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February 10, 2015

Notice to Life Lease Residents in the Prince of Peace Village

Re: Lutheran Church – Canada, the Alberta – British Columbia District, Lutheran Church – Canada, the Alberta – British Columbia District Investments Ltd. (“District Investments”), Encharis Community Housing Services (“ECHS”) and Encharis Management and Support Services (collectively, the “District Group”) – Proceedings under the *Companies’ Creditors’ Arrangement Act* (the “CCAA”)

As you are likely aware, the District Group obtained an Initial Order from the Court of Queen’s Bench of Alberta on January 23, 2015. Deloitte Restructuring Inc. (“Deloitte”) acts as Court-appointed Monitor in the CCAA proceedings.

In response to inquiries received by Deloitte, the purpose of this correspondence is to provide information to life lease residents in the Prince of Peace Village (the “Residents”) as to how they may be impacted by the CCAA proceedings.

The Initial Order provides for a stay of proceedings until February 20, 2015. A Court application has been scheduled for February 20, 2015 at which time the District Group will be seeking, among other relief, an extension of the stay of proceedings and Court approval for a claims process (the “Claims Process”). Subject to Court approval, the Residents will be included in the Claims Process. The extension of the stay of proceedings will be required to allow the District Group additional time to formulate their plan of arrangement (the “Plan”).

Based upon information provided to us by the District Group, it is currently anticipated that the claims of Residents would be compromised as follows under the Plan:

- The Residents will be included in the claims process with respect to their contingent claim against ECHS, which will be valued based on the amount of each Resident’s 2015 property tax assessment less a 5% conversion fee (the “Conversion Fee”);
- Life leases that are surrendered prior to the Plan being filed will be dealt with in the ordinary course (i.e. assistance will be provided to market the corresponding property and the Conversion Fee will be payable upon resale of that property);
- Life leases existing as of the filing of the Plan, will be converted to fee simple pursuant to the Plan, subject to the Conversion Fee, which will be payable to District Investments;
- Residents will have the option to either pay the Conversion Fee to District Investments at the time of the conversion of the life lease to fee simple or to defer payment of the Conversion Fee. Residents may defer payment of the Conversion Fee until such time as the corresponding property is sold subject to a mortgage payable to District Investments in the amount of the Conversion Fee being registered on the title of the corresponding property. Where a Resident has chosen to defer payment of the Conversion Fee and a corresponding mortgage has been granted, the Conversion Fee will only be payable at such time as the property is sold.

It is further anticipated that the Residents will be included in any Plan and have the opportunity to vote on any Plan as a separate class of creditors.

Although the details of the Plan may be subject to change and any Plan will ultimately be subject to creditor and Court approval, we note that any Plan is contemplated to include provisions that will cause the least disruption possible for Residents.

Additional information regarding the CCAA proceedings will be posted 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

Should you have additional questions, please contact the undersigned at 403-298-5955.

Yours truly,

DELOITTE RESTRUCTURING INC.

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



Per: Vanessa Allen, B. Comm, CIRP
Vice-President