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TWENTY-EIGHTH REPORT OF THE MONITOR

IN THE MATTER OF THE COMPANIES CREDITORS'
ARRANGEMENT ACT, R.S.C. 1985 c. C-36 AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF LUTHERAN CHURCH – CANADA, THE
ALBERTA – BRITISH COLUMBIA DISTRICT, LUTHERAN
CHURCH-CANADA, THE ALBERTA-BRITISH COLUMBIA
DISTRICT INVESTMENTS LTD., ENCHARIS COMMUNITY
HOUSING AND SERVICES AND ENCHARIS MANAGEMENT AND
SUPPORT SERVICES

DATED May 24, 2017

**ADDRESS FOR SERVICE AND
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Introduction and Notice to Reader

Introduction

1. On January 23, 2015 (the "Filing Date"), Lutheran Church – Canada, the Alberta – British Columbia District (the "District"), Encharis Community Housing and Services ("ECHS"), Encharis Management and Support Services ("EMSS") and Lutheran Church – Canada, the Alberta – British Columbia District Investments Ltd. ("DIL", collectively the "Applicants" or the "District Group") obtained an Initial Order (the "Initial Order") from the Court of Queen's Bench of Alberta (the "Court") under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA"). Deloitte Restructuring Inc. ("Deloitte") was appointed as Monitor (the "Monitor") in the CCAA proceedings.
2. For clarity, the District includes the Church Extension Fund ("CEF"), which was originally created to allow District members to loan their money and earn interest in faith-based developments. CEF was operated under the purview of the District's Department of Stewardship and Financial Ministries and was not created as a separate legal entity. As such, depositors to CEF are creditors of the District (the "District Depositors"). Depositors to DIL will be referred to as the "DIL Depositors". The District Depositors and the DIL Depositors will collectively be referred to as the "Depositors".
3. The Initial Order provided for an initial stay of proceedings (the "Stay") until February 20, 2015. The Court has now granted nine extensions of the Stay. The most recent Order was granted at an application on September 2, 2016 and extended the Stay until the earlier of December 31, 2016, or the date on which a Certificate of Plan Termination is filed signaling the completion of the plan of compromise and arrangement for the District as subsequently amended (the "District Plan"). On November 15, 2016, counsel for the Applicants wrote a letter to the Court noting that the Monitor would not be in a position to file the Certificate of Plan Termination by December 31, 2016 as several properties still needed to be dealt with and there was still one disputed claim that was unresolved. Counsel also noted in the letter that upon further review of the sanction orders granted by the Court for all of the plans, it was noted that each of the sanction orders granted an extension of the Stay period until the Certificates of Plan Termination were filed and that, as a result, another Court application was not necessary to extend the Stay. The Monitor understands that the Court has not disputed this position and the Stay remains in place until the Certificates of Plan Termination are filed.

4. Prior to the Initial Order being granted, Deloitte prepared a Pre-Filing Report of the Proposed Monitor dated January 22, 2015 (the "Pre-Filing Report"). The Monitor subsequently filed the following reports:
 - 4.1. the First Report of the Monitor dated February 17, 2015;
 - 4.2. the Second Report of the Monitor dated March 23, 2015 (the "Second Report");
 - 4.3. the Third Report of the Monitor dated June 16, 2015;
 - 4.4. the Fourth Report of the Monitor dated June 24, 2015 (the "Fourth Report");
 - 4.5. the Fifth Report of the Monitor dated August 24, 2015 (the "Fifth Report");
 - 4.6. the Sixth Report of the Monitor dated September 9, 2015;
 - 4.7. the Seventh Report of the Monitor dated October 20, 2015;
 - 4.8. the Eighth Report of the Monitor dated October 30, 2015;
 - 4.9. the Ninth Report of the Monitor dated November 26, 2015;
 - 4.10. the Tenth Report of the Monitor dated December 22, 2015;
 - 4.11. the Eleventh Report of the Monitor dated January 11, 2016;
 - 4.12. the Twelfth Report of the Monitor dated January 27, 2016;
 - 4.13. the Thirteenth Report of the Monitor dated February 4, 2016;
 - 4.14. the Fourteenth Report of the Monitor dated February 18, 2016;
 - 4.15. the Fifteenth Report of the Monitor dated February 25, 2016 (the "Fifteenth Report");
 - 4.16. the Sixteenth Report of the Monitor dated March 14, 2016;
 - 4.17. the Seventeenth Report of the Monitor dated March 18, 2016 (the "Seventeenth Report");
 - 4.18. the Eighteenth Report of the Monitor dated April 25, 2016;
 - 4.19. the Nineteenth Report of the Monitor dated May 27, 2016;
 - 4.20. the Twentieth Report of the Monitor dated June 14, 2016;
 - 4.21. the Twenty-First Report of the Monitor dated July 7, 2016;
 - 4.22. the Twenty-Second Report of the Monitor dated July 12, 2016;
 - 4.23. the Twenty-Third Report of the Monitor dated August 22, 2016;
 - 4.24. the Twenty-Fourth Report of the Monitor dated October 17, 2016;
 - 4.25. the Twenty-Fifth Report of the Monitor dated December 12, 2016;
 - 4.26. the Twenty-Sixth Report of the Monitor dated March 2, 2017; and

- 4.27. the Twenty-Seventh Report of the Monitor dated April 17, 2017 (the "Twenty-Seventh Report," together with the Pre-Filing Report, the reports listed in 4.1 to 4.27 will collectively be referred to as the "Reports").
5. The Monitor also filed a confidential supplement to the Second Report dated March 25, 2015, a confidential supplement to the Fourth Report dated June 25, 2015, a confidential supplement to the Fifth Report dated August 26, 2015, a confidential supplement to the Fifteenth Report dated February 26, 2016, and a Confidential Supplement to the Seventeenth Report dated March 18, 2016 (collectively the "Supplements"). The Supplements have been sealed by the Court.
6. In addition to the Reports and the Supplements, the Monitor prepared a First Report to the Creditors of ECHS and EMSS dated November 10, 2015 (the "Encharis Report"), a First Report to the Creditors of DIL dated December 8, 2015 (the "DIL Report"), and a First Report to the Creditors of the District dated March 28, 2016 (the "District Report"). All of the Encharis Report, the DIL Report, and the District Report were prepared for the purpose of providing creditors of the corresponding entities with specific information related to the respective plans of compromise and arrangement for ECHS, EMSS, DIL, and the District (respectively the "ECHS Plan", the "EMSS Plan", the "DIL Plan" and the "District Plan", collectively the "Applicant Plans"), all as subsequently amended.
7. This report represents the Twenty-Eighth Report of the Monitor (the "Twenty-Eighth Report"). The Twenty-Eighth Report has been prepared to provide the Court with an update on the special meeting of Sage Properties Corp. ("Sage") called for May 26, 2017 (the "Sage Meeting") and the various correspondence from several parties with respect to the meeting and the items to be discussed and voted on at the Sage Meeting and to seek related advice and direction from the Court. The Monitor is also seeking an order to seal the Monitor's confidential supplement to the Twenty-Eighth Report (the "Confidential Supplement to the Twenty-Eighth Report") which includes Sage's Management Information Circular dated April 21, 2017 (the "Information Circular") that was provided to the Monitor on a confidential basis.
8. Capitalized terms not otherwise defined herein shall have the meanings given to them in the Reports and in the Supplements.
9. Information on the CCAA proceedings can be accessed on Deloitte's website at www.insolvencies.deloitte.ca under the link entitled "Lutheran Church – Canada, the Alberta – British Columbia District et. al."

