeking to develop the Prince of Peace Properties. The only thing it demonstrates is that there is the ability to have further high density development approved on this site. It should be noted that the most recent appraisal prepared by Colliers International Realty Advisors Inc. ("Colliers") as at October 15, 2015 on the lands that are included in the Prince of Peace Properties (the "Colliers Appraisal") was based on low density development since Colliers considered that

more likely. For greater clarity, whether NewCo or another developer chooses to further develop the Prince of Peace Properties, additional work would be required in order to do this. This additional work has been factored in to the Colliers Appraisal and, based on known information, would be the type of work that a developer could normally expect to encounter in taking on such a project.

Should you have additional questions, please contact the undersigned by telephone at 1-403-298-5955 or via email at vanallen@deloitte.ca.

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

Schedule 18

The Lutheran Church - Canada, The Alberta - British Columbia District (the "District") including the Church Extension Fund ("CEF")
 Statement of Projected Cash Flow
 For the Thirteen Week Period Ending August 20, 2016

| Week ending | 28-May-16 | 4-Jun-16 | 11-Jun-16 | 18-Jun-16 | 25-Jun-16 | 2-Jul-16 | 9-Jul-16 | 16-Jul-16 | 23-Jul-16 | 30-Jul-16 | 6-Aug-16 | 13-Aug-16 | 20-Aug-16 | Total | Notes |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------|
| Cash flow from CEF operations | | | | | | | | | | | | | | | |
| Receipts | | | | | | | | | | | | | | | |
| Lease payments | | \$ 29,018 | | | | \$ 29,018 | | | | | \$ 29,018 | | | \$ 87,053 | 1 |
| Bank interest income | | 1,500 | | | | 1,500 | | | | | 1,500 | | | 4,500 | |
| Management fees | 23,000 | | | 11,500 | | | | 11,500 | | | | | 11,500 | 57,500 | 2 |
| Loan interest and principal payments | | 385 | | 14,782 | | 385 | | 14,782 | | | 385 | | 14,782 | 45,501 | 3 |
| Total Receipts | 23,000 | 30,903 | - | 26,282 | - | 30,903 | - | 26,282 | - | - | 30,903 | - | 26,282 | 194,554 | |
| Disbursements | | | | | | | | | | | | | | | |
| Mortgage payments | | (28,189) | | | | (28,189) | | | | | (28,189) | | | (84,567) | 1 |
| CEF salaries and benefits | | (4,200) | | (15,000) | | (4,200) | | (15,000) | | | (4,200) | | (15,000) | (57,600) | |
| Operating expenses | (950) | | (950) | (950) | (950) | (950) | (950) | (950) | (950) | (950) | (950) | (950) | (950) | (12,350) | |
| Emergency fund | | (24,000) | | | | (24,000) | | | | | (24,000) | | | (72,000) | 4 |
| Restructuring fees | | (100,000) | | | | (100,000) | | | | | (100,000) | | | (300,000) | 5 |
| CRO | | (20,580) | | | | (10,290) | | (10,290) | | | (10,290) | | | (51,450) | 6 |
| Total disbursements | (950) | (177,919) | (950) | (15,950) | (950) | (167,629) | (950) | (26,240) | (950) | (950) | (167,629) | (950) | (15,950) | (577,967) | |
| Net cash flow from CEF operations | 22,050 | (147,016) | (950) | 10,332 | (950) | (136,726) | (950) | 42 | (950) | (950) | (136,726) | (950) | 10,332 | (383,412) | |
| Cash flow from other District operations | | | | | | | | | | | | | | | |
| Receipts | | | | | | | | | | | | | | | |
| Mission remittances | 9,500 | 9,500 | 9,500 | 9,500 | 9,500 | 8,000 | 8,000 | 8,000 | 8,000 | 8,000 | 8,000 | 8,000 | 8,000 | 111,500 | 7 |
| Total receipts | 9,500 | 9,500 | 9,500 | 9,500 | 9,500 | 8,000 | 8,000 | 8,000 | 8,000 | 8,000 | 8,000 | 8,000 | 8,000 | 111,500 | |
| Disbursements | | | | | | | | | | | | | | | |
| Salaries and benefits | | | | (7,895) | | | | (7,895) | | | | | (7,895) | (23,685) | 8 |
| Administrative expenses, travel and utilities | (1,000) | (4,000) | (1,000) | (1,000) | (1,000) | (4,000) | (1,000) | (1,000) | (1,000) | (1,000) | (4,000) | (1,000) | (1,000) | (22,000) | 9 |
| Outreach operating expenses | (250) | (250) | (250) | (250) | (7,458) | (250) | (250) | (250) | (7,458) | (250) | (250) | (250) | (7,458) | (24,874) | 10 |
| Department of Stewardship and Financial Ministries operating expenses | | | (1,000) | | | | | (1,000) | | | (1,000) | | | (3,000) | 11 |
| President's expenses | (900) | (900) | (900) | (900) | (900) | (900) | (900) | (900) | (900) | (900) | (900) | (900) | (900) | (11,700) | |
| Mission Payments to LCC | | | (8,000) | | | | (8,000) | | | | (8,000) | | | (24,000) | 7 |
| Contingency | | (500) | | | | (500) | | | | | (500) | | | (1,500) | |
| Total disbursements | (2,150) | (5,650) | (11,150) | (10,045) | (9,358) | (5,650) | (10,150) | (11,045) | (9,358) | (2,150) | (13,650) | (3,150) | (17,253) | (110,758) | |
| Net cash flow from other District operations | 7,350 | 3,850 | (1,650) | (545) | 142 | 2,350 | (2,150) | (3,045) | (1,358) | 5,850 | (5,650) | 4,850 | (9,253) | 741 | |
| Total net cash flow | \$ 29,400 | \$ (143,166) | \$ (2,600) | \$ 9,787 | \$ (808) | \$ (134,376) | \$ (3,100) | \$ (3,003) | \$ (2,308) | \$ 4,900 | \$ (142,376) | \$ 3,900 | \$ 1,079 | \$ (382,671) | |
| Cash and marketable securities on hand | | | | | | | | | | | | | | | |
| Beginning balance | \$ 5,072,847 | \$ 5,102,247 | \$ 4,959,081 | \$ 4,956,481 | \$ 4,966,268 | \$ 4,965,460 | \$ 4,831,084 | \$ 4,827,984 | \$ 4,824,981 | \$ 4,822,673 | \$ 4,827,573 | \$ 4,685,197 | \$ 4,689,097 | \$ 5,072,847 | |
| Total net cash flow | 29,400 | (143,166) | (2,600) | 9,787 | (808) | (134,376) | (3,100) | (3,003) | (2,308) | 4,900 | (142,376) | 3,900 | 1,079 | (382,671) | |
| Ending balance | \$ 5,102,247 | \$ 4,959,081 | \$ 4,956,481 | \$ 4,966,268 | \$ 4,965,460 | \$ 4,831,084 | \$ 4,827,984 | \$ 4,824,981 | \$ 4,822,673 | \$ 4,827,573 | \$ 4,685,197 | \$ 4,689,097 | \$ 4,690,176 | \$ 4,690,176 | 12 & 13 |

