



October 23, 2020

Dear Shareholder,

On behalf of Sage Properties Corp (“Sage”) and the Board of the Directors of Sage (“Board”), we are pleased to provide you with the following updates:

**A. Virtual Annual General Meeting (“AGM”) – November 28, 2020**

Unfortunately, with the current COVID restrictions, we will be unable to hold an in-person meeting and therefore will be meeting virtually this year. Please see the attached information circular with details of the meeting. As a friendly reminder Sage’s by-law requires a minimum 25% participation of our shareholders for quorum (by proxy or by attendance virtually) and we encourage all shareholders to participate.

**B. Share Redemption**

The Board is excited to announce that it will be making an offer to Sage shareholders to redeem a total of \$5,680,000 in shares. Shareholders will have the option to redeem their shares for cash at the estimated fair market value of the shares at the date of redemption. Details of the redemption will be outlined in a formal “Notice of Redemption” and this notice will be mailed out to shareholders early in November 2020. The payments for redemption of shares will be made no later than January 2021.

**C. Sale of Sage Assets - Process Overview**

The following chart provides an overview of the process for the sale of the Prince of Peace Harbour & Manor:

1. Broker is hired to market the property.
2. Interested parties submit a letter of intent (“LOI”) to purchase assets. Upon Sage’s acceptance of a LOI, non-disclosure agreements are signed, and potential purchasers perform due diligence on assets.
3. Parties negotiate terms for the purchase and sale agreement.
4. The Sage Board approves and executes the purchase and sale agreement with a successful party. The sales will be conditional on approval by the shareholders.
5. A special meeting of the shareholders is held to review and approve the purchase and sale agreement. An information circular is mailed out with the details of the transaction no later than 21 days prior to the meeting. *
6. If approved by shareholders, the sale is completed, and the asset is transferred to purchasers.
7. The Board redeems shares of Sage and distributes cash to shareholders.

\* Note: Shareholder approval is required for the sale of the Harbour & Manor as it represents over 2/3 of Sage’s assets.



### **C. Sale of Sage Assets - Process Overview (Continued)**

The Sage Board engaged KPMG Corporate Finance in August 2019 to commence a broad divestment process for Sage's assets. The process has resulted in interested purchasers who have signed letters of intent and we are currently working with those parties to determine whether we can reach mutually agreeable terms and conditions. Unfortunately, the COVID pandemic has resulted in much uncertainty and a more complicated environment in which to sell the assets. At this stage, there is no guarantee that the work being done will result in the sale of the assets, however, the Board is working diligently to complete a sale as quickly as possible. We regret not being able to be more specific, but such details must remain confidential until final purchase and sale agreements are obtained with successful parties.

### **D. Sale of Sage's Assets – Land**

In August 2020, the Board received an unsolicited letter of intent from a buyer to purchase Sage's vacant land (65 acres). Negotiations were held and the Board is pleased to announce that Sage has entered into an agreement (the "Sale Agreement") to sell the bare lands to such purchaser. The Sale Agreement is subject to a number of conditions that must be fulfilled (including satisfaction of the purchaser with its due diligence investigation and arranging adequate financing) and accordingly, there is no guarantee that that the sale transaction will be completed on its terms or at all. The terms of the Sale Agreement permit Sage, while the conditions are outstanding, to market the property to see if it can get a materially better price (a "**Superior Offer**"). In that regard, Sage will be retaining a broker to market the property. Should a Superior Offer be received during the process, the existing Sale Agreement will be terminated, a break-fee will be paid, and a new purchase agreement will be entered into with the successful party.

### **E. Utilities – Water Pipeline Construction**

Over the past year, discussions have been held between Rocky View County ("**RVC**") and various stakeholders (i.e. Sage, Prince of Peace Village, and Amar Developments) regarding the construction of a water pipeline starting from the Conrich Reservoir and Pump Station and terminating at the Prince of Peace community. We are very excited regarding the progress of these discussions and a proposal to construct the water pipeline was presented by RVC Administration to Council in September 2020. The proposal outlined each stakeholder's proposed contribution and makes Sage's contribution to the construction of the pipeline a viable option to get municipal water service to Prince of Peace community. In addition, RVC was granted approximately \$4.7 million provided by the provincial capital infrastructure funding program. The waterline construction project was included with a group of projects submitted to the Alberta Government as a "shovel ready" project and are awaiting final approval that the grant money can be used for the waterline construction project. The construction of the pipeline is currently planned for the summer of 2021. Sage is also working with RVC to transition operation of the sewer and water services at the POP site to RVC once the site is connected to the County water system.



#### **F. Subdivision**

On March 5, 2020, Sage submitted a revised subdivision proposal to RVC. We are pleased to announce that on September 25, 2020, the Municipal Planning Committee conditionally approved Sage's subdivision application. Management is now working with our consultant, the IBI Group, to complete the endorsement package to resolve conditions on the subdivision so that County Administration can endorse the subdivision application. The tentative timeline to complete this is noted below is as follows:

- October 2020 - endorsement package completed and submitted to RVC administration
- November 2020 - final approval by the MPC and/or County Administration
- December 2020 – registration of sub-division at land titles is complete and separate titles are created for each the Harbour & Manor, School and Bare Lands.

#### **G. Prince of Peace Harbour and Manor ("POP") COVID Update**

On September 5, 2020 POP had its first case of COVID-19 and as a result the facility was placed on outbreak by AHS. Thankfully, the spread of COVID 19 was contained and limited to 6 cases (3 residents and 3 staff). All affected individuals are now recovered, and we are pleased to report POP was taken off COVID outbreak by AHS on October 1, 2020. The Board would like to thank Verve and the POP management team for the successful operation of POP Harbour & Manor during this COVID pandemic and for making the safety of residents and staff its number one priority.

Thank you for your continued support. I look forward to speaking to you at our first virtual AGM on November 28, 2020.

Sincerely yours,

(signed) "*Sandra Jory*"  
Sandra Jory, CPA, CA  
Board Chair  
SAGE Properties Corp.