Notice to Reader

10. In preparing this report, the Monitor has relied on unaudited financial information, the books and records of the Applicants, and discussions with the Applicant's employees, the Applicant's Chief Restructuring Officer (the "CRO"), interested parties, and stakeholders. The Monitor has not performed an independent review or audit of the information provided.

11. The Monitor assumes no responsibility or liability for any loss or damage occasioned by any party as a result of the circulation, publication, reproduction, or use of this report.
12. All amounts included herein are in Canadian dollars unless otherwise stated.

Background

District Subcommittee Formation, Mandate and Responsibilities

13. The District Plan was approved by the required majority of Eligible Affected Creditors, an Order sanctioning the District Plan was granted by the Court on August 2, 2016, and the District Plan became effective on August 23, 2016, immediately following the expiration of the appeal period.
14. Under the terms of the District Plan, all Claims (other than Representative Action Claims) were subject to, and compromised by, the District Plan. As part of this compromise, each Resident Affected Creditor with a Proven Claim not fully satisfied by the Convenience Payment and sales of non-core assets received common shares in NewCo ("Sage") in partial satisfaction of their remaining claim.
15. Separate and apart from this, District Depositors with a Representative Action Claim were also entitled to take part in the Representative Action as set out in the District Plan, the Sanction Order and the District Subcommittee Order, which was also pronounced August 5, 2016 (the "Subcommittee Order").
16. As per the articles of the District Plan, the Sanction Order and the District Subcommittee Order, a District Subcommittee was to be formed to oversee the Representative Action and to provide instructions to Representative Counsel. More specifically, the duties of the District Subcommittee include:
 - 16.1. To assist in maximizing the amount that is ultimately available for distribution to the Representative Action Class pursuant to the Representative Action;
 - 16.2. To serve in a fiduciary capacity in representing the Representative Action Class; and
 - 16.3. To conduct themselves substantially in accordance with the principles laid out in the Charter of the District Subcommittee.
17. Furthermore, the following responsibilities (among others) have been set out for the District Subcommittee in accordance with the Subcommittee Order:
 - 17.1. Members of the District Subcommittee shall not be in a conflict of interest with respect to the Representative Action; and
 - 17.2. The District Subcommittee shall act honestly, in good faith and with a view to the best interest of the Representative Action Class and to exercise the care, diligence and skill that a reasonable prudent person would exercise in comparable circumstances with regard to the Representative Action.
18. The following individuals were originally appointed to the District Subcommittee:
 - 18.1. Mr. Georg Beinert;
 - 18.2. Ms. Judy Kruze;

- 18.3. Ms. Laurie Schutz;
 - 18.4. Mr. William Mulder; and
 - 18.5. Mr. Wylie Hertlein.
19. Subsequent to the appointment of the District Subcommittee members, Mr. Allan Garber of Allan Garber Professional Corporation (“Garber Law”) was retained by the District Subcommittee to act as Representative Action Counsel.
20. Garber Law, as Representative Action Counsel, also owes a fiduciary duty to the Representative Action Class.
21. Mr. Garber confirmed in his letter dated May 22, 2017, that the current individuals are members of the District Subcommittee:
- 21.1. Mr. Beinert;
 - 21.2. Ms. Schutz;
 - 21.3. Mr. Mulder; and
 - 21.4. Ms. Diane Wilson.
22. The Monitor is not aware of the particulars regarding the changes on the District Subcommittee, including the circumstances surrounding such changes. Pursuant to paragraph 6 of the District Subcommittee Order, the District Subcommittee is entitled to replace members and change its composition, provided that it acts reasonably in doing so.

Previous Conduct of the District Subcommittee and Representative Action Counsel

23. The Monitor and its counsel have previously expressed concern over some of the past actions of the District Subcommittee and Representative Action Counsel as follows:
- 23.1. A prior application by the District Subcommittee was heard on February 24, 2017 (the “Appraisal Application”) to obtain an appraisal of the assets of Sage. During the course of that hearing, Mr. Garber disclosed that one of the purposes of such appraisal was for its use at the Sage Meeting. At that time, the Monitor expressed concern to the Court that the District Subcommittee was being utilized for a collateral purpose, including as a vehicle for obtaining information in regards to Sage matters that were outside the scope of the Representative Action. The Court agreed with this concern. Mr. Garber has advised counsel to the Monitor that he is no longer proceeding with the Appraisal Application; and
 - 23.2. In an April 19, 2017 application by the District Subcommittee to lift the Stay (the “Stay Application”) as against the District, the District and the Monitor argued that the lifting of the Stay to allow the Representative Action to proceed could create the risk that the District’s insurers would deny coverage and the members of the Representative Action Class could lose access to

potential insurance proceeds. The Court agreed with this argument, and commented in its decision that "... putting the significant potential asset of insurance proceeds at risk is contrary to the mandate of the District Sub Committee, which is to maximize the amount of funds that are ultimately available for distribution to the Representative Action Class and to serve in a fiduciary capacity to all members of the class." The Court further stated that "given the relative prejudice to various parties and the lack of any evidence of any bad faith or failure of diligence of the debtor group, the stay should not be lifted at this time. That is not to say that progress towards a point of time of which the stay can be lifted in accordance with the plan as it exists should not be monitored carefully."

Special Meeting of Sage Properties Corp.