Prepared as at the 27th day of May, 2016.

The Lutheran Church - Canada, The Alberta - British Columbia District (the "District") including the Church Extension Fund ("CEF")
Statement of Projected Cash Flow
For the Thirteen Week Period Ending August 20, 2016

Purpose:

This Statement of Projected Cash Flow (the "Cash Flow") has been prepared by management pursuant to section 10(2)(a) of the *Companies' Creditors' Arrangement Act* ("CCAA"). It is being filed specifically for the purposes contemplated in that section and readers are cautioned that it may not be appropriate for other purposes. The Cash Flow has been prepared based on the hypothetical and probable assumptions described in the general and specific notes. In addition the Cash Flow has been prepared based on assumptions regarding future events; therefore actual results may vary from the estimates presented herein and these variances may be material.

The Lutheran Church - Canada - The Alberta
British Columbia District



Per: Cameron Sherban, Chief Restructuring
Officer

Notes & Assumptions - General:

1. Unless otherwise stated, amounts are based on historical data and management estimates.
2. All amounts include applicable GST.
3. CEF placed a moratorium on depositors redemptions effective January 2, 2015.

Notes & Assumptions - Specific:

1. Monthly lease payments made from Golden Hills School Division for the lease of a portion of a property located in Strathmore, Alberta (the "Strathmore Property"). The loan on Strathmore Property is held in the Lutheran Church - Canada, The Alberta - British Columbia District Investments Ltd. ("DIL"); therefore payments are transferred to DIL from CEF on a monthly basis (the "Golden Hill Payment").
2. A monthly management fee is payable from DIL to District.
3. Includes payments on mortgages and lines of credit, which are sometimes paid on inconsistent dates and not always kept current.
4. Represents payments made pursuant to an emergency fund whereby high need individuals are still be able to access funds on a monthly basis during the CCAA proceedings.
5. Represents anticipated amounts payable to the District's legal counsel, the CCAA Monitor, the CCAA Monitor's legal counsel and representative counsel for the creditors' committee that was established for the District.
6. Includes amounts payable to Klwane Partners as the Chief Restructuring Officer.
7. Represents the anticipated weekly amount of mission commitments received from the churches throughout the District a portion of which is payable to Lutheran Church-Canada as set out in the Order granted by the Court of Queen's Bench of Alberta on June 26, 2015.
8. Includes monthly salary, benefits and pension amounts. The District is WCB exempt.
9. Includes information technology, general office expenses and travel.
10. Program funding given to churches within the District. Churches have accessed this program by applying for specific funding with all amounts being reviewed by the Outreach Department and approved by the District's board of directors.
11. Monthly amount sent to the Lutheran Church Canada for use of the services of the LCC gift planner, who is assigned to the District.
12. This amount includes cash held by the District in various accounts with Bank of Montreal, including approximately \$2,862 held in a U.S. dollar account, which has been converted at an exchange rate of \$1:00 US: 1.33 CDN. This amount also includes marketable securities held with FI Capital with a fair market value of approximately \$208,200 as at May 25, 2016.
13. Bishop & McKenzie LLP, legal counsel to the District are holding amounts in trust related to the sale of various real estate properties that have now closed. These amounts include approximately \$3.6 million related to the sale of vacant school lands in Edmonton, Alberta, approximately \$391,000 related to the sale of a condominium in Richmond, B.C., approximately \$359,000 related to the sale of a property in Revelstoke, British Columbia, approximately \$4.8 million related to the sale of a property in St. Albert, Alberta, approximately \$1.5 million related to the sale of the District's former head office in Edmonton, Alberta and approximately \$208,000 related to a settlement with Concordia Lutheran Church in Edmonton, Alberta (the "Sale Proceeds"). The Sale Proceeds are not reflected herein but are being held in trust for inclusion in a Plan of Arrangement to be filed by the District in the CCAA proceedings.

