

COURT FILE NUMBER 1501 – 00955

Clerk's Stamp

COURT COURT OF QUEEN'S BENCH OF ALBERTA
IN BANKRUPTCY AND INSOLVENCY

JUDICIAL CENTER CALGARY

IN THE MATTER OF THE *COMPANIES'*
CREDITORS ARRANGEMENT ACT, R.S.C.
1985, C. c-36, as amended

APPLICANTS 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.

DOCUMENT **AFFIDAVIT OF LARRY GIESE**

ADDRESS FOR SERVICE
AND CONTACT
INFORMATION OF PARTY
FILING THIS DOCUMENT
Allan Garber Professional Corporation
Barrister and Solicitor
Suite 108, 17707 105 Avenue
Edmonton, AB T5S 1T1
Attn: Allan A. Garber
Tel: (587) 400-9310
Fax: (587) 400-9313
File No.: 156-2015AG

AFFIDAVIT OF LARRY GIESE

Sworn on July 5, 2016

I, Larry Giese, of Stony Plain, Alberta

SWEAR AND SAY THAT:

1. I am a member of the St. Matthew Lutheran Church in Stony Plain, Alberta. I am 74 years old.

2. As of January 23, 2015, my deposits in the Church Extension Fund (CEF) totalled \$638,551.27. This represented my life's savings for my retirement. The statement I received from CEF dated February 27, 2015 is attached as **Exhibit "A"** to my Affidavit.
3. In April of 2016, I received at least two phone calls from Cameron Sherban, the Chief Restructuring officer, urging me to vote in favour of the CEF Plan. My wife Lorraine and I were together and we spoke to him on the speakerphone. He told us that we were some of the larger depositors – we were number fifteen on his list.
4. I have two sisters – Beverly Fuhr and Debbie Kyle – both of whom have much smaller CEF deposits. I am advised by Beverly and Debbie and do believe that Cameron Sherban did not call them. When we found out that Cameron was not calling small depositors, we felt that we were being targeted.
5. Cameron was very persuasive. He made the CEF Plan sound very appealing. We were concerned about getting shares in NewCo. He said the shares in NewCo were a very good thing. We asked about our ability to sell the shares. He said once NewCo gets started, there will be lots of investors who will want to buy shares in NewCo. He said we would be able to sell our shares without any problems. He put no value on the shares.
6. We took comfort in knowing we would be able to see our shares in NewCo. This was a crucial point to us. I later discovered that what Cameron told us is not true. I may not be able to sell my shares in NewCo for a long time, if at all. At my age, time is against me.
7. On May 10, 2016 we received a package of materials from Deloitte which was postmarked May 3, 2016 from Calgary. The package included a letter dated April 29, 2016 (attached as **Exhibit "B"** to my Affidavit) which mentioned a Master Site Development Plan and the Conrich Area Structure Plan which impacted the Prince of Peace Village. We knew nothing about these issues before.
8. I am advised by my wife Lorraine and do believe that at the Creditors Meeting held in Calgary on May 14, 2016, questions were raised about the Master Site Development Plan and Area Structure Plan. The meeting was adjourned to allow congregations more time to consider these issues.
9. As a result of additional information provided by Deloitte, the St. Matthew Lutheran Church changed its vote for the Plan from "yes" to "no". The congregational meeting to reconsider the vote was held June 7, 2016. The deadline for resubmitting the vote was June 9, 2016. Our church was operating under a very tight time frame.
10. My wife and I received a letter dated May 20, 2016 from Deloitte advising that if we wished to change our personal votes, we could do so by submitting an updated Election Letter by 5:00 pm on June 9, 2016. No new or updated Election Letters were provided. A copy of the Deloitte May 20, 2016 letter is attached as **Exhibit "C"** to my Affidavit. The letter was postmarked May 24, 2016 from Calgary and we had very little time to digest it.

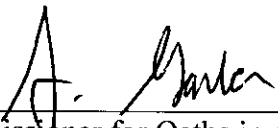
11. I am advised by Don Smith, another CEF investor, and do believe that he did not receive a new Election Letter either.

12. It is my understanding that CEF depositors with claims of \$5,000.00 or less will be paid out in full. This is not acceptable because the people who have lost the most, such as myself, are being treated unfairly. The small depositors out-number the large depositors. The \$5,000.00 payment buys their vote at the expense of people like myself.

13. I make this Affidavit in opposition to the application for an Order approving the ABC District Plan of Compromise and Arrangement.

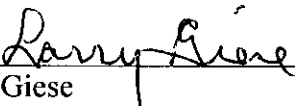
SWORN BEFORE ME at)

Edmonton, Alberta, this 5 day of July,)
2016.)



