

May 26, 2017

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May 26, 2017

To: Shareholders of Sage Properties Corp.

Dear Sirs/Mesdames:

Re:Lutheran Church – Canada, the Alberta – British Columbia District et al

Court of Queen’s Bench Action No. 1501-00955 (the “CCAA Proceedings”)

As you are aware, Deloitte Restructuring Inc. is the Monitor of Lutheran Church – Canada, the Alberta – British Columbia District (the “District”), Encharis Community Housing and Services, Encharis Management and Support Services and Lutheran Church – Canada, the Alberta – British Columbia District Investments Ltd. This correspondence has been prepared pursuant to the Order of the Honourable Madam Justice Romaine pronounced May 25, 2017 (the “Order”), and has been approved by the Court of Queen’s Bench of Alberta (the “Court”) prior to its issuance. For your convenience, a copy of the Order is affixed to this correspondence as Appendix “A”.

The Monitor understands that on April 27, 2017, Sage Properties Corp. (“Sage”) mailed you a notice of meeting and management information circular in respect of today’s meeting of shareholders of Sage. The documents mailed by Sage were accompanied by a management form of proxy to be used to appoint proxies for the meeting.

In addition to Sage’s information circular and form of proxy, you also may have received communications from one or more of Georg Beinert, William Mulder, Allan Garber, Donald Specht, or Randy Kellen. The communications from those individuals may have constituted, among other things, direct or indirect attempts to solicit and collect proxies from Sage shareholders (the “Shareholders”) in relation to today’s meeting. This solicitation of proxies by this group, the communications and their surrounding circumstances and conduct is of concern to the Monitor.

The Monitor’s concerns arose from the duties that Messrs. Beinert and Mulder, as members of the District Representative Action Subcommittee (the “Subcommittee”), owe to those District depositors who have not opted out of the representative action proceedings and the potential that their communications and solicitation of proxies was in a conflict of interest with such duties. The Monitor is also concerned that personal information relating to District depositors may have been improperly used for the solicitation and counsel to the Subcommittee may have acted in conflict with the legal duties that he owed to the Subcommittee. Mr. Garber withdrew from his position as counsel to the Subcommittee late yesterday morning.

The Monitor wishes to clarify that none of the information that was provided to you by Messrs. Beinert, Mulder, Garber, Specht and/or Kellen has been authorized by the Court, the Monitor, or is otherwise sanctioned within the CCAA Proceedings.

As a result of those concerns, the Monitor brought an application before the Honourable Madam Justice Romaine yesterday, seeking advice and directions in relation to these matters. In support of that application, the Monitor prepared and provided its 28th Report to the Court, which is posted on the Monitor's website and which explains the Monitor's concerns in further detail.

In yesterday's hearing, the Court also expressed its concerns, on a preliminary basis, in relation to this matter. Further, although Messrs. Specht and Kellen were not members of the Subcommittee, the Court was concerned that they may have improper access to District Depositors' personal information, or that their solicitation efforts may be directly or indirectly related to those of Messrs. Beinert, Mulder and Garber.

As indicated in the attached Order, at yesterday's hearing, the Court directed, among other things, that on an interim basis:

1. (a) There shall be no further use by Messrs. Garber, Beinert, Mulder, Specht and/or Kellen of the list of the Shareholders of Sage, or the personal information relating to such Shareholders obtained from that list, without further order of this Court;
2. (b) There shall be no further solicitation of votes and/or proxies by Messrs. Garber, Beinert, Mulder, Specht and/or Kellen in relation to Sage without further order of this Court;
3. (c) This communication shall be provided to Shareholders;
4. (d) Messrs. Beinert, Mulder and Garber are not authorized to make any written or oral submissions or statements at the Sage Shareholders meeting on behalf of the Subcommittee. Messrs. Beinert and Mulder remain free to make such submissions and statements in their personal capacity;
5. (e) The Monitor shall reschedule its application for advice and directions before the Honourable Madam Justice Romaine on notice to all interested parties after the Subcommittee retains new legal counsel, at which time such application shall be determined on its merits; and
6. (f) Any party may apply to set aside the attached Order upon providing the Monitor and all other interested parties with five (5) days notice of such application.

These directions are only interim in nature, and are designed to ensure that today's meeting of Sage Shareholders proceeds as planned without interference and with less confusion for all interested stakeholders. Messrs. Garber, Beinert, Mulder, Specht and/or Kellen will have an opportunity to tender evidence and address the concerns expressed by the Monitor at a hearing on the merits in the future. Further, any party may apply to the Court to set the above referenced directions aside, provided that proper notice is provided to the Monitor and all interested parties. The Monitor will post all associated legal pleadings on its website.

Counsel to the District Creditors Committee will provide the Subcommittee with information regarding legal counsel that have previously expressed an interest in acting on behalf of the Subcommittee, in order to assist the Subcommittee in its retention of new counsel. Once new legal counsel is retained, the Monitor will post the identity of such counsel on its website.



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If you have any questions in relation to these matters, please contact Joseph Sithole of the Monitor's office at (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

Signed

“Jeff Keeble”

Jeff Keeble, CA, CIRP, LIT, CBV Senior Vice-President