Schedule 19

Lutheran Church - Canada, The Alberta - British Columbia District Investments Ltd. ("DIL")

Statement of Projected Cash Flow
For the Thirteen Week Period Ending August 20, 2016

| Week ending | 28-May-16 | 4-Jun-16 | 11-Jun-16 | 18-Jun-16 | 25-Jun-16 | 2-Jul-16 | 9-Jul-16 | 16-Jul-16 | 23-Jul-16 | 30-Jul-16 | 6-Aug-16 | 13-Aug-16 | 20-Aug-16 | Total | Notes |
|---|--------------|--------------|--------------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------|-------|
| Receipts | | | | | | | | | | | | | | | |
| Bank Interest | | \$ 1,500 | | | | \$ 1,500 | | | | | \$ 1,500 | | | \$ 4,500 | |
| Transfer from Bishop & McKenzie LLP | | | | 5,838,623 | | | | | | | | | | 5,838,623 | 1 |
| Loan payments | | 28,189 | | | | 28,189 | | | | | 28,189 | | | 84,566 | 2 |
| Total receipts | | 29,689 | | 5,838,623 | | 29,689 | | | | | 29,689 | | | 5,927,689 | |
| Disbursements | | | | | | | | | | | | | | | |
| Management fee | (23,000) | | | (11,500) | | | | (11,500) | | | | | (11,500) | (57,500) | 3 |
| Restructuring fees | (75,000) | | | | (75,000) | | | | (75,000) | | | | | (225,000) | 4 |
| CRO | (20,580) | | | | (10,290) | | | | (10,290) | | | | | (41,160) | 5 |
| DIL Distribution | (452,045) | | | (7,000,000) | | | | | | | | | | (7,452,045) | 6 |
| Total disbursements | (570,625) | | | (7,011,500) | (85,290) | | | (11,500) | (85,290) | | | | (11,500) | (7,775,705) | |
| Net cash flow | \$ (570,625) | \$ 29,689 | \$ - | \$ (1,172,877) | \$ (85,290) | \$ 29,689 | \$ - | \$ (11,500) | \$ (85,290) | \$ - | \$ 29,689 | \$ - | \$ (11,500) | \$ (1,848,016) | |
| Cash and marketable securities on hand | | | | | | | | | | | | | | | |
| Beginning balance | \$ 3,030,236 | \$ 2,459,611 | \$ 2,489,300 | \$ 2,489,300 | \$ 1,316,423 | \$ 1,231,133 | \$ 1,260,822 | \$ 1,260,822 | \$ 1,249,322 | \$ 1,164,032 | \$ 1,164,032 | \$ 1,193,721 | \$ 1,193,721 | \$ 3,030,236 | |
| Net cash flow | (570,625) | 29,689 | - | (1,172,877) | (85,290) | 29,689 | - | (11,500) | (85,290) | - | 29,689 | - | (11,500) | (1,848,016) | 7 |
| Ending balance | \$ 2,459,611 | \$ 2,489,300 | \$ 2,489,300 | \$ 1,316,423 | \$ 1,231,133 | \$ 1,260,822 | \$ 1,260,822 | \$ 1,249,322 | \$ 1,164,032 | \$ 1,164,032 | \$ 1,193,721 | \$ 1,193,721 | \$ 1,182,221 | \$ 1,182,221 | |

Prepared as at the 27th day of May, 2016.

Purpose:

This Statement of Projected Cash Flow (the "Cash Flow") has been prepared by management pursuant to section 10(2)(a) of the *Companies' Creditors' Arrangement Act* ("CCAA"). It is being filed specifically for the purposes contemplated in that section and readers are cautioned that it may not be appropriate for other purposes. The Cash Flow has been prepared based on the hypothetical and probable assumptions described in the general and specific notes. In addition, the Cash Flow has been prepared based on assumptions regarding future events; therefore actual results may vary from the estimates presented herein and these variances may be material.

The Lutheran Church - Canada, the
Alberta British Columbia District
Investments Ltd.



Per: Cameron Sherban, Chief
Restructuring Officer

Notes & Assumptions - General:

1. Unless otherwise stated, amounts are based on historical data and management estimates.
2. All amounts include applicable GST.
3. DIL has not processed any depositors redemptions since January 2, 2015.
4. DIL has filed a plan of compromise and arrangement (the "DIL Plan") in the CCAA proceedings, which has been approved by the required majority of creditors but remains subject to Court approval.