(Commissioner for Oaths in and for)
the Province of Alberta))

Allan A. Garber)
Barrister and Solicitor)



Larry Giese)



CHURCH
EXTENSION
FUND

ALBERTA - BRITISH COLUMBIA DISTRICT

"Building HIS church, together."

February 27, 2015

LARRY GIESE
52228 RR 280
STONY PLAIN, AB, T7Z 1Z2

This is Exhibit "A" referred to in the
Affidavit of
Larry Giese
Sworn before me this 5 day
of July A.D., 20 16
[Signature]
A Notary Public, A Commissioner for Oaths
in and for the Province of Alberta

Church Extension Fund Account Summary Allan A. Garber
as of January 23, 2015 Barrister and Solicitor

Total Book Value of all Accounts (Savings and / or Terms)	Interest thru January 23, 2015	Combined Balance
\$634,054.05	\$4,497.22	\$638,551.27

On January 23, 2015, the Lutheran Church – Canada, the Alberta – British Columbia District (the "District") obtained an Initial Order under the Companies' Creditors Arrangement Act with the intention of presenting a plan of arrangement to its creditors and restructuring its affairs. The values on this statement indicate the book value of your claim only. Through issuing this statement, the District does not represent or warrant the amount that will ultimately be payable to you pursuant to any plan of arrangement.

We recognize that the statement provided above may not provide you with the detail that you are accustomed to receiving regarding your CEF account(s). If you wish to receive a detailed statement of your account(s) for January 1 – December 31, 2014, please call 780-474-0063 ext. 0 or email cef@lccabc.ca.

Deloitte.

This is Exhibit "B" referred to in the
Affidavit of
Larry Giese
Sworn before me this 5 day
of July A.D., 2016
[Signature]
A Notary Public, A Commissioner for Oaths
in and for the Province of Alberta

Deloitte Restructuring Inc.
700, 850 – 2nd Street S.W.
Calgary AB T2P 0R8
Canada

Tel: 403-298-5955
Fax: 403-718-3681
www.deloitte.ca

April 29, 2016

Allan A. Garber
Barrister and Solicitor

**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

Deloitte.

This is Exhibit "C" referred to in the
Affidavit of
Larry Giese
Sworn before me this 5 day
of July, A.D., 2016
A. Garber
A Notary Public, A Commissioner for Oaths
in and for the Province of Alberta

Deloitte Restructuring Inc.
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May 20, 2016

Allan A. Garber
Barrister and Solicitor

To the creditors of the Lutheran Church – Canada, the Alberta – British Columbia District
(the "District")

Re: Notice of the adjournment of the meeting of the District's creditors (the "District
Meeting") to consider the District's Plan of Compromise and Arrangement (the "District
Plan")

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 Plan (references to which will include all subsequent amendments) and in the Monitor's First Report to the Creditors of the District, dated March 28, 2016 (the "Monitor's Report").

Adjournment of the District Meeting

As you are aware, the District Meeting was convened on May 14, 2016. At that meeting, a motion was put forward from the floor to adjourn the District Meeting prior to a vote having been held on the District Plan and to have the Monitor consult with congregations as to whether they may need additional time to consider the District Plan. This motion was passed by the majority in dollar value of those Eligible Affected Creditors who were present and voting either in person or by Proxy at the time that the motion was made. The minutes of the District Meeting are available 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?searchpage=Search-Insolvencies.aspx

Consultation with congregations

Following the District Meeting, the Monitor reached out via email to the approximately ninety-three Eligible Affected Creditors who are congregations and asked them to comment on whether they required additional time to consider the information that had been provided to them or whether they had any requests for additional information. The Monitor received responses from twenty-two congregations of which eighteen indicated that they did not require any additional time to consider the information that had been provided to them and did not have any requests for additional information. Of those eighteen congregations, eight congregations indicated that they were disappointed with the delay resulting from the adjournment and would wish the proceedings to continue as expeditiously as possible. Four congregations provided additional requests for information which have been, or are in the process of being responded to by the Monitor. For those congregations that did request additional information, they indicated that they would need three weeks to further consider the District Plan.

