



April 4, 2018

Dear Shareholder,

On behalf of Board of Directors (“Directors”) and staff, we’d like to provide you with an update on some recent business developments for Sage Properties Corp. (“Sage”).

#### **APRIL 17, 2018 COURT APPLICATION**

As you may recall, the Prince of Peace development (POP), including Sage’s properties of the Harbour, Manor and School, was designed to operate as one community with the property to the south - the Prince of Peace Village (the “Village” which consists of 192 condominium units). Currently, Sage operates and provides the water and sewer utilities to the entire Prince of Peace community including the Village.

Sage’s mandate is to liquidate Sage’s assets after the subdivision and emancipation of the POP’s shared utility services. To prepare the Sage’s properties for future sale, Sage’s legal counsel undertook a review of its land titles. During this review it was determined that two easements (easements #981 274 372 and #001 042 374, collectively the “Easements”) are registered against Sage’s properties and the Village condo unit titles. As currently written the Easements effectively mean that the Village unit owners collectively own a 1/3 interest in the Utilities of the Prince of Peace Community and that Sage owns the remaining 2/3 interest. The Utilities, as described in the Easements, means the irrigation pond, the lagoon, the plant, the private irrigation lines, the private sewer lines, and the private water lines.

In October 2017 Sage contacted the Village’s condo corporation to inform them of the Easements and the Utilities ownership issue. While representations by Village’s legal counsel have been made to Sage indicating that negotiations would formally commence, no formal negotiations to deal with the Utilities ownership issue have occurred. As Sage’s mandate is to monetize its assets, the Utilities ownership issue will hinder and delay Sage’s ability to execute this mandate. The Village does not currently participate in the operation and maintenance of the Utilities. The current Easements therefore do not reflect the reality that Sage operates the Utilities, incurring costs to both maintain and deal with any environmental liabilities that exist on the Prince of Peace site.

Given the complexity and impracticality of dealing with approximately 291 registered condo owners, Sage’s legal counsel contacted the Alberta Land Titles Office and they suggested that a court application be brought forward to discharge the Easements. On March 29, 2018 Sage submitted a formal application to the Court of Queen’s Bench of Alberta to request that the Easements be removed against all the titles and replaced with a new easement that better reflects the reality of Sage’s utilities ownership and obligations as a service provider. Sage’s legal counsel, Norton Rose Fulbright LLP, will be appearing in court on April 17, 2018 for this application.

A copy of the application package which has been sent to the respondents is posted on the SAGE website at [www.sageproperties.ca](http://www.sageproperties.ca)

### **SUBDIVISION APPLICATION**

We are pleased to report that Management, along with its urban planner, the IBI Group, are satisfied with the final subdivision plans and submitted the finalized application for subdivision to Rocky View County on March 29, 2018 for consideration and approval. Sage will be working with the County to determine any additional requirements for the subdivision and will act to move the subdivision forward as quickly as possible.

If you have any questions pertaining to any of the above information relayed in this letter, please contact the Sage office either by email at [info@sageproperties.ca](mailto:info@sageproperties.ca) or phoning (403) 478-9661.

Sincerely yours,

Sandra Jory, CPA, CA  
Board Chair  
Sage Properties Corp.