



Suite 115 1925 – 18 Ave. NE
Calgary, AB T2E 7T8
(P) 403 478 9661

August 30, 2017

Dear Shareholder,

You are invited to attend the annual meeting (the “Annual Meeting”) of the holders (“Shareholders”) of Class A Common Shares (“Shares”) of Sage Properties Corp. (“Sage” or the “Corporation”) to be held at the Banquet Room located in the Manor, 285030 Luther Rose Boulevard N.E., Calgary, Alberta on Friday, September 29, 2017 at 10:00 a.m. (Mountain Daylight Time). A map of the location of the Annual Meeting is enclosed.

You will find enclosed the Notice of Annual Meeting, the management information circular for the Annual Meeting and the audited financial statements of Sage as at and for the 218 day period ending March 31, 2017 (“Audited Financial Statements”).

On behalf of the board of directors (“Board”) of Sage we are pleased to provide you with the following summary of Sage’s development.

Background

On January 23, 2015, the Lutheran Church – Canada, the Alberta – British Columbia District (“District”), Encharis Community Housing Services (“ECHS”) and Encharis Management Support Services (“EMSS”) obtained an initial order under the Companies’ Creditors Arrangement Act, which granted them the authority to file with the Alberta Court of Queen’s Bench (“Court”) plans of compromise and arrangement with respect to the business, assets, liabilities and employees of the District, ECHS and EMSS. On February 16, 2016, the District filed a plan of compromise and arrangement (the “District Plan”). The District Plan was approved by the eligible affected creditors on June 10, 2016 and was subsequently sanctioned by the Court on August 2, 2016.

Formation of Sage

On August 26, 2016, Sage was incorporated under the Business Corporations Act (Alberta) and was organized with certain By-Laws and Articles as prescribed by the District Plan. Effective October 31, 2016 (the “Reorganization Date”), as a result of a tax restructuring plan completed pursuant to the Plans, certain district depositors and other affected creditors received their pro-rata share portion of the Shares and Sage acquired the operating assets and business of ECHS and EMSS, which consisted of the senior care building facilities of the Harbour and Manor, a school and raw land, all located at the Prince of Peace Development in Rocky View County, Alberta (“Core Assets”).

Preparation for Special Meeting of the Shareholders May 26, 2017

In accordance with its By-Laws, Sage was required to hold a special meeting (the “Special Meeting”) of Shareholders whereby Sage was required to report to the Shareholders on all reasonable commercial options available to Sage to maximize the value of the Core Assets for the benefit of the Shareholders. Management and the Board began their review of the assets

comprising the Prince of Peace Development immediately following the Reorganization Date. From the Reorganization Date to the date of Special Meeting, management performed extensive due diligence work to understand the assets of Sage. The Board oversaw this work through multiple formal and informal meetings with a focus on understanding the nature, quality and characteristics of and potential value enhancement opportunities associated with the Prince of Peace Development.

In addition to assisting with the aforementioned review, management of Sage undertook or completed a number of matters required to transition the management of the Prince of Peace Development to Sage and to improve the operations and profitability of the Prince of Peace Development, including, but not limited to:

- established a tax agent for the assessment of property tax liability and potential appeal of same;
- identified key consultants to assist in the subdivision of the Prince of Peace Development and the assessment of potential infrastructure work;
- established a cost effective monthly information technology program with secured database and back-up;
- established new providers for property services, resulting in building cost efficiencies;
- established an arrears collection process for accounts receivable;
- negotiated and executed a new lease on the School with The Board of Trustees of Rocky View School Division No. 41;
- identified urgent building maintenance;
- commissioned an appraisal of the School;
- established key business processes and financial controls, such as banking, approval expenditure limits, data retention, share transfer and corrections, insurance risk review, and tax compliance;
- established a communication framework for handling and responding to Shareholder inquiries and ensuring accessibility by way of a website, email and phone;
- commenced the mapping of building services among the various properties comprising the Prince of Peace Development;
- commissioned real property reports on the property comprising the Prince of Peace Development;
- reduced the water delivery rate to the Prince of Peace Development; and
- assessed and reduced redundancies in the provision of certain services to the Prince of Peace Development. As noted in the Audited Financial Statements, Sage incurred significant professional fees during this initial phase of its operations. In addition to fees associated with completing a number of tasks related to the reorganization and the commencement of operations, these professional fees were associated with preparing for the Special Meeting including completing a thorough analysis of Sage's assets, ensuring the Board and management were fully informed on all reasonable commercial options, assessing various commercial options that were presented, presenting the best possible information to Shareholders and ensuring that Sage was fulfilling its obligations in accordance with its Articles and By-Laws. Management and the Board recognize the significant cost of these fees and are committed to ensuring that expenditures are being responsibly incurred, with the end goal of maximizing value for the Shareholders.

Results of Special Meeting held on May 26, 2017

After the extensive and thorough review of the commercial options available to Sage, management and the Board prepared a detailed information package, including a management information circular dated April 21, 2017, presenting the reasonable commercial options to the Shareholders for their consideration at the Special Meeting.

On May 26, 2017, Sage held the Special Meeting and Commercial Option B, “the sale of some or all of the assets of the Corporation or the sale of the Corporation as a whole, after subdivision and emancipation of shared services without assuming debt exceeding the Debt Limit”, was approved by over 67% of Shareholders who voted at the Special Meeting.

Following the Special Meeting, management and the Board has been working methodically and diligently towards developing a 36 month strategic plan, with the objective to deliver on the mandate of Commercial Option B and maximizing value for the Shareholders.

New Director Selection

Subsequent to the Special Meeting, in conjunction with the development of the strategic plan, the Board performed an evaluation of its current Board members and identified certain desired skills and experience that would strengthen the existing Board and successfully deliver on the mandate of Commercial Option B. At this time, Myron Yurko, advised that he would not be putting his name forward to continue on the Board, which, along with one existing vacancy, meant there were two Board positions that needed to be filled. The Board invited Shareholders and relevant industry professionals to express interest in joining the Board and evaluated candidates that were submitted. Eight candidates were nominated and five were given first interviews. A short list of candidates was refined and then a second round of interviews was conducted. The final two new director nominees, Irfhan Rawji and Ralph Huizinga, were selected out of this process based on their ability to complement the skills of the existing Board members, contribute to the business of Sage and, most importantly, deliver value to Shareholders. Management and the Board are excited to present this Board slate for election at the Annual Meeting of Shareholders to be held September 29, 2017 and are confident its new directors are committed to Sage and the mandate selected by its Shareholders. We thank Myron Yurko for his service to Sage and appreciate his willingness to serve.

On behalf of the Board, I would like to express our gratitude for the support and patience that you as Shareholders have demonstrated.

Yours very truly,

(signed) “Sandra Jory”

Sandra Jory
Chairman
Sage Properties Corp.