Date, time and location for the District Meeting to be reconvened

This correspondence will serve as notice that the District Meeting will be reconvened as follows:

Date: Friday, June 10, 2016

Time: 10:00 a.m. Mountain Time

Location: Deloitte, 700 Bankers Court, 850 2nd Street SW, Calgary, AB

Please be aware that there was already significant discussion surrounding the District Plan at the portion of the District Meeting held on May 14, 2016. As such, when the District Meeting is reconvened, it will be for the purposes of holding the formal vote on the District Plan only. **There will be no opportunity to ask questions or have further discussion at the District Meeting and all Eligible Affected Creditors are encouraged to contact the Monitor in advance of the District Meeting to have any inquiries responded to.**

Voting on the District Plan

The following sets out the impact of the adjournment of the District Meeting for voting on the District Plan:

If you have previously voted on the District Plan

If you have previously voted, either by way of Election Letter or by way of a written ballot submitted at the District Meeting, in person or by Proxy, your vote has been recorded and you do not need to take any further action.

If you have not yet voted on the District Plan

If you have not yet voted and wish to vote on the District Plan, you must do one of the following:

Option 1

Attend the reconvened District Meeting at the time and location set out above.

Option 2

Appoint someone as your Proxy by filling out Proxy that was previously provided to you so that they can attend the District Meeting and vote on your behalf. Proxies must be submitted by 5:00 p.m. on June 9, 2016, the day before the District Meeting.

Option 3

Vote on the District Plan by filling out the Election Letter that was previously provided to you so that your vote can be recorded even if you cannot attend the District Meeting and you do not wish to appoint a Proxy. Election letters must be submitted by 5:00 p.m. on June 9, 2016, the day before the District Meeting.

For clarity, if you have not previously voted and you do not vote on the District Plan using any of the options detailed above, your claim will not be counted in determining whether or not the District Plan has been approved by the required majority of Eligible Affected Creditors.

If you have previously voted and now wish to change your vote on the District Plan

If you have previously voted but now wish to change your vote on the District Plan, you may do so by submitting an updated Election Letter by 5:00 p.m. on June 9, 2016, the day before the District Meeting or by attending and voting at the reconvened District Meeting, either in person or by Proxy. Should an Eligible Affected Creditor submit more than one Election Letter, the most recent Election Letter will be accepted by the Monitor. For clarity, written ballots submitted at the District Meeting are considered to be Election Letters.

If you have previously submitted a Proxy and now wish to change your Proxy

If you have previously submitted a Proxy and now wish to change your Proxy, you may do so by submitting an updated Proxy by 5:00 p.m. on June 9, 2016, the day before the District Meeting. Should an Eligible Affected Creditor submit more than one Proxy, the most recent Proxy will be accepted by the Monitor.

Answers to frequently asked questions

The Monitor has recently received a number of questions related to the potential future development of the Prince of Peace Properties and the relevance of a Master Site Development Plan ("MSDP"). The MSDP was prepared for the District 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").

For ease of reference, the answer to these recently asked questions are included below:

Does a vote for the District Plan set what NewCo's mandate will be or determine whether the further development of the Prince of Peace Properties will be pursued by NewCo?

As previously communicated, a decision on the District Plan is not a decision with respect to the mandate to be chosen for NewCo, which will be determined at the meeting of the NewCo Shareholders to be held within six months of the District Plan becoming effective. There is no information to suggest that the further development of the Prince of Peace Properties is not a viable option but this is only one of the options available to NewCo.

To be clear, the vote on the District Plan is not a vote to determine what NewCo's mandate will be or what, if any, development options should be pursued by NewCo.

What does a vote for or against the District Plan mean for the Prince of Peace Properties?

The Prince of Peace Properties will need to be dealt with for the benefit of Eligible Affected Creditors whether or not the District Plan is approved. The creation of NewCo preserves a greater number of options for Eligible Affected Creditors with respect to how the Prince of Peace Properties can be dealt with as opposed to imposing a forced sale liquidation on Eligible Affected Creditors. Even in the event that the NewCo Shareholders were to decide that NewCo's mandate should include liquidation of the Prince of Peace Properties (only one of the options available to NewCo), they would be able to do so outside of insolvency proceedings and at a time when they may encounter more favourable conditions in the Alberta real estate market.

What is the significance of the MSDP?

To be clear, the MSDP is outdated and is unlikely to be used by either NewCo or any new group who is seeking to develop the Prince of Peace Properties. The only thing it demonstrates is that there is the ability to have further high density development approved on this site. It should be noted that the most recent appraisal prepared by Colliers International Realty Advisors Inc. ("Colliers") as at October 15, 2015 on the lands that are included in the Prince of Peace Properties (the "Colliers Appraisal") was based on low density development since Colliers considered that

more likely. For greater clarity, whether NewCo or another developer chooses to further develop the Prince of Peace Properties, additional work would be required in order to do this. This additional work has been factored in to the Colliers Appraisal and, based on known information, would be the type of work that a developer could normally expect to encounter in taking on such a project.

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