Notes & Assumptions - Specific:

1. Includes the funds held in trust by Bishop Mckenzie LLP from the pay-out of loans from Faith Lutheran Church in Surrey, British Columbia, Bethlehem Lutheran Church in Calgary, Alberta, Walnut Grove Lutheran Church in Langley, British Columbia, Good Shepherd Lutheran Church in Calgary, Alberta and Redeemer Lutheran Church in High Prairie, Alberta as well as amounts collected from the residents, who hold life leases on condominiums within Prince of Peace Village, pursuant to Encharis Community Housing and Services' plan of compromise and arrangement.
2. Includes mortgage payments related to a property in Strathmore, AB.
3. Represents a monthly management fees payable to the District.
4. Represents anticipated amounts payable to DIL's legal counsel, the CCAA Monitor, the CCAA Monitor's legal counsel and representative counsel for the creditors' committee that was established for DIL.
5. Includes amounts payable to Klauene Partners as the Chief Restructuring Officer.
6. On August 28, 2015, the Court granted an Order (as subsequently amended) approving the transfer of \$15.0 million from the registered retirement savings plans currently held by DIL to new registered retirement savings plans held by Great West Life Assurance Company ("GWL") or, for holders of RRIFs and LIFs, to alternate service providers. Not all RRIF and LIF holders have requested the transfer of funds and \$452,045 remains to be distributed from the First DIL Distribution. In addition, on April 27, 2016, the Court granted an Order approving a further interim distribution of up to \$7.5 million from the registered retirement savings plans currently held by DIL to new registered retirement savings plans held by GWL, or for holders of RRIFs and LIFs, to alternate service providers (the "Second DIL Distribution"). It is anticipated that approximately \$7.0 million of the Second DIL Distribution will be distributed over the thirteen week period ending August 20, 2016.

Schedule 20

Encharis Community Housing and Services ("ECHS")
Statement of Projected Cash Flow
For the Thirteen Week Period Ending August 20, 2016

| Week ending | 28-May-16 | 4-Jun-16 | 11-Jun-16 | 18-Jun-16 | 25-Jun-16 | 2-Jul-16 | 9-Jul-16 | 16-Jul-16 | 23-Jul-16 | 30-Jul-16 | 6-Aug-16 | 13-Aug-16 | 20-Aug-16 | Total | Notes |
|----------------------------|------------|--------------|--------------|------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------|
| Receipts | | | | | | | | | | | | | | | |
| Lease revenue | | \$ 120,000 | | | | \$ 120,000 | | | | | \$ 120,000 | | | \$ 360,000 | 1 |
| Water and sewage revenue | 19,008 | 38,000 | 6,336 | | | 38,000 | 6,336 | | | | 38,000 | 6,336 | | 152,016 | 2 |
| RV lot rental | | 1,000 | | | | 1,000 | | | | | 1,000 | | | 3,000 | |
| Total receipts | 19,008 | 159,000 | 6,336 | | | 159,000 | 6,336 | | | | 159,000 | 6,336 | | 515,016 | |
| Disbursements | | | | | | | | | | | | | | | |
| Operating expenses | (4,816) | (7,500) | (39,816) | (7,500) | (4,816) | (7,500) | (39,816) | (7,500) | (4,816) | (7,500) | (4,816) | (42,500) | (4,816) | (183,712) | 3 |
| Restructuring fees | | (35,000) | | | (35,000) | | | | (35,000) | | | | (35,000) | (140,000) | 4 |
| CRO | (4,410) | | (4,410) | | | | | (4,410) | | | | (4,410) | | (17,640) | |
| Contingency | | (10,000) | | | | (10,000) | | | | | (10,000) | | | (30,000) | 5 |
| Total disbursements | (9,226) | (52,500) | (44,226) | (7,500) | (39,816) | (17,500) | (39,816) | (11,910) | (39,816) | (7,500) | (14,816) | (46,910) | (39,816) | (371,352) | |
| Net cash flow | \$ 9,782 | \$ 106,500 | \$ (37,890) | \$ (7,500) | \$ (39,816) | \$ 141,500 | \$ (33,480) | \$ (11,910) | \$ (39,816) | \$ (7,500) | \$ 144,184 | \$ (40,574) | \$ (39,816) | \$ 143,664 | |
| Cash on hand | | | | | | | | | | | | | | | |
| Beginning balance | \$ 920,831 | \$ 930,613 | \$ 1,037,113 | \$ 999,223 | \$ 991,723 | \$ 951,907 | \$ 1,093,407 | \$ 1,059,927 | \$ 1,048,017 | \$ 1,008,201 | \$ 1,000,701 | \$ 1,144,885 | \$ 1,104,311 | \$ 920,831 | |
| Net cash flow | 9,782 | 106,500 | (37,890) | (7,500) | (39,816) | 141,500 | (33,480) | (11,910) | (39,816) | (7,500) | 144,184 | (40,574) | (39,816) | 143,664 | |
| Ending balance | \$ 930,613 | \$ 1,037,113 | \$ 999,223 | \$ 991,723 | \$ 951,907 | \$ 1,093,407 | \$ 1,059,927 | \$ 1,048,017 | \$ 1,008,201 | \$ 1,000,701 | \$ 1,144,885 | \$ 1,104,311 | \$ 1,064,495 | \$ 1,064,495 | 6 |

Prepared as at the 27th day of May, 2016.

Purpose:

This Statement of Projected Cash Flow (the "Cash Flow") has been prepared by management pursuant to section 10(2)(a) of the *Companies' Creditors' Arrangement Act* ("CCAA"). It is being filed specifically for the purposes contemplated in that section and readers are cautioned that it may not be appropriate for other purposes. The Cash Flow has been prepared based on the hypothetical and probable assumptions described in the general and specific notes. In addition the Cash Flow has been prepared based on assumptions regarding future events; therefore actual results may vary from the estimates presented herein and these variances may be material.