Details of the Sage Meeting

24. On May 26, 2017, Sage will be holding the Sage Meeting to consider various business, including the voting on the following matters as outlined in the Information Circular:
 - 24.1. To approve one of three commercial options (the "Options") in regards to Sage including:
 - 24.1.1. the sale of the assets of Sage as a whole without any subdivision or further development ("Option A");
 - 24.1.2. The sale of some or all of the assets of Sage or the sale of Sage as a whole after subdivision and emancipation of shared services without assuming debt exceeding the restriction on the debt (the "Debt Limit") that may be incurred by Sage under Sage's articles of incorporation (the "Articles, "Option B"); or
 - 24.1.3. The sale of some or all of the assets of Sage or the sale of Sage as a whole after subdivision, emancipation of shared services and development after assuming debt exceeding the Debt Limit ("Option C").
 - 24.2. To determine the commercial option in the event that the commercial option selected by a voter receives the lowest number of votes of all of the Options;
 - 24.3. To approve, on a special resolution, the amendment to the mandatory redemption provisions included in the Articles that require Sage to redeem the shares of Sage in certain circumstances;
 - 24.4. To approve, on a special resolution, the amendment to lower the quorum requirement for meetings of the shareholders of Sage (the "Shareholders") in the by-laws from 50% of the shares entitled to be voted at such meeting to 25% of the shares entitled to be voted at such meeting being present in person or by proxy;
 - 24.5. To approve, on a special resolution, to delete the requirement in the by-laws of Sage requiring Sage to maintain a database of shareholders wishing to sell their shares; and
 - 24.6. To approve, on a special resolution, the amendment to the Articles to remove the Debt Limit.
25. The details surrounding the above matters are included in the Information Circular that was provided to the Monitor on a confidential basis and is included in the Confidential Supplement to the Twenty-Eighth Report.

Correspondence with Representative Action Counsel, Shareholders and Sage

26. Beginning on or about February 14, 2017, the Monitor and its counsel began receiving various email inquiries from Mr. Garber and Mr. Beinert in relation to Sage. Those inquiries included multiple questions about Sage's corporate governance, financial reporting, and other matters. Shortly after those communications commenced, the Appraisal Application was brought, followed by the Stay Application.
27. Mr. Beinert swore affidavits on behalf of the District Subcommittee in both the Appraisal Application and the Stay Application. In his affidavit sworn in support of the Appraisal Application (sworn February 20, 2017), Mr. Beinert raises various concerns regarding Sage. For example, he states in paragraph 29: "The Sage BOD is planning to hold a shareholders meeting in March to advise shareholders of 'options' to vote on. I believe that the shareholders deserve proper information regarding the valuation of their shares. Therefore, our request is urgent and time sensitive."
28. Inquiries in relation to Sage matters with the Monitor increased in April 2017, certain of which came via emails from Mr. Beinert. A sampling of such emails is affixed to this Twenty-Eighth Report as "Appendix A". Such inquiries were copied by Mr. Beinert to Mr. Garber and other members of the District Subcommittee.
29. On April 7, 2017, counsel to the Monitor wrote to Mr. Garber in relation to Mr. Beinert's concerns with Sage. A copy of that email, as part of a larger chain of emails, is affixed to this Twenty-Eighth Report as "Appendix B". In the initial April 7, 2017 email, counsel to the Monitor advised Mr. Garber that he was unclear if the email was coming from the District Subcommittee or from Mr. Beinert personally, so he was including Mr. Garber as a precaution. He also advised Mr. Garber that the Monitor was not responsible for monitoring the day to day affairs of Sage, and that Mr. Beinert should take any concerns he has with Sage up with its management.
30. In reply to the April 7, 2017 email from counsel to the Monitor, Mr. Garber expressed further concerns about Sage. In reply to those concerns, counsel to the Monitor advised Mr. Garber, among other things, as follows:

"I am confused as to why your committee is raising these matters in relation to Sage. They are depositors who have the right to raise these issues in their individual capacity, but I don't see there being any subcommittee link to these issues. Rather, I would have expected the creditor committee to raise these issues. I did not think these were issues for the RA class members. Can you please assist me on that?"

If you can please put a list of your concerns together in relation to Sage, I can take instructions on whether we may include them in our court report. I cannot promise that, and again mention that it is most likely that there is no issue which the Monitor has standing to advance through meaningful steps. However, we can consider this more fully if the concerns are fully listed, and the basis for the subcommittee's interest in the issue is expressed."
31. No reply to this email was received by counsel to the Monitor.

32. The Monitor also commented generally in paragraphs 23 and 24 of its Twenty-Seventh Report regarding correspondence it was receiving from District Depositors regarding Sage as follows:

“The bylaws of Sage affixed to the District Plan required that Sage call a shareholder meeting (the “Shareholder Meeting”) within six months of the “Effective Date” of the District Plan. The Monitor understands that the Shareholder Meeting has recently been called for May 26, 2017, which is not within that six month period. The Monitor has received several inquiries about this issue, in particular from a member of the District Subcommittee. The Monitor is advising the Court of this issue, but in the absence of further Court direction, does not intend to take any further steps in relation to this delay. As Sage is not a party to the District Plan (as it did not exist when the District Plan was created), the Monitor is of the view that it does not have standing to pursue the issue with Sage. Rather, Sage was bound to hold such a Shareholder Meeting under that timeline pursuant to its corporate bylaws. As those are corporate obligations, shareholders of Sage have various legal rights available to them to require that Sage comply with its legal obligations under its bylaws. Further, as the District does not control Sage, in the view of the Monitor the late holding of such a meeting does not constitute a default under the District Plan. In the circumstances, the Monitor has encouraged Sage shareholders to continue to take up issues directly with Sage, and to undertake whatever steps they deem necessary in order to assert their rights as shareholders.

The Monitor has also been advised that no financial information has been provided to the shareholders of Sage to date. The Monitor has received a request from Mr. Garber and/or the District Subcommittee to pursue Sage for this information, on the basis that the Monitor allegedly provided various assurances to District depositors (now Sage shareholders) about the delivery of such information. The Monitor has communicated to Mr. Garber that it did not provide any such assurances to the NewCo shareholders and that the Monitor simply reported on what the Sage bylaws required it to do. The Monitor’s counsel also asked Mr. Garber to clarify if members of the District Subcommittee are raising these issues in their personal capacity or in their capacity as members of the District Subcommittee, as it is the view of the Monitor that such issues are more appropriately raised by shareholders in their individual capacity or by the District Creditor Committee. Counsel to the Monitor also requested that Mr. Garber provide a list of all of his concerns with respect to Sage. The Monitor’s counsel has not received a response to these queries as of the date of this report.”

