

March 11, 2015

Notice to Depositors to the Lutheran Church – Canada, the Alberta – British District Investments Ltd. (“District Investments” or “DIL”)

As you are aware, District Investments 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 recent mail-out (the “Claims Package”) that was sent to you by the Monitor, regarding the claims procedure that was approved by the Court of Queen’s Bench of Alberta on February 20, 2015.

Each of the Claims Packages included a completed Proof of Claim Form for Depositors for Claims arising prior to January 23, 2015 (the “Depositor Claim”) together with a District Investments’ Account Summary as at January 23, 2015 (the “Account Summary”). The Account Summary reflected two values, which were described as follows:

- The “Estimated Book Value as at December 31, 2014” (the “Estimated Book Value”) – This amount reflects the amount of your original investment in District Investments. The Estimated Book Value would have been consistent with prior statements that you may have received from DIL and does not reflect any adjustment related to anticipated losses on selected loans held by District Investments (the “DIL Loans”); and
- The “Estimated Write-Down Balance as at January 23, 2015” (the “Estimated Write-Down Value”) – This amount reflects the estimated value of your investment taking into account the anticipated losses on selected of the DIL Loans. The Estimated Write-Down Value is the amount included in your Depositor Claim.

Additional information on the anticipated losses on selected loans held by District Investments is available in the Monitor’s First Report, dated February 17, 2015, which can be accessed on the Monitor’s website at

http://www.insolvencies.deloitte.ca/en-ca/Pages/lutheran_church_canada_the_alberta_british_columbia_district_et_al.aspx

DIL contains registered investments such as RRSPs, TFSAs and RRIFs. Due to the nature of these investments, their value is equal to the value of the assets in District Investments, including the DIL Loans. As such, the value of each individual’s investment in DIL will increase or decrease proportionally based on increases or decreases in the value of the assets held by District Investments.

The Estimated Write-Down Value, which is included in your Depositor Claim, represents the estimated value of your investment as at the date of the CCAA proceedings, based on the anticipated losses on selected of the DIL Loans. Should the realizable value of the DIL Loans be above or below the current estimated value, that increase or decrease in value will flow through to depositors, proportional to the value of their investment.

Based on inquiries that we have received, we further note as follows with respect to the Write-Down Value:

- Accepting the Depositor Claim, as provided, does not mean that you are limiting the value of your investment to the Write-Down Value. The value of your investment will be dependent on the actual value of the assets held by District Investments and may be higher or lower than the Write-Down Value;
- The Estimated Write-Down Value does not represent the amount that may ultimately be payable to you pursuant to any Plan of Arrangement filed in the CCAA proceedings; and
- The same write-down has been applied to all depositors in District Investments. As such, your proportional interest in the assets held by District Investments remains unchanged.

As previously noted, Depositors to District Investments may have contingent claims against the directors and officers of District Investments. Further details will be provided regarding the nature of these claims upon the Monitor completing its review of this issue and prior to any Plan being filed. Such contingent claims will be based upon your interest in District Investments; however, the nature and amount of such claims is currently unknown.

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