



COURT FILE NUMBER 1501-00955

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

DOCUMENT SIXTH 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 SEPTEMBER 9, 2015

**ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
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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, Encharis Management and Support Services and Lutheran Church – Canada, the Alberta – British Columbia District Investments Ltd. (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 invest 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.
3. The Initial Order provided for an initial stay of proceedings (the “Stay”) until February 20, 2015. The Court has now granted four extensions of the Stay with the most recent Order being granted at an application on August 28, 2015 (the “August 28 Hearing”), which extended the Stay until October 30, 2015.
4. Prior to the Initial Order being granted, Deloitte prepared a Pre-Filing Report of the Proposed Monitor dated January 22, 2015. The Monitor subsequently filed the First Report of the Monitor dated February 17, 2015, the Second Report of the Monitor dated March 23, 2015 (the “Second Report”), the Third Report of the Monitor dated June 16, 2015, the Fourth Report of the Monitor dated June 24, 2015 (the “Fourth Report”) and the Fifth Report of the Monitor dated August 24, 2015 (the “Fifth Report”, collectively the “Reports”). 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 and a confidential supplement to the Fifth Report dated August 26, 2015 (the “Third Supplement, collectively the “Supplements”). The Supplements provided the Court with additional detail with respect to the District Group’s applications for the approval of the sale of six parcels of land defined in the Reports and the Supplements as the Chestermere Lands, the St. Albert Lands, the Faith Lands, the Village Condo and the Richmond Condo (the Sale Lands”) and lands in Revelstoke, British Columbia (the “Revelstoke Lands”). The Supplements were sealed by the Court in order to avoid

tainting any future sale process that would be required should any of the transactions involving the Sale Lands or the Revelstoke Lands fail to close.

5. Capitalized terms not otherwise defined herein shall have the meanings given to them in the Reports and the Supplements.
6. 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

7. 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, interested parties and stakeholders. The Monitor has not performed an independent review or audit of the information provided.
8. 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. All amounts included herein are in Canadian dollars unless otherwise stated.

Court Applications

10. The activities of both the Monitor and the Applicants leading up to the August 28 Hearing are detailed in the Reports.
11. At the August 28 Hearing, this Honourable Court approved Orders including the following relief:
 - 11.1. Extending the Stay from August 28 to October 30, 2015;
 - 11.2. Approving an offer (the “Revelstoke Offer”) on the sale of the Revelstoke Lands, which are municipally known as 1502 Mountainview Drive in Revelstoke, British Columbia and are legally described as follows:

Lot 1, Section 23, Township 23, Range 2 West of the 6th Meridian Kootenay District Plan 16318;
 - 11.3. Authorizing DIL to transfer up to \$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;
 - 11.4. Authorizing DIL to release personal information respecting depositors to DIL to GWL and its agent, Yellow Raincoat Benefit Consultants;
 - 11.5. Sealing the Confidential Affidavit of Kurtis Robinson, sworn on August 17, 2015 and the Third Supplement, both of which provided additional information related to the Revelstoke Offer;
 - 11.6. Approving payment of real estate commissions payable on the Faith Lands; and
 - 11.7. Extending the claims bar date set out in the claims process that was approved by the Court on February 20, 2015 to allow ARS Collection Agency of Canada Inc., operating as Fiserv and Fiserv Solutions, to submit a proof of claim in the CCAA proceedings.
12. Subsequent to the August 28 Hearing, the buyer failed to waive the conditions included in the Revelstoke Offer (as further described herein) and, as such, the transaction contemplated in the Revelstoke Offer cannot be completed.
13. The District Group will be making an application to this Honourable Court at a hearing on September 14, 2015 (the “September 14 Hearing”) seeking the following relief:
 - 13.1. Approving a subsequent transaction involving the Revelstoke Lands (the “Revelstoke Transaction”); and

- 13.2. Sealing the Confidential Affidavit of Kurtis Robinson, sworn on August September 4, 2015 (the “Confidential Affidavit”), which provides additional information related to the Revelstoke Transaction.