33. On May 4, 2017, Mr. Beinert and Mr. Mulder (both current members of the District Subcommittee) issued what they titled a dissident proxy circular (the “Dissident Circular”) in relation to the Sage Meeting. The Monitor understands that the Dissident Circular was sent to all, or substantially all, of the Sage shareholders, including those depositors who opted out of the Representative Action. The Dissident Circular proposed to have four directors of Sage, including Ms. Sandra Jory, Mr. Steven Nielsen, Mr. Myron Yurko and Mr. Murray Warnke, removed and replaced with the following five proposed directors:

- 33.1. Ms. Kruze (former District Subcommittee member);
- 33.2. Mr. Beinert (current District Subcommittee member);

- 33.3. Mr. Hertlein (former District Subcommittee member);
 - 33.4. Mr. Garry Garrett; and
 - 33.5. Mr. Cliff Friesen.
34. The Dissident Circular also proposed that the Shareholders vote to approve the following resolution:
- 34.1. That Sage pursue through all reasonable means a transaction to sell all or substantially all of the assets of Sage without first pursuing any subdivision work;
 - 34.2. That an offer which the board of directors of Sage (the "Board") determines represents the best opportunity to maximize the value of Sage's assets be presented to the Shareholders for their approval; and
 - 34.3. If no offers were received which in the opinion of the Board represent the best opportunity to maximize value of the Sage's assets, then Sage should pursue Option B.
35. The Dissident Circular also proposed that the Shareholders defeat the four special resolutions included in the Information Circular and included various statements in regards to the conduct of the Board to support the positions taken by Mr. Beinert and Mr. Mulder.
36. Included with the Dissident Circular was a form of dissident proxy (the "Dissident Proxy"), requesting a return of the completed Dissident Proxy to Mr. Garber's office. A copy of the Dissident Circular is attached to this Twenty-Eighth Report as "Appendix C."
37. In addition to the Dissident Circular, on March 27, 2017, Mr. Garber issued a memorandum to all Representative Class Action Members mentioning the Sage shareholders meeting and setting out the various concerns that the District Subcommittee had in relation to the shareholders meeting and Sage generally. Similar information was posted on Mr. Garber's professional webpage for this matter (the "Garber Website"). A copy of the information on the Garber Website is attached to this Twenty-Eighth Report as "Appendix D".
38. On May 11, 2017, Sage issued a letter to Mr. Beinert and Mr. Mulder in response to the Dissident Circular (the "May 11 Sage Letter to the Dissidents") stating, among other things, that:
- 38.1. The Dissident Circular and Dissident Proxy were non-compliant with the requirements of the *Business Corporations Act (Alberta)*;
 - 38.2. The Dissident Proxy would not be accepted at the Sage Meeting; and
 - 38.3. It is the belief of Sage that the steps being taken by Mr. Beinert and Mr. Mulder were not in the best interest of Sage or of the Shareholders and are potentially jeopardizing the ability of Sage to maximize the value of the assets of Sage for the benefit of the Shareholders.
39. A copy of the May 11 Sage Letter to the Dissidents is attached to this Twenty-Eighth Report as "Appendix E".

40. In addition to the May 11 Sage Letter to the Dissidents, on May 11, 2017, Burnet, Duckworth & Palmer LLP, counsel for Sage, issued a letter to Mr. Garber (the "May 11 Sage Letter to Garber") stating, among other things, that:
- 40.1. The Dissident Circular and Dissident Proxy were non-compliant with the requirements of the *Business Corporations Act (Alberta)*;
 - 40.2. That there appears to be a question as to how Mr. Garber and members of the District Subcommittee obtained, or have used, the personal information used to contact Shareholders;
 - 40.3. If the information used to contact Shareholders was obtained for another purpose, such as in Mr. Garber's capacity as counsel for the District Subcommittee, the use of such information for the purpose of soliciting proxies may be in violation of confidentiality obligations to some or all of the Representative Action Class;
 - 40.4. It would appear that Mr. Garber's actions taken in support of the solicitation of proxies by Mr. Beinert and Mr. Mulder, who are Shareholders and also part of the Representative Action Class, may conflict with the interests of certain of Mr. Garber's clients (or other Shareholders who also happen to be members of the Representative Action Class) who Mr. Garber is representing in the Representative Action; and
 - 40.5. The Dissident Circular contains misstated facts, which potentially constitute defamatory statements.
41. A copy of the May 11 Sage Letter to Garber is attached to this Twenty-Eighth Report as "Appendix F".
42. On May 12, 2017, Mr. Beinert sent a letter to the Shareholders (the "May 12 Beinert Letter to Shareholders") stating, among other things, that:
- 42.1. Sage has indicated that it will not recognize or accept the Dissident Proxy;
 - 42.2. Mr. Beinert had been threatened with legal action for expressing his concerns;
 - 42.3. Recommending that those Shareholders who participate in the Sage Meeting attend in person;
 - 42.4. If Mr. Beinert were to vote at the meeting, he would vote as described in his letter; and
 - 42.5. Mr. Beinert would be in favour of having full discussions at the Sage Meeting but adjourning the meeting until the Annual General Meeting without transacting any business.
43. A copy of the May 12 Beinert Letter to Shareholders is attached to this Twenty-Eighth Report as "Appendix G".
44. On May 20, 2017, Sage sent a Frequently Asked Questions document (the "FAQ Document") to all Shareholders. A copy of the FAQ Document is attached as "Appendix H".
45. On May 22, 2017, Mr. Beinert sent a response to the FAQ Document to all Shareholders. A copy of Mr. Beinert's response is attached as "Appendix I".

46. On May 23, 2017, counsel to Sage sent a letter to Mr. Garber (the "May 23 Sage Letter to Garber") requesting that Mr. Garber and Mr. Beinert cease and desist any further efforts to solicit proxies in respect of the Sage Meeting, stating, among other things, that:
- 46.1. Mr. Garber's and Mr. Beinert's previous solicitation of proxies is a violation of the *Business Corporations Act (Alberta)* (the "ABCA");
 - 46.2. Mr. Garber and Mr. Beinert were previously put on notice that their previous actions violated provisions of the ABCA;
 - 46.3. Mr. Garber and Mr. Beinert have continued to take actions which clearly and undeniably fall within the activities of solicitation;
 - 46.4. Mr. Beinert has contacted Shareholders and fraudulently impersonated Sage representatives, misrepresenting facts in an effort to interfere with Sage's business and encourage Shareholders not to complete the Sage management form of proxy;
 - 46.5. The actions of Mr. Garber and Mr. Beinert are interfering with Sage's ability to maximize the value of the assets of Sage for the benefit of Shareholders; and
 - 46.6. Mr. Garber and Mr. Beinert are being put on notice that Sage reserves the right to pursue all remedies, including seeking damages and recovery of costs, should the following activities continue:
 - 46.6.1. Solicitation of proxies;
 - 46.6.2. Any actions taken at the Sage Meeting designed to prevent or delay Shareholders from voting on the Options as presented in the Information Circular; and/or
 - 46.6.3. If any previous or further actions taken result in a decrease in the value of Sage's assets or shares.
47. A copy of the May 23 Sage Letter to Garber is attached to this Twenty-Eighth Report as "Appendix J".
48. Counsel to Sage wrote a letter to the Monitor's counsel on May 24, 2017 to clarify certain items raised by Mr. Garber in his letters to the Monitor dated May 19, 2017 and May 23, 2017 (the "May 24 Sage Letter to the Monitor") stating, among other things, that:
- 48.1. The by-laws of Sage do not require an election of the directors of Sage at the Sage Meeting as this will be done at an annual general meeting later in the year;
 - 48.2. The Information Circular did not state the specific compensation of individual members of Sage management, but it did disclose the amount in the unaudited financial statements attached to the Information Circular and there is no requirement for such information to be disclosed at this time;
 - 48.3. There is no conflict with Sage management based on their former limited involvement with Kluane Partners Inc.;

