



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