The Revelstoke Transaction

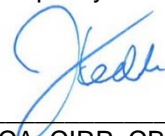
14. As reported above, the District is seeking Court approval at the September 14 Hearing for the Revelstoke Transaction.
15. The District is the registered owner of the Revelstoke Lands and there are no mortgages or other financial encumbrances registered on title for the Revelstoke Lands. The 2015 Property Assessment Notice attributed an assessed value of \$348,400 to the Revelstoke Lands (the "Assessed Value").
16. In November 2014, the District signed a Multiple Listing Contract (the "Listing Contract") with RE/MAX Revelstoke Realty ("RE/MAX") with respect to the Revelstoke Lands with Mr. Raymond Cretelli acting as the listing agent (the "Realtor"). Pursuant to the Listing Agreement, a commission of 6% is payable on the first \$100,000 of the purchase price and a commission of 3% is payable on the remainder of the purchase price (the "Commission"). The Commission is payable to RE/MAX upon the closing of the sale of the Revelstoke Lands.
17. The Revelstoke Lands were listed on the Multiple Listing Service ("MLS") in November 2014. In addition to being listed on MLS, RE/MAX has advised that their marketing efforts included the following:
 - 17.1. Advertising on the www.revelstoke-realty.com website, on the Revelstoke cable TV real estate channel, in the RE/MAX Revelstoke Realty marketing catalogue, and in the Revelstoke Times Review; and
 - 17.2. Advertising in a front window display and placing a "for sale" sign on the Revelstoke Lands.
18. The Monitor has been advised that the marketing and sale of the Revelstoke Lands is complicated by the following:
 - 18.1. The limited pool of qualified buyers in and around Revelstoke; and
 - 18.2. Challenges related to the zoning of the Revelstoke Lands, which are not zoned for residential use but are located in a residential area.
19. The Revelstoke Lands were originally listed for \$495,000 but the list price was reduced to \$450,000 in May 2015. We are advised that there have been an average of four showings a month for the Revelstoke Lands since the property was listed with a surge in showings since the list price was reduced. Five offers from four potential purchasers were received in advance of the District accepting the Revelstoke Offer in July 2015.

20. As previously reported, the District sought approval of the Revelstoke Offer at the August 28 Hearing. The Revelstoke Offer was subject to buyer's conditions, including financing and the buyer obtaining and approving an inspection report and approval for appropriate insurance coverage. The Revelstoke Offer was approved by the District's creditors' committee (the "District Committee") on August 25, 2015 and was approved by the Court on August 28, 2015. The deadline for removal of the buyer's conditions was August 31, 2015; however, the buyer failed to waive the conditions on the Revelstoke Offer.
21. On September 4, 2015, the District accepted a second offer on the Revelstoke Lands (the "Second Revelstoke Offer"), which the District had previously declined to accept due to the purchase price being lower than the purchase price contemplated in the Revelstoke Offer. The Second Revelstoke Offer forms the basis for the Revelstoke Transaction.
22. The Revelstoke Transaction is unconditional, subject only to District Committee and Court approval, and has a closing date of September 18, 2015. The District Committee approved the Revelstoke Transaction on September 9, 2015. The proposed buyer has paid a deposit with respect to the Revelstoke Transaction, which is being held in trust by RE/MAX (the "Deposit"). The amount of the purchase price contemplated in the Revelstoke Transaction and the amount of the Deposit are set out in the Confidential Affidavit. The Monitor has been advised that the Realtor is recommending proceeding with the Revelstoke Transaction and that, should the Revelstoke Transaction fail to close, an extended marketing process will likely be required to solicit additional offers on the Revelstoke Lands.
23. The Monitor has reviewed the documents associated with the sale of the Revelstoke Lands, including the listing agreement and the contract of purchase and sale. The Monitor has also consulted with Deloitte's real estate advisory group with respect to the sale of the Revelstoke Lands. Based on the Monitor's review, it is satisfied that the Revelstoke Transaction is commercially reasonable and that, based on the market and the time required to complete a further marketing process, the Revelstoke Transaction would be more beneficial to the District Depositors than a sale or disposition in a liquidation scenario.
24. The Monitor understands that the proceeds from the Revelstoke Transaction will be held in trust for the purpose of being included in any plan of arrangement (the "Plan") that is filed by the District Group.

Conclusion

25. The Monitor supports the District Group's application for approval of the sale of the Revelstoke Lands as described herein based on the following:
- 25.1. The sales process appears to be reasonable in the circumstances;
 - 25.2. Should the Revelstoke Transaction not be approved, an extended marketing process may be required to find an alternate purchase for the Revelstoke Lands;
 - 25.3. The Revelstoke Transaction is commercially reasonable and may be more beneficial to the Applicant's creditors than a sale or disposition in a liquidation scenario; and
 - 25.4. The sale proceeds will be held in trust, pending further Order of this Court, for the purpose of being included in the District's 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