- 48.4. Sage did not provide any contact information for the Shareholders to Sandton Capital who provided an unsolicited offer to the Shareholders for their Sage shares; and
 - 48.5. That Sage and the Board are extremely concerned that the proliferation of inaccurate, non-compliant, misleading statements made to the Shareholders by Mr. Garber, Mr. Beinert and their other agents is creating confusion for the Shareholders and is a serious prejudice for Sage and the Shareholders and is poisoning what is required by law to be a duly called and conducted meeting to allow Shareholders to vote in an informed way on the Options to be pursued by Sage.
49. A copy of the May 24 Sage Letter to the Monitor is attached to this Twenty-Eighth Report as "Appendix K".

Concerns of the Monitor

50. The Monitor has concerns over the most recent actions of the District Subcommittee and the Representative Action Counsel, including their actions and related communications outlined previously in this Twenty-Eighth Report. These concerns include, but are not limited to, the following:

- 50.1. Significant professional fees are being incurred by the Monitor and its counsel to deal with these matters for no real benefit or ascertainable purpose to the District Depositors;
- 50.2. The potential misuse of information (including the contact information of District Depositors) obtained in relation to the Representative Action for collateral purposes;
- 50.3. The potential breach of fiduciary or other duties by the District Subcommittee and Mr. Garber in taking actions which could impact the value of the Sage shares and the potential recovery of members of the Representative Action Class;
- 50.4. The potential for a conflict of interest, whether real or perceived, being created as a result of Mr. Garber and members of the District Subcommittee taking public positions contrary to Sage, which could be in conflict to the interests of other members of the Representative Action Class; and
- 50.5. The appearance that the information being disseminated by Mr. Beinert and Mr. Mulder (as well as the information being disseminated by Mr. Garber, presumably on their behalf) represents the official views/position of the District Subcommittee, which may create confusion as amongst Shareholders. This is of particular concern because in the view of the Monitor, these communications are not within the mandate of the District Subcommittee. Both the Monitor and this Honourable Court have, in the past, expressed reservations about the District Subcommittee becoming involved in matters related to Sage. While the Monitor takes no issue with Shareholders exercising their legal rights, in choosing to become fiduciaries, Messrs. Beinert and Mulder also need to be mindful of the duties they have assumed, and must act first and foremost in accordance with their fiduciary obligations.

51. Furthermore, the Monitor is concerned that the above noted actions in relation to Sage in conjunction with the threat to challenge the valuation of the Sage shares may represent a concerted effort to decrease the value of Sage shares and increase the amount of a potential damages award in the Representative Action.

Monitor's Letter to Mr. Garber

52. As a result of the above noted concerns, on May 17, 2017, the Monitor's legal counsel sent a letter to Mr. Garber (the "May 17 Letter from the Monitor's Counsel to Garber") outlining these concerns and stating that the Monitor intended to apply for advice and direction from the Court in the next week (subject to

availability) in relation to what, if anything, should occur as a result of these actions. In order to further clarify matters, the May 17 Letter from the Monitor's Counsel posed the following questions to Mr. Garber:

- 52.1. Have you been retained to act for Beinert and Mulder (and/or others) in their personal capacities (in addition to your role as counsel to the District Subcommittee)?
- 52.2. Have the above referenced actions in relation to the Shareholders Meeting been undertaken in your capacity as counsel to the Subcommittee or as counsel to Messrs. Beinert and Mulder?
- 52.3. As indicated in the Monitor's Twenty-Fourth Report the following individuals were appointed to the District Subcommittee: Beinert, Judy Kruse, Laurie Schutz, Mulder and Wylie Hertlein. However, your memorandum dated March 27, 2017 indicates that the Subcommittee is comprised of Beinert, Mulder, Sharon Sherman, Dianne Wilson and Laurie Schutz. Can you please confirm the current composition of the District Subcommittee?
- 52.4. Where did you obtain the information required to communicate with Shareholders? We are advised by Sage that such information has not been disclosed by it. We are concerned you may have utilized information provided to you for the purpose of communications with members of the Representative Action Class in order to solicit proxies.
- 52.5. Please advise as to your position regarding whether any of the actions of Messrs. Beinert, Mulder or Hertlein may constitute a real or perceived conflict of interest, or a breach of their duties owed to the Representative Action Class.
- 52.6. Please comment on whether your actions may constitute a breach of your duty to the Representative Action Class, or have placed you in a conflict of interest.
- 52.7. Please advise if you, Messrs. Beinert, Mulder or Hertlein intend to attend the Shareholders Meeting.

53. A copy of the May 17 Letter from the Monitor's Counsel to Garber is attached to this Twenty-Eighth Report as "Appendix L".

Replies from Mr. Garber

54. Mr. Garber has replied to the May 17 Letter from the Monitor's Counsel to Garber on both May 19, 2017 (the "May 19 Garber Response") and on May 22, 2017 (the "May 22 Garber Response"). The May 19 Garber Response stated, among other things, that:

- 54.1. Mr. Beinert requested and Mr. Garber agreed to review the Information Circular, despite this not being part of Mr. Garber's retainer as Representative Action counsel; and
- 54.2. Mr. Garber drafted the two proposed resolutions in the Dissident Circular.

55. The May 22 Garber Response stated, among other things, that:

- 55.1. Mr. Beinert approached Mr. Garber in his capacity as a significant Shareholder and Mr. Mulder supported Mr. Beinert as another significant Shareholder;
- 55.2. Mr. Garber has not taken any action in his capacity as Representative Action Counsel;
- 55.3. Mr. Beinert distributed the Dissident Circular to the Shareholders by mail with the assistance of his family and he obtained the contact information of the Shareholders from Mr. Garber who in turn had received the information from the Monitor's counsel who did not provide any restrictions to Mr. Garber on the use of the information;
- 55.4. The actions of Beinert and Mulder do not constitute a real or perceived conflict of interest or breach of their duties as members of the District Subcommittee or the Representative Action Class and the resolutions in Dissident Proxy do not create a conflict as the Monitor, in its Twenty-Seventh Report indicated that Mr. Beinert should take whatever steps necessary to assert his rights as a Shareholder and that Sage was in various violations of the Articles and its by-laws;
- 55.5. Mr. Garber (holding a proxy) and Mr. Beinert intend to attend the Sage Meeting;
- 55.6. It is in the Shareholders' best interests to following the proposed resolution from Mr. Beinert in regards to the sale of the Sage assets; and
- 55.7. Mr. Garber's actions do not constitute a breach of his duty to the Representative Action Members as there are no conflicts of interest.

