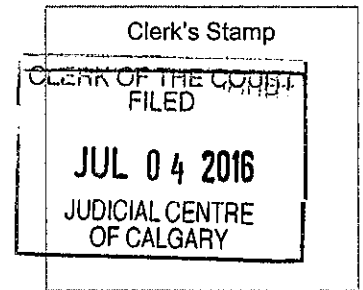


COURT FILE NUMBER 1501-00955
COURT COURT OF QUEEN'S BENCH
OF ALBERTA
IN BANKRUPTCY AND INSOLVENCY
JUDICIAL CENTRE CALGARY



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

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT

Bishop & McKenzie LLP
Barristers & Solicitors
1700, 530 - 8th Avenue SW
Calgary, Alberta T2P 3S8

Attention: Francis N. J. Taman /Ksena J. Court

Telephone: 403-237-5550
Fax: 403-243-3623

File No.: 103,007-003

**AFFIDAVIT OF CAMERON SHERBAN
Sworn on July 4th, 2016**

I, CAMERON SHERBAN, of Calgary, Alberta, SWEAR AND SAY THAT:

1. I am the Chief Restructuring Officer of the Applicants. I have personal knowledge of the matters hereinafter deposed, except where stated to be based on information and belief, and where so stated, I verily believe them to be true.
2. All capitalized terms used in this Affidavit shall have the meaning ascribed to them in the prior Affidavits filed in these proceedings unless otherwise indicated in this Affidavit.

RELIEF REQUESTED

3. I make this Affidavit in support of the Application for the following relief:
- (a) an Order sanctioning the Fifth Amended Plan of Compromise and Arrangement of the District, filed June 10, 2016 (the "District Plan");
 - (b) confirming the settlement of all claims of Minor Affected Creditors, as defined in the Order,
 - (c) directing that proceeds of Minor Affected Creditor who shall receive cash and shares in NewCo having a total value of less than \$10,000.00, shall be paid to the guardian of the Minor Affected Creditor upon the guardian providing the Monitor with an executed Guardian's Acknowledgment of Responsibility form;
 - (d) appointing the guardians of Minor Affected Creditor who shall receive cash and shares in NewCo having a total value of more than \$10,000.00, as Trustees of such Minor Affected Creditors' property upon the guardian providing the Monitor with a sworn Trustee Appointment form and dispensing with the requirement for the Trustee to provide a bond or other security; and
 - (e) such further and other relief as this Honourable Court may allow.

BACKGROUND

4. I am advised by representatives of the Applicants, that there are District Depositors residing in 9 Canadian provinces and territories and 16 U.S. states.
5. I am further advised by representatives of the Applicants, that there are 193 District Depositors who are under 18 years old.
6. I am further advised by the District that of these 193 minors, there are between 3 and 7 minors who may receive cash and shares in NewCo having a total value of more than \$10,000.00 prior to turning 18 years. The maximum estimated proceeds they are anticipated to receive are less than \$15,000 each. None are anticipated to receive more than \$10,000 in cash.
7. The Applicants seek to have the Court appoint the guardians of each of these 3 minors as the respective Trustees of the minors' cash and shares in Newco. The alternative is

to provide the cash and shares to the office of the Public Trustee and require each guardian to bring an application before the Court to be appointed as Trustee.

8. The Applicants further seek to dispense with the requirement that the Trustees post a bond or security as it is in the minor's best interests having regard to other safeguards that are or will be in place, including recognition that the cash portion of the proceeds payable to each minor will be less than \$10,000.00 and the immediate value of the shares has not yet been established.

DISTRICT RESTRUCTURING PLAN

9. On March 21, 2016, the Court authorized the District to call the District Creditors' Meeting. Information respecting the District Creditors' Meeting was sent out by the Monitor. A Fifth Amended Plan of Compromise and Arrangement for the District was finalized and was filed with the Court on June 10, 2016 (the "District Plan"). This amended plan was also posted to the Monitor's website. The only amendments to the District Plan from March 21, 2016 to June 10, 2016 related to Monitor's counsel changing law firms or were minor wording changes to Article 8 for purposes of clarification requested by the District's D&O insurer.
10. The District Creditors' Meeting was held on May 14, 2016 and adjourned to June 10, 2016. The Required Majority of the Eligible Affected Creditors (as those terms are defined in the District Plan) voted to accept the District Plan.
11. I believe that the District Plan is fair and reasonable in the circumstances for the following reasons:
 - (a) All creditors are unsecured creditors in a single class.
 - (b) The District Plan contemplates that Affected Creditors with proven claims will receive a Convenience Payment of the lesser of either \$5,000 or the full amount of their claim.
 - (c) There will be one or more additional cash distributions following the sale of the balance of the Non-Core Assets. Any such distribution shall be based on the amount of each Eligible Affected Creditor's proven claim after deducting the Convenience Payment and will be allocated on a pro-rata basis, as set out more fully in the District Plan.

- (d) The Monitor will determine a discounted value of NewCo. All resident Affected Creditors of Canada will be provided with pro-rata shares in NewCo. All nonresident Affected Creditors will receive payment of the pro-rated cash value of their claim, as set out more fully in the District Plan. These distributions will be based in the amount of each Affected Creditor's proven claim after deducting the Convenience Payment.
- (e) The Core Assets will be rolled into NewCo in a tax planned transaction.
- (f) Each Resident Affected Creditor whose claim was not fully satisfied by the Convenience Payment shall receive equity in NewCo in the form of NewCo Common Shares equal to that Resident Affected Creditor's Pro-Rata Share Portion of the NewCo Common Shares.
- (g) The mandate of Newco will be determined by Newco Shareholders at a meeting of Newco Shareholders to be held within six months of the District Plan taking effect.
- (h) If the decision is made to sell the Core Assets, the Core Assets will be sold by NewCo rather than by a receiver or the Court. That sale can be delayed to a more favourable time in the market. Additionally, a sale of the Core Assets by NewCo is likely to obtain a higher return for the Affected Creditors than a sale through an insolvency process or a receivership.
- (i) There were multiple information meetings held by the Monitor.
- (j) The District Meeting was adjourned and reconvened at the request of voters to allow time for further consideration.
- (k) The approval of the District Plan is in the public interest as it will minimize the impact of the District's insolvency on the seniors who reside in the Manor and Harbour which form part of the Core Assets.
- (l) I am advised by the Monitor that it is supportive of the District Plan.
- (m) The District Plan has been approved by more than 80% of Affected Creditors of the District representing more than 75% of the value of proven claims.

