

August 16, 2016

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

As you are aware, the District obtained an Initial Order under the *Companies’ Creditors Arrangement Act, R.S.C. 1985 c. C-36, as amended* (the “CCAA”) on January 23, 2015 (the “Filing Date”). Deloitte Restructuring Inc. acts as the Monitor in the CCAA proceedings. Information on the CCAA proceedings can be accessed on 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”).

On August 2, 2016, the Court granted an Order sanctioning the District’s plan of compromise and arrangement (the “District Plan”), declaring that the District Plan is fair and reasonable and declaring that the District Plan and all associated steps, compromises, transactions, arrangements, assignments, releases and reorganizations effected by the District Plan are approved, binding and effective upon those creditors affected by the District Plan (the “District Sanction Order”). Any lawful party wishing to appeal the District Sanction Order, may seek leave to file such an appeal within 21 days (the “Appeal Period”). The District Plan will not be implemented until following the Appeal Period and assuming that the District Sanction Order is not appealed.

The District Sanction Order includes the following direction related to distributions to be made to creditors, who are minors (the “Minor Affected Creditors”), pursuant to the District Plan:

1. Distributions to Minor Affected Creditors that are less than or equal to \$10,000 shall be paid to the guardian of the Minor Affected Creditor upon the guardian providing the Monitor with an executed Guardian’s Acknowledgment of Responsibility form. If you have not previously submitted this form, a copy is attached hereto;
2. Where distributions to Minor Affected Creditors are greater than \$10,000, the guardian shall be named as a trustee of the Minor Affected Creditor’s property upon them providing the Monitor with a sworn Acknowledgement of Appointment as Trustee form, a copy of which is attached hereto; and
3. If the Minor Affected Creditor is 14 years of age or older, but less than 18 years of age, an executed Minor’ Consent form must also be provided, a copy of which is attached hereto.

For clarity, an executed Guardian's Acknowledgment of Responsibility form or a sworn Trustee Appointment form and a Consent of a Minor Form (where required) must be provided in advance of distributions being released to Minor Affected Creditors.

Attached is a statement outlining the following initial payments that will be made pursuant to the District Plan (the "Statement"):

1. The "Convenience Payment(s)" being the lesser of \$5,000 or the total amount of your claim. The Convenience Payments are being made net of any amount that was previously paid to you pursuant to the emergency fund implemented prior to the Filing Date and approved by the Court as part of the Initial Order (the "Emergency Fund"); and
2. The "Initial Cash Distribution(s)" being a pro-rata share of cash from the sale of the District's assets to date, outside of the District's mortgage on properties owned by ECHS within the development known as the Prince of Peace (the "Non-Core Assets"). The Initial Cash Distributions are being made net of any amount that was previously paid to you pursuant to the Emergency Fund.

For Minor Affected Creditors, the corresponding guardian or trustee is listed in the Statement. Please contact Joseph Sithole at 1-587-293-3203 if you have previously submitted the appropriate documentation but believe a change is required to the guardian or trustee reflected in the Statement.

The payments outlined in the Statement are anticipated to be issued to you from the District via regular mail on or before August 31, 2016. **This timing assumes that no application for leave to appeal is filed in respect of the District Sanction Order.** Any updates as to the timing of the payments described in the Statement will be posted on the Monitor's Website.

The following additional distributions will be made in the future pursuant to the District Plan:

1. Further cash distributions from the sale of the Non-Core Assets, which have not yet been disposed. Pursuant to the District Plan, distributions will be made each time the quantum of funds held in trust from the liquidation of the Non-Core Assets, net of applicable holdbacks reaches \$3.0 million; and
2. Shares (the "NewCo Shares") will be distributed forthwith upon the formation of a new company ("NewCo") pursuant to the District Plan.

All creditors would have previously received the Monitor's First Report to the Creditors of the District, dated March 28, 2016 (the "First Report"). "Schedule 5" of the First Report includes a memorandum prepared by Gowlings WLG (Canada) LLP with respect to the tax implications of the District Plan for Eligible Affected Creditors (the "Tax Opinion"). Please refer to the Tax Opinion if you have any questions regarding the tax implications of the District Plan.

If you have any questions, please contact the undersigned or Joseph Sithole at 1-587-293-3203.

Yours truly,

DELOITTE RESTRUCTURING INC.

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



Vanessa Allen, B. Comm, CIRP
Vice-President

GUARDIAN'S ACKNOWLEDGMENT OF RESPONSIBILITY
(MINORS' PROPERTY ACT (SECTION 8))

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 _____ *(date of birth)*.
2. I am the minor's guardian because I am *(check one)*:
 - 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.
4. I request **The District** to deliver to me, to hold as trustee for the minor, money or other property of a total value of \$ _____
that **The District** is holding for the minor.
5. I will use or expend the money or other property only for the minor's benefit.
6. When the minor reaches the age of 18 years I will account to the minor and transfer the balance of the money or other property remaining at that time to the minor.

Date _____

Guardian's Signature _____

Witness _____

**ACKNOWLEDGEMENT OF APPOINTMENT AS
TRUSTEE FOR MINOR AFFECTED CREDITOR**

This Appointment as Trustee is acknowledged by:

Name _____

Address _____

1. This Appointment of Trustee relates to the minor, _____ *(name of minor)*,
who was born on _____ *(date of birth)*.
2. I am the minor's Trustee because I am *(check one)*:
 - 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.
4. I request **The District** to deliver to me, to hold as Trustee for the minor, money or other property that **The District** is holding for the minor.
5. I will use or expend the money or other property only for the minor's benefit.
6. When the minor reaches the age of 18 years I will account to the minor and transfer the balance of the money or other property remaining at that time to the minor.
7. **I UNDERSTAND THAT I WILL HAVE THE POWER AND AUTHORITY TO DO ALL THINGS WHICH TRUSTEES OF MINORS PROPERTY MAY AND OUGHT TO DO ACCORDING TO THE LAWS OF THE PROVINCE OF ALBERTA.**

I SWEAR/AFFIRM THAT I WILL PERFORM THE TRUST OF THE TRUSTEESHIP AND TO ADMINISTER THE PROPERTY OF THE MINOR ACCORDING TO THE LAWS OF THE PROVINCE OF ALBERTA.

SWORN BEFORE ME at the City/Town of _____)
_____, in the Province of _____,)
this ____ day of _____, 201__.

A COMMISSIONER FOR OATHS in _____)
and for the Province of _____)

CONSENT OF A MINOR

To be completed by Minor Affected Creditors between the ages of 14 and 18 years old

This Consent of a Minor Affected Trustee is given by:

Name _____

Address _____

1. I am a minor, my name is: _____ *(name of minor)*,
I was born on _____ *(date of birth)*;
and am _____ years old.

2. I consent and elect my guardian as my Trustee.

3. My guardian is *(check one)*:
- My mother or father: _____ *(name of mother or father)*.
 - My appointed guardian by the deed or will of my deceased parent, _____ *(name of parent)*, who is now deceased.
 - My appointed guardian by a court order, dated _____ *(date of guardianship order)*.

4. My guardian/Trustee's name is: _____ *(name of guardian)*.

5. I request **The District** to deliver to my Trustee, to hold as my trustee, money or other property that **The District** is holding for me.

6. My Trustee will administer my property until I am the age of 18 years.

Date _____

Minor's Signature _____

Witness _____