

March 31, 2015

Notice to Depositors of the Lutheran Church – Canada, the Alberta – British Columbia District (the “District”), including the Church Extension Fund (“CEF”), Encharis Community Housing and Services, Encharis Management and Support Services and the Lutheran Church – Canada, the Alberta – British Columbia District Investments Ltd. (“DIL”, collectively the “District Group”)

As you are aware, the District Group commenced proceedings under the *Companies’ Creditors Arrangement Act* (the “CCAA”) on January 23, 2015. Deloitte Restructuring Inc. acts as the Monitor in the CCAA proceedings (the “Monitor”).

The purpose of this correspondence is to provide clarification regarding the role of the various parties in the CCAA proceedings:

1. The Monitor

The Monitor is an officer of the Court and acts as the “eyes and ears” of the Court during the CCAA proceedings. The Monitor’s role is detailed in the Initial Order and includes the following:

- Monitoring the District Group’s operations and cash flow during the CCAA proceedings;
- Reporting to the Court as to the District Group’s restructuring efforts and compliance with the Initial Order;
- Advising the Court and the creditors as to the reasonableness and fairness of any plan of arrangement (the “Plan”) that may be proposed by the District Group and its creditors; and
- Overseeing the claims process and reviewing creditors’ proofs of claim.

2. The Chief Restructuring Officer (the “CRO”)

The CRO will provide financial and restructuring expertise to management of the District Group (“Management”). The CRO will work with Management on a day-to-day basis for the purpose of providing additional direction and streamlining the restructuring process. The CRO works for the District Group but their role is set out in the Court Order granted on February 20, 2015.

3. The Creditors’ Committees (the “Committees”)

The Committees consist of five individuals who represent the general body of creditors and provide input to the Monitor. The creditor’s committee selection process is outlined in detail in the First Report of the Monitor dated February 17, 2015 (beginning on page 26) and is further set out in the Order granted on February 20, 2015, which approved the creditors’ committee selection process.

We note that individuals appointed to the Committees serve in a fiduciary capacity in representing all unsecured creditors and are not on the Committees to represent their individual interests or those of their congregations.

The duties of each of the Committees are set out below:

- To review and advise the Court on the creditors’ position on motions or other legal actions;
- To review the debtor’s pre-CCAA conduct for possible causes of action and to advise the Monitor as to any further investigation that they would wish to have undertaken;
- To provide input into any plan of arrangement put forward to creditors by the District Group;

- To consult with stakeholders and other interested parties; and
- To hire financial and legal professionals to advise each Committee, where required, which will be funded by the District Group.

The following is a summary of the composition of each of the Committees:

- Three members are chosen from those with highest dollar value claims, taking into account geographic representation; and
- Two members are being chosen from the general pool of creditors (the "Vacant Positions"). Information on those parties who submitted applications for the Vacant Positions were sent to all known creditors to be voted on. The two applicants with the highest number of votes will fill the Vacant Positions.

4. Management of the District Group

Management of the District Group is responsible for the day to day operations of the District Group during the CCAA proceedings and is also responsible for drafting the Plan, which will ultimately be presented to the creditors of the District Group. As noted above, the Plan is subject to creditor and Court approval and will be drafted with the assistance of the CRO and the Monitor, taking into account input from other stakeholders.

The District Group has created the following working groups related to the CCAA proceedings:

- The Joint Restructuring Committee – a three person committee formed by Management to take the lead on drafting the Plan and determining the scope of the District Group's post-restructuring operations; and
- The Review Task Force – a committee formed by management to look into the causes of the District Group's insolvency.

Both the Joint Restructuring Committee and the Review Task Force are staffed by volunteers; therefore, the only expenses incurred by the District Group relate to out-of-pocket expenses incurred by the members of each group in carrying out their duties.

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, 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



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