

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

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

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

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

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

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.

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