Encharis Community Housing and Services



Per: Cameron Sherban, Chief Restructuring Officer

Notes & Assumptions - General:

1. Unless otherwise stated, amounts are based on historical data and management estimates.
2. All amounts include applicable GST.
3. ECHS' plan of compromise and arrangement (the "ECHS Plan") has been sanctioned by the Court of Queen's Bench of Alberta.

Notes & Assumptions - Specific:

1. ECHS leases land and buildings within the development known as the Prince of Peace to Encharis Management and Support Services ("EMSS"), a related entity. EMSS operates as the Prince of Peace Manor and Harbour, providing integrated supportive living services to seniors based on their assessed care needs. Monthly lease payments are \$120,000. Monthly payments are due on the 1st of each month from EMSS to ECHS with respect to this lease.
2. ECHS provides water and sewer services to EMSS, to the elementary school located in the Prince of Peace development and to residents of a condominium complex known as the Prince of Peace Village (the "Residents"). All Residents have their payments processed by EFT on the first of the month. EMSS makes their payment to ECHS during the first week of each month. The elementary school makes payments each month as funds are available.
3. Monthly accounts payable average approximately \$56,500 per month.
4. Represents anticipated amounts payable to ECHS' legal counsel, the CCAA Monitor and the CCAA Monitor's legal counsel.
5. Includes payments related to the repair of roadways and the master-site plan approval process.
6. Includes amounts held by ECHS in their operating account with Bank of Montreal. Bishop & McKenzie LLP, legal counsel to ECHS are holding approximately \$7.9 million from the sale of lands in Chestermere, Alberta in trust, which are not reflected herein.

Schedule 21

Encharis Management and Support Services ("EMSS")
Statement of Projected Cash Flow
For the Thirteen Week Period Ending August 20, 2016

| Week ending | 28-May-16 | 4-Jun-16 | 11-Jun-16 | 18-Jun-16 | 25-Jun-16 | 2-Jul-16 | 9-Jul-16 | 16-Jul-16 | 23-Jul-16 | 30-Jul-16 | 6-Aug-16 | 13-Aug-16 | 20-Aug-16 | Total | Notes |
|---|---------------------|-------------------|---------------------|--------------------|---------------------|-------------------|---------------------|--------------------|---------------------|--------------------|-------------------|--------------------|---------------------|--------------------|-------|
| Receipts | | | | | | | | | | | | | | | |
| Rent | | \$ 450,000 | | | | \$ 450,000 | | | | | \$ 450,000 | | | \$ 1,350,000 | 1 |
| Alberta Health Services ("AHS") funding | | 390,248 | | | | 390,248 | | | | | 390,248 | | | 1,170,744 | 2 |
| Miscellaneous revenue | 1,000 | 1,000 | 3,000 | 1,000 | 1,000 | 1,000 | 3,000 | 1,000 | 1,000 | 1,000 | 1,000 | 3,000 | 1,000 | 19,000 | 3 |
| Total receipts | 1,000 | 841,248 | 3,000 | 1,000 | 1,000 | 841,248 | 3,000 | 1,000 | 1,000 | 1,000 | 841,248 | 3,000 | 1,000 | 2,539,744 | |
| Disbursements | | | | | | | | | | | | | | | |
| Payroll | (200,000) | | (196,500) | | (196,500) | | (196,500) | | (196,500) | | (196,500) | | (196,500) | (1,379,000) | 4 |
| RRSP's | (2,750) | | (2,750) | | (2,750) | | (2,750) | | (2,750) | | (2,750) | | (2,750) | (19,250) | |
| Health Benefits | | | | (29,000) | | | | (29,000) | | | | (29,000) | | (87,000) | |
| Administrative expenses | (2,000) | (19,000) | (2,000) | (19,000) | (2,000) | (19,000) | (2,000) | (19,000) | (2,000) | (19,000) | (2,000) | (19,000) | (2,000) | (128,000) | 5 |
| Food services expenses | (10,000) | (10,000) | (10,000) | (10,000) | (10,000) | (10,000) | (10,000) | (10,000) | (10,000) | (10,000) | (10,000) | (10,000) | (10,000) | (130,000) | |
| Housekeeping expenses | (750) | (1,750) | (750) | (1,750) | (750) | (1,750) | (750) | (1,750) | (750) | (1,750) | (750) | (1,750) | (750) | (15,750) | |
| Healthcare expenses | (400) | (1,000) | (400) | (1,000) | (400) | (1,000) | (400) | (1,000) | (400) | (1,000) | (400) | (1,000) | (400) | (8,800) | |
| Maintenance expenses | (4,000) | (22,000) | (4,000) | (22,000) | (4,000) | (22,000) | (4,000) | (22,000) | (4,000) | (22,000) | (4,000) | (22,000) | (4,000) | (160,000) | |
| Utility expenses | (40,000) | (4,000) | (4,000) | (4,000) | (4,000) | (35,000) | (4,000) | (4,000) | (4,000) | (35,000) | (4,000) | (4,000) | (4,000) | (150,000) | 6 |
| Diversicare | | (22,000) | | | | | (22,000) | | | | (22,000) | | | (66,000) | 7 |
| Lease payments | | (120,000) | | | | (120,000) | | | | | (120,000) | | | (360,000) | 8 |
| Restructuring fees | | (35,000) | | | | (35,000) | | | | | (35,000) | | | (105,000) | 9 |
| CRO | | (4,410) | | (4,410) | | | | (4,410) | | | | (4,410) | | (17,640) | |
| Total disbursements | (259,900) | (239,160) | (220,400) | (91,160) | (220,400) | (243,750) | (242,400) | (91,160) | (220,400) | (88,750) | (397,400) | (91,160) | (220,400) | (2,626,440) | |
| Net cash flow | \$ (258,900) | \$ 602,088 | \$ (217,400) | \$ (90,160) | \$ (219,400) | \$ 597,498 | \$ (239,400) | \$ (90,160) | \$ (219,400) | \$ (87,750) | \$ 443,848 | \$ (88,160) | \$ (219,400) | \$ (86,696) | |

| Cash on hand | | | | | | | | | | | | | | | |
|-----------------------|-------------------|---------------------|---------------------|---------------------|-------------------|---------------------|---------------------|---------------------|-------------------|-------------------|---------------------|---------------------|-------------------|-------------------|----|
| Beginning balance | \$ 1,050,660 | \$ 791,760 | \$ 1,393,848 | \$ 1,176,448 | \$ 1,086,288 | \$ 866,888 | \$ 1,464,386 | \$ 1,224,986 | \$ 1,134,826 | \$ 915,426 | \$ 827,676 | \$ 1,271,524 | \$ 1,183,364 | \$ 1,050,660 | |
| Net cash flow | (258,900) | 602,088 | (217,400) | (90,160) | (219,400) | 597,498 | (239,400) | (90,160) | (219,400) | (87,750) | 443,848 | (88,160) | (219,400) | (86,696) | 10 |
| Ending balance | \$ 791,760 | \$ 1,393,848 | \$ 1,176,448 | \$ 1,086,288 | \$ 866,888 | \$ 1,464,386 | \$ 1,224,986 | \$ 1,134,826 | \$ 915,426 | \$ 827,676 | \$ 1,271,524 | \$ 1,183,364 | \$ 963,964 | \$ 963,964 | |

Prepared as at the 27th day of May, 2016.

Purpose:

This Statement of Projected Cash Flow (the "Cash Flow") has been prepared by management pursuant to section 10(2)(a) of the *Companies' Creditors' Arrangement Act* ("CCAA"). It is being filed specifically for the purposes contemplated in that section and readers are cautioned that it may not be appropriate for other purposes. The Cash Flow has been prepared based on the hypothetical and probable assumptions described in the general and specific notes. In addition, the Cash Flow has been prepared based on assumptions regarding future events; therefore actual results may vary from the estimates presented herein and these variances may be material.

Encharis Management and Support Services



Per: Cameron Sherban, Chief Restructuring Officer

Notes & Assumptions - General:

1. Unless otherwise stated, amounts are based on historical data and management estimates.
2. All amounts include applicable GST.
3. EMSS holds security deposits for PAL and independent residents in a separate trust account.
4. EMSS' plan of compromise and arrangement has been sanctioned by the Court of Queen's Bench of Alberta.

Notes & Assumptions - Specific:

1. Rents include all Alberta Health Services ("AHS") beds, independent beds and small rental amounts for the drug store and hair salon.
2. Annual funding revenue taken from the funding advice received from AHS on July 23, 2014.
3. Includes food services revenue, damage repair revenue and miscellaneous revenue (stamps, photocopying, etc.).
4. Payroll is withdrawn every second Friday and includes Canada Revenue Agency payroll source deductions.
5. Includes all administrative department expenses, payments to contractors who provide accounting, management and pastoral services, WCB, information technology and cable.
6. EMSS obtains water and sewer services from ECHS.
7. A contract is in place with Verve, formerly known as Diversicare Canada Management Services Co., Inc. related to the operations of the Harbour and the Manor seniors' care facilities.
8. ECHS, a related entity owns land and buildings within the development known as Prince of Peace, which they lease to EMSS. EMSS operates as the Prince of Peace Manor and Harbour, providing integrated supportive living services to seniors based on their assessed care needs. Monthly lease payments are \$120,000. Monthly payments are due on the 1st of each month from EMSS to ECHS with respect to this lease.
9. Represents anticipated amounts payable to EMSS' legal counsel, the CCAA Monitor and the CCAA Monitor's legal counsel.
10. Includes amounts held by EMSS in their operating account with Bank of Montreal.

Schedule 22

The Lutheran Church - Canada, The Alberta - British Columbia District (the "District") including the Church Extension Fund ("CEF")
Variance Analysis
For the period from March 6, 2016 to May 21, 2016