56. A copy of the May 19 Garber response is attached to this Twenty-Eighth Report as "Appendix M". A copy of the May 22 Garber response is attached to this Twenty-Eighth Report as "Appendix N".

Monitor's Response to Mr. Garber's Replies

57. The Monitor's comments in regards to some of the above issues raised in the May 19 Garber Response and the May 22 Garber Response are as follows:

- 57.1. While the Monitor did not impose specific obligations in relation to the use of contact information of Depositors on District Subcommittee, the Monitor did not believe that it was required to as a result of the obligations imposed by Court Order on the District Subcommittee, and the legal obligations owed by Mr. Garber to his clients. Contact information for depositors was provided to Mr. Garber for the purpose of facilitating communications as amongst the District Subcommittee and those parties who opt into or out of the District Representative Action. The Monitor views the use of this information for any purpose other than communications regarding Representative Action matters as improper, and in particular the use of the information of parties who have opted out of the Representative Action.

- 57.2. The Monitor did not, as Mr. Garber implies in the May 22 Garber Response, advise Mr. Beinert that he was free to undertake whatever actions he deemed necessary in order to advance his concerns in relation to Sage. Rather, as noted above, the Monitor's counsel expressed confusion to Mr. Garber regarding the District Subcommittee's interest in Sage matters, and invited Mr. Beinert to raise his concerns directly with Sage. This was not an invitation to undertake the steps initiated by Mr. Beinert. In the view of the Monitor, by agreeing to serve on the District Subcommittee, members are not necessarily required to be silent on their personal concerns in relation to Sage, and remain entitled to express them to Sage management. However, those individuals are subject to limits in that expression that other Shareholders are not. The comments made by the Monitor in its Twenty-Seventh Report were not directed at Mr. Beinert, who owes legal duties to members of the Representative Action Class well beyond those owed by other Shareholders.
- 57.3. In follow up communication sent to Mr. Garber on May 23, 2017, Mr. Garber clarified that he has not been retained by Mr. Beinert in his capacity as shareholder. This statement does not fit squarely with Mr. Garber's statement in the May 22 Garber Response that he has taken no action in his capacity as counsel for the District Subcommittee.
- 57.4. As a result of the previous actions that have been undertaken by Mr. Garber on behalf of the District Subcommittee related to Sage, including information contained on the Garber Website, it is difficult to separate the efforts of Mr. Beinert, Mr. Garber and the District Subcommittee.
- 57.5. In general, there is an apparent lack of recognition by the District Subcommittee of the role and the duties that it has been tasked with. In that regard:
- 57.5.1. Mr. Garber did not substantively respond to the concerns of the Monitor in relation to a perceived or actual conflict of interest either in relation to his role as counsel to the District Subcommittee, or in relation to the role of Messrs. Beinert and Mulder. The Monitor particularly does not accept that the Twenty-Seventh Report is an answer to this question, as Mr. Garber asserts. For example, one question that remains unanswered is whether Mr. Garber is entitled to take steps in relation to Sage that may not be supported by other Shareholders who are members of the Representative Action Class, or which Sage asserts could have a negative impact upon the value of Sage shares. This is of particular concern when several different options being considered by Sage shareholders could result in transactions that could monetize the interests of Sage investors, and instability within Sage is unlikely to assist in the maximization of such value;
- 57.5.2. The District Subcommittee has continued to take steps outside of the context of the Representative Action, notwithstanding the feedback of this Honourable Court and the Monitor; and

57.5.3. The Dissident Circular references District Subcommittee members and Mr. Garber. The Monitor is concerned that this could lead to confusion as among Shareholders in relation to whether the solicitation is occurring by the District Subcommittee or is otherwise sanctioned by the CCAA process.

Advice and Directions

58. The Monitor takes no position in relation to the substantive matters at issue in relation to Sage, including the Sage Meeting. However, prior to the Sage Meeting, the Monitor wished to report to this Honourable Court for the purpose of ensuring that it was aware of the actions that have been undertaken by members of the District Subcommittee and Mr. Garber.
59. The Monitor is seeking advice and directions from the Court in order to address its above noted concerns. Without giving preference to any one course of action, the Monitor is providing the following non-exhaustive list of recommendations as potential directions for the Court:
- 59.1. Issue advice and directions to Mr. Garber and the District Subcommittee regarding their actions, and the permissible or impermissible scope of their duties;
 - 59.2. Issue an Order requiring further information be disclosed to the Monitor for the purpose of permitting it to further report to this Honourable Court on these matters;
 - 59.3. Issue an Order preventing further misuse of District Depositor contact information;
 - 59.4. Issue a declaration that members of the District Subcommittee have acted contrary to their duties;
 - 59.5. Order the replacement of all or a portion of the District Subcommittee, with members chosen by the District Creditors Committee or the remaining members of the District Subcommittee;
 - 59.6. Order the replacement by the District Subcommittee of Mr. Garber as Representative Action Counsel;
 - 59.7. Approval of the issuance of a communication of the Monitor, to be disseminated at the Sage meeting about the Court's findings and to clarify the role of the District Subcommittee and its counsel in matters related to Sage;
 - 59.8. Issue advice and directions to Sage in relation to the Sage Meeting;
 - 59.9. Consideration of whether the District Subcommittee charter and order need to be amended; and/or
 - 59.10. Issue no advice or directions.

DELOITTE RESTRUCTURING INC.,

In its capacity as Court-appointed Monitor of The Lutheran Church – Canada, The Alberta – British Columbia District, Encharis Community Housing and Services, Encharis Management and Support Services and The Lutheran Church – Canada, The Alberta – British Columbia District Investments Ltd. and not in its personal or corporate capacity



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

Appendix A

From: [Georg](#)
To: [Sithole, Joseph \(CA - Alberta\)](#)
Cc: [Allan Garber](#); [Sharon Sherman](#); [Dianne Wilson](#); [bill mulder](#); [Laurie Schutz](#)
Subject: 26th Monitor"s Report - Sage
Date: Monday, April 3, 2017 9:34:29 AM

Hello Joseph,

In the Monitor's 26th Report (March 6, 2017), paragraph 16 states:

16. The District has implemented the tax structured transaction contemplated in the District Plan pursuant to which shares ("the NewCo Shares") in a new company called **Sage Developments Inc.** ("NewCo" or "Sage") were issued to Remaining Affected Creditors effective October 31, 2016 ("the NewCo transaction"). (My emphasis added.)