| | Forecast (F) | Actual (A) | Variance (A-F) | Notes |
|--|---------------------|---------------------|---------------------|-------|
| Cash flow from CEF operations | | | | |
| Receipts | | | | |
| Lease payments | \$ 58,036 | \$ 58,036 | \$ - | |
| Loan Payout | 608,000 | - | (608,000) | 1 |
| Bank Interest Income | 3,000 | 2,569 | (431) | |
| Management fees from DIL | 38,685 | 51,466 | 12,781 | 2 |
| Loan interest and principal payments | 45,116 | 45,495 | 379 | 2 |
| Total Receipts | 752,837 | 157,565 | (595,272) | |
| Disbursements | | | | |
| Mortgage payments | (56,378) | (56,377) | 1 | |
| CEF salaries and benefits | (53,400) | (59,115) | (5,715) | |
| Operating expenses | (13,200) | (2,544) | 10,656 | |
| Plant fund | (1,000) | (208) | 792 | |
| Emergency fund | (56,000) | (48,825) | 7,175 | 3 |
| Restructuring fees | (150,000) | (284,118) | (134,118) | 4 |
| CRO | (20,580) | (20,580) | - | |
| Total disbursements | (350,558) | (471,767) | (121,209) | |
| Net cash flow from CEF operations | 402,279 | # (314,202) | (716,481) | |
| Cash flow from other District operations | | | | |
| Receipts | | | | |
| Donations | - | 5,342 | 5,342 | 5 |
| Agency Funds/Restricted Funds | - | 27,370 | 27,370 | 6 |
| Mission remittances | 121,000 | 101,128 | (19,872) | 5 |
| Total receipts | 121,000 | 133,840 | 12,840 | |
| Disbursements | | | | |
| Salaries and benefits | (26,400) | (26,897) | (497) | 2 |
| Administrative expenses, travel and utilities | (17,000) | (20,031) | (3,031) | 2 |
| Outreach operating expenses | (26,374) | (23,482) | 2,892 | 2 |
| Parish and school services operating expenses | - | - | - | |
| Department of Stewardship and Financial Ministries operating expenses | (2,000) | - | 2,000 | 5 |
| President's expenses | (8,250) | (17,706) | (9,456) | 5 |
| Mission to LCC | (18,000) | (25,928) | (7,928) | 5 |
| Contingency | (5,000) | - | 5,000 | 2 |
| Total disbursements | (103,024) | (114,044) | (11,020) | |
| Net cash flow from other District operations | 17,976 | 19,796 | 1,820 | |
| Total net cash flow | \$ 420,255 | \$ (294,406) | \$ (714,661) | |
| Cash and marketable securities on hand | | | | |
| Beginning balance | \$ 4,645,742 | \$ 5,320,176 | \$ 674,434 | 7 |
| Total net cash flow | 420,255 | (294,406) | (714,661) | |
| Net change in value of marketable securities/ adjustment to exchange rates | | 47,076 | 47,076 | |
| Ending balance | \$ 5,065,997 | 5,072,847 | \$ 6,849 | |

Notes:

- Variance related to the repayment of a loan from Trinity Lutheran Church in Fort McMurray, Alberta (the "Fort McMurray Congregation", the "Fort McMurray Loan"), which is secured by way of a registered mortgage on the property that houses the Fort McMurray congregation (the "Fort McMurray Property"). A pending sale was in place with respect to the Fort McMurray Property, however, this sale failed to close. The Fort McMurray Congregation has been reviewing their options with respect to refinancing the Fort McMurray Loan, however, given the recent forest fires in and around Fort McMurray, these refinancing efforts are anticipated to be delayed.
- Timing related variances, which are expected to reverse themselves in future weeks
- A permanent variance due to selected depositors reaching the maximum amount available to them pursuant to the emergency fund whereby high need individuals are able to access funds on a monthly basis during the CCAA proceedings.
- A permanent variance as a result of fees payable to the District's legal counsel, the CCAA Monitor, the CCAA Monitor's legal counsel and representative counsel for the creditors' committee that was established for the District being higher than originally forecast. This was partially as a result of the application by the District to file the District Plan, subject to any further amendments being made, and to present the District Plan to their creditors being contested.
- Permanent variances as a result of receipts/ disbursements being higher/ lower than what was originally forecast.
- A permanent variance as a result of receipts for storage fees from Lutheran Church - Canada and supported pooled fund payments (for short-term disability for church and school employees), which are only invoiced/ received on an annual basis and were erroneously excluded from the original forecast.
- A permanent variance as a result of an investment account held with Richardson (GMP) being erroneously excluded from the original forecast.

Schedule 23

The Lutheran Church - Canada, The Alberta - British Columbia District Investments Ltd. ("DIL")
Variance Analysis
For the period from March 6, 2016 to May 21, 2016

| | Forecast (F) | Actual (A) | Variance (A-F) | Notes |
|---|-----------------------|-----------------------|-----------------------|--------------|
| Receipts | | | | |
| Bank interest income | \$ 3,000 | \$ 2,199 | \$ (801) | |
| Loan payments | 92,252 | 74,314 | (17,938) | 1 |
| Total receipts | 95,252 | 76,513 | (18,739) | |
| Disbursements | | | | |
| Management fees | (38,685) | (51,466) | (12,781) | 1 |
| Restructuring fees | (225,000) | (249,100) | (24,100) | 2 |
| Operating expenses | - | (3,783) | (3,783) | 3 |
| CRO | (30,870) | (20,580) | 10,290 | 1 |
| Interim distributions | (1,310,769) | (863,334) | 447,435 | 1 & 4 |
| Total disbursements | (1,605,324) | (1,188,263) | 417,061 | |
| Net cash flow | \$ (1,510,072) | \$ (1,111,750) | \$ 398,322 | |
| Cash and marketable securities on hand | | | | |
| Beginning balance | \$ 4,141,986 | \$ 4,141,986 | \$ - | |
| Total net cash flow | (1,510,072) | (1,111,750) | 398,322 | |
| Ending balance | \$ 2,631,914 | \$ 3,030,236 | \$ 398,322 | |

Notes:

1. Timing related variances, which are expected to reverse themselves in future weeks.
2. Permanent variance as a result of fees payable to the District's legal counsel, the CCAA Monitor, the CCAA Monitor's legal counsel and representative counsel for the creditors' committee that was established for the District being higher than what was originally forecast.
3. Permanent variance as a result of fees being paid to FI Capital Ltd. for investment services provided in a prior period, which had not yet been invoiced and were erroneously excluded from the forecast.
4. On August 28, 2015, the Court granted an Order (as subsequently amended) approving the transfer of \$15.0 million from the registered retirement savings plans currently held by DIL to new registered retirement savings plans held by Great West Life Assurance Company or, for holders of RRIFs and LIFs, to alternate service providers. Not all RRIF and LIF holders have requested the transfer of funds.

Schedule 24

Encharis Community and Housing Services
Variance Analysis
For the period from March 6, 2016 to May 21, 2016

| | Forecast (F) | Actual (A) | Variance (A-F) | Notes |
|----------------------------|---------------------|-------------------|-----------------------|--------------|
| Receipts | | | | |
| Lease revenue | \$ 240,000 | \$ 240,000 | \$ - | |
| Water and sewage revenue | 95,008 | 79,916 | (15,092) | 1 |
| RV lot rental | 2,000 | 2,000 | - | |
| Total receipts | 337,008 | 321,916 | (15,092) | |
| Disbursements | | | | |
| Operating expenses | (173,900) | (166,335) | 7,565 | 2 |
| Plan Payment | (57,534) | (57,169) | 365 | |
| Restructuring fees | (101,180) | (57,148) | 44,032 | 1 |
| CRO | (8,820) | (17,640) | (8,820) | 1 |
| Contingency | (20,000) | - | 20,000 | 1 |
| Total disbursements | (361,434) | (298,292) | 63,143 | |
| Net cash flow | \$ (24,426) | \$ 23,624 | \$ 48,050 | |

| | | | | |
|-----------------------|-------------------|-------------------|------------------|--|
| Cash on hand | | | | |
| Beginning balance | \$ 897,207 | \$ 897,207 | \$ - | |
| Net cash flow | (24,426) | 23,624 | 48,050 | |
| Ending balance | \$ 872,781 | \$ 920,831 | \$ 48,050 | |

Notes:

1. Timing related variances, which are expected to reverse themselves in future weeks.
2. Permanent variance due to operating expenses being lower than originally forecast.

Schedule 25

Encharis Management and Support Services ("EMSS")
Variance Analysis
For the period from March 6, 2016 to May 21, 2016

| | Forecast (F) | Actual (A) | Variance (A-F) | Notes |
|---|---------------------|---------------------|-----------------------|--------------|
| Receipts | | | | |
| Rent | \$ 884,000 | \$ 921,617 | \$ 37,617 | 1 |
| Alberta Health Services ("AHS") funding | 777,688 | 812,203 | 34,515 | 2 |
| Miscellaneous revenue | 11,000 | 14,571 | 3,571 | 3 |
| Total receipts | 1,672,688 | 1,748,391 | 75,703 | |
| Disbursements | | | | |
| Payroll | (982,500) | (986,055) | (3,555) | 4 |
| RRSP's | (44,000) | (56,990) | (12,990) | 5 |
| Health Benefits | (105,000) | (72,601) | 32,399 | 6 |
| Administrative expenses | (130,000) | (116,154) | 13,846 | 3 |
| Food services expenses | (101,200) | (107,348) | (6,148) | 3 |
| Housekeeping expenses | (16,950) | (14,450) | 2,500 | 4 |
| Healthcare expenses | (7,250) | (9,659) | (2,409) | 4 |
| Maintenance expenses | (140,000) | (127,186) | 12,814 | |
| Utility expenses | (122,500) | (116,676) | 5,824 | 4 |
| Diversicare | (44,000) | (68,227) | (24,227) | 4 |
| Lease payments | (240,000) | (240,000) | - | |
| Plan Payments | (78,056) | (78,763) | (707) | |
| Restructuring fees | (105,000) | (71,235) | 33,765 | 4 |
| CRO | (13,230) | (17,640) | (4,410) | 4 |
| Total disbursements | (2,129,686) | (2,082,984) | 46,702 | |
| Net cash flow | \$ (456,998) | \$ (334,593) | \$ 122,405 | |
| Cash on hand | | | | |
| Beginning balance | \$ 1,385,253 | \$ 1,385,253 | \$ - | |
| Net cash flow | (456,998) | (334,593) | 122,405 | |
| Ending balance | \$ 928,255 | \$ 1,050,660 | \$ 122,405 | |

Notes:

1. A permanent variance, largely due to an increase in occupancy from what was originally forecast.
2. A permanent variance as a result of funding for an additional day being provided by Alberta Health Services due to 2016 being a leap year.
3. A permanent variance as a result of receipts/ disbursements being higher/ lower than what was originally forecast.
4. Timing related variances, which are expected to reverse themselves in future weeks.
5. A permanent variance due to changes to EMSS' employee RRSP program.
6. A permanent variance due to a change in the health benefits provider for EMSS.