Please note that Sage Developments Inc. is a company that exists in Millarville, near Calgary. Please note that In8 Sage Developments Inc. is a company that exists in province of Ontario. Please note that there are also 'Sage' companies in the USA.

Please confirm the following:

- Is the name of the new company Sage Properties Corp. or is it Sage Developments Inc.?
- Has Sage Properties Corp. changed its name? If so, when did that happen?
- Has Sage Properties Corp. entered into any discussions or negotiations with any other company that has 'Sage' in its name?
- Has Sage Properties Corp. entered into any discussions or negotiations with any other company?
- If so, what are the dates that such discussions and negotiations began, and what is the nature of such discussions and negotiations?

Your prompt reply is anticipated.
Georg Beinert

From: Sithole, Joseph (CA - Alberta)
To: ["Georg "](#)
Cc: [Allan Garber](#); [Sharon Sherman](#); [Dianne Wilson](#); [bill mulder](#); [Laurie Schutz](#); [Keeble, Jeff \(CA - Alberta\)](#)
Subject: RE: Financial Reporting of NewCo (Sage)
Date: Wednesday, April 5, 2017 5:49:04 PM

Hello Georg,

We are going to have our legal counsel, Jeffrey Oliver, reply to your specific inquiries contained in this email and your previous emails. You will hear from him shortly.

Regards,

--

Joseph Sitholé, CA
Senior Associate | Restructuring Services
D: (587) 293 3203 | F: (403) 718 3681
josithole@deloitte.ca | deloitte.ca

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From: Georg _ [mailto:alternate1517@gmail.com]
Sent: Tuesday, April 4, 2017 11:17 PM
To: Sithole, Joseph (CA - Alberta) <josithole@deloitte.ca>
Cc: Allan Garber <allan@garberlaw.ca>; Sharon Sherman <sharon.sherman@ualberta.ca>; Dianne Wilson <dianne.wilson614@gmail.com>; bill mulder <mulderbill@hotmail.com>; Laurie Schutz <voyager1200@gmail.com>
Subject: Re: Financial Reporting of NewCo (Sage)

Hello Joseph,

On March 21, 2017 I forwarded my request for information to you. You only responded to part of my question. I had written:

[The First Monitor's Report to the Creditors of the Lutheran Church Canada, dated March 28, 2016, on page 16, paragraph 39 under the NewCo subtitle, it states:](#)

["NewCo Management would also be tasked with providing regular financial reporting, including quarterly statements and annual reports with management discussion and analysis."](#)

[To date, we shareholders have received NO financial information from Sage, and my requests for financial information from Sage have been deflected.](#)

[Furthermore, Sage is in default, as it has missed its obligation to the shareholders to hold a first shareholders meeting within six months of the effective date. \(refer to paragraph 40\)](#)

[What does the Monitor propose to do about this?](#)

It has been two weeks and the Monitor has not yet responded regarding my concern about the financial reporting.

Please respond immediately. I will expect your reply by the end of the business day,

Wednesday, April 5, 2017.

Awaiting your immediate reply.
Georg Beinert

On Thu, Mar 23, 2017 at 3:00 PM, Sithole, Joseph (CA - Alberta) <josithole@deloitte.ca> wrote:

Hi Georg,

We are aware of the planned date for the shareholders meeting, and this matter is being discussed with legal counsel.

We may need to report this matter to the court, and assess if this is a significant change. We will know more on our next steps shortly.

Regards,

--

Joseph Sitholé, CA
Senior Associate | Restructuring Services
D: [\(587\) 293 3203](tel:5872933203) | F: [\(403\) 718 3681](tel:4037183681)
josithole@deloitte.ca | deloitte.ca

--

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From: Georg _ [<mailto:alternate1517@gmail.com>]
Sent: Tuesday, March 21, 2017 4:40 PM
To: Sithole, Joseph (CA - Alberta) <josithole@deloitte.ca>
Subject: Fwd: Financial Reporting of NewCo (Sage)

Hello Joseph,

I did not realize that Vanessa was away.

Please answer the following email for me.

Your prompt reply will be appreciated.
Thank you.
Georg

----- Forwarded message -----

From: Georg _ <alternate1517@gmail.com>
Date: Tue, Mar 21, 2017 at 4:37 PM
Subject: Financial Reporting of NewCo (Sage)
To: vanallen@deloitte.ca

Hello Vanessa,

The First Monitor's Report to the Creditors of the Lutheran Church Canada, dated March 28, 2016, on page 16, paragraph 39 under the NewCo subtitle, it states:

"NewCo Management would also be tasked with providing regular financial reporting, including quarterly statements and annual reports with management discussion and analysis."

To date, we shareholders have received NO financial information from Sage, and my requests for financial information from Sage have been deflected.

Furthermore, Sage is in default, as it has missed its obligation to the shareholders to hold a first shareholders meeting within six months of the effective date. (refer to paragraph 40)

What does the Monitor propose to do about this?

Georg Beinert

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Appendix B

From: [Oliver, Jeffrey](#)
To: [Allan Garber](#)
Cc: [Keeble, Jeff \(CA - Alberta\)](#); [Sithole, Joseph \(CA - Alberta\)](#)
Subject: RE: Sage shareholders meeting within Six-months-of-the-Effective-Date [IWOV-Legal.FID2316960]
Date: Friday, April 7, 2017 4:20:42 PM


Allan,

The Monitor did not give assurances – the Monitor reported on what Sage’s bylaws required them to do.

I am confused as to why your committee is raising these matters in relation to Sage. They are depositors who have the right to raise these issues in their individual capacity, but I don’t see there being any subcommittee link to these issues. Rather, I would have expected the creditor committee to raise these issues. I did not think these were issues for the RA class members. Can you please assist me on that?

If you can please put a list of your concerns together in relation to Sage, I can take instructions on whether we may include them in our court report. I cannot promise that, and again mention that it is most likely that there is no issue which the Monitor has standing to advance through meaningful steps. However, we can consider this more fully if the concerns are fully listed, and the basis for the subcommittee’s interest in the issue is expressed.

Thank you

	<p>Jeffrey Oliver Direct: +1 403 351 2921 • Fax: +1 403 648 1151 • joliver@casselsbrock.com Suite 1250 Millennium Tower, 440 – 2nd Avenue SW, Calgary, Alberta, T2P 5E9 www.casselsbrock.com</p>
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From: Allan Garber [<mailto:allan@garberlaw.ca>]
Sent: Friday, April 07, 2017 2:55 PM
To: Oliver, Jeffrey
Cc: Keeble, Jeff (CA - Alberta); Sithole, Joseph (CA - Alberta); 'Georg _'
Subject: RE: Sage shareholders meeting within Six-months-of-the-Effective-Date [IWOV-Legal.FID2316960]

The problem is more than there being no meeting. The Monitor’s Reports gave assurances that financial statements would be provided at least on a quarterly basis. The RA class members relied on those assurances.

The Monitor’s help would be greatly appreciated.

Allan Garber
Barrister & Solicitor

108, 17707 – 105 Avenue NW
Edmonton, AB T5S 1T1
Telephone (587) 400-9310

Fax (587) 400-9313
Email allan@garberlaw.ca

Note: This email address is not a valid address for service pursuant to Rule 11.21 of the Alberta Rules of Court. If you need to serve legal documents on Allan A. Garber, as lawyer of record, please do so by courier, recorded mail or fax.

From: Oliver, Jeffrey [<mailto:joliver@casselsbrock.com>]
Sent: April 7, 2017 2:43 PM
To: Allan Garber <allan@garberlaw.ca>
Cc: Keeble, Jeff (CA - Alberta) <jkeeble@deloitte.ca>; Sithole, Joseph (CA - Alberta) <josithole@deloitte.ca>
Subject: RE: Sage shareholders meeting within Six-months-of-the-Effective-Date [IWOV-Legal.FID2316960]

Mr. Garber,

I am sending this reply to you, as you were copied on this email from Mr. Beinert. It is unclear to me if you were included because the email below came from the District subcommittee, or for information purposes only. I am writing to you only as a precaution.

We can advise there is no agreement, written or otherwise, that changes the effective date.

We remind your client that the Monitor is not involved in, nor is it monitoring, the day to day affairs of Sage. Whether the meeting is late or not is irrelevant to the District's plan. The District and the Monitor do not control Sage. Sage's obligation to hold a meeting is prescribed by its bylaws.

The Monitor is not taking a position on whether or not Sage is in violation of its bylaws, but we intend to report on this matter to the Court.

Again, we urge Mr. Beinert to take his concerns with Sage up with them and their counsel.



Jeffrey Oliver

Direct: +1 403 351 2921 • Fax: +1 403 648 1151 • joliver@casselsbrock.com
Suite 1250 Millennium Tower, 440 – 2nd Avenue SW, Calgary, Alberta, T2P 5E9
www.casselsbrock.com

From: Georg _ [<mailto:alternate1517@gmail.com>]
Sent: Monday, April 3, 2017 10:31 AM
To: Sithole, Joseph (CA - Alberta) <josithole@deloitte.ca>
Cc: Allan Garber <allan@garberlaw.ca>; Sharon Sherman <sharon.sherman@ualberta.ca>; Dianne Wilson <dianne.wilson614@gmail.com>; bill mulder <mulderbill@hotmail.com>; Laurie Schutz <voyager1200@gmail.com>
Subject: Sage shareholders meeting within Six-months-of-the-Effective-Date

Hello Joseph,

In the Monitor's 26th Report, paragraph 17 states:

17. The District Plan calls for a NewCo shareholders meeting to be called within six months of the NewCo closing date of October 31, 2016. The Monitor understands that a meeting date has not yet been set by NewCo Management.

I believe that this is incorrect, as the plan makes no reference to a NewCo closing date of October 31, 2016.

Please note:

The Plan, Paragraph 7.1 d) iv) states: “that a general meeting of shareholders of NewCo will be called no later than 6 months following the **effective date**”.

The Monitor's First Report to the Creditors, paragraph 37.4 states: “A general meeting of the NewCo Shareholders would be called no later than six months following the **Effective Date**”

The Monitor's First Report to the Creditors, paragraph 40 states: “the NewCo Shareholder Meeting **must be held** within six months of the **Effective Date**”

(My emphasis added)

Please also note:

The Plan, Definition states: “**Effective Date**” subject to the satisfaction of the conditions precedent outlined in Article 7.2, means the date the plan takes affect and shall be the day following the expiry of the appeal period of all sanction orders granted in the CCAA Proceedings or such other date as may be agreed upon in writing by the Monitor and the District.

The Monitor's 26th Report, paragraph 17 appears to be in conflict with the Effective Date definition.

In your March 23, 2017 email reply to me, where I raised the concern that Sage was in default of its obligation to hold the first shareholders meeting, you replied:

We are aware of the planned date for the shareholders meeting, and this matter is being discussed with legal counsel.

We may need to report this matter to the court, and assess if this is a significant change. We will know more on our next steps shortly.

I understand your reply to mean that you recognize that Sage is in departure from the mandated six-month-from-effective-date shareholder meeting.

Please advise if the Monitor and the District had agreed to change the Effective Date. If so, please provide me a copy of that written agreement immediately.

Your prompt reply will be appreciated.

Georg

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Appendix C

SAGE Properties Corp. (SAGE) - Dissident Proxy Circular

Edmonton, May 4, 2017 SAGE shareholder Georg Beinert and shareholder Bill Mulder, as Concerned Shareholders of SAGE, are circulating this Dissident Proxy Circular (the "Dissident Proxy Circular") and a form of Dissident Proxy (the "Dissident Proxy") in respect of their solicitation of Dissident Proxies for the Special Meeting (the "Meeting") of Shareholders of SAGE convened for 12:00 p.m. (Edmonton time) on May 26, 2017 at the Executive Royal Hotel Edmonton Airport located at 8450 Sparrow Drive, Leduc, Alberta.

The Dissident Proxy Circular proposes that:

- **Four of the Directors of SAGE, namely: Sandra Jory, Steven Nielsen, Myron Yurko, and Murray Warnke be removed;**

- **A different slate of shareholder nominees be elected as Directors of SAGE, namely: Judy Kruze, Georg Beinert, Wiley Hertlein, Garry Garrett and Cliff Friesen;**

- **The shareholders vote to APPROVE the following Resolution:**

"BE IT RESOLVED by the shareholders (the "Shareholders") of Sage Properties Corp. that:

i) Sage pursue through all reasonable means a transaction to sell all or substantially all of the assets of the Corporation, or alternatively the Corporation as a whole, without first pursuing any subdivision or development work;

ii) An offer which the Board of Directors determines represents the best opportunity to maximize the value of the Corporation's assets shall be presented to the Shareholders for their approval;

iii) If no offers are received which in the opinion of the Board of Directors represent the best opportunity to maximize the value of the Corporation's assets, then Sage shall pursue Commercial Option "B" contained in the management information circular of the Corporation dated April 21, 2017.

- **The shareholders vote to DEFEAT the special resolutions to amend the Articles and By-Laws of SAGE, proposed by Management and in particular, the following proposed resolutions:**

- a. The Redemption Provisions Amendment**
- b. The Quorum Requirement Amendment**
- c. The Database Requirement Amendment**
- d. The Debt Limit Amendment**

To vote in favour of these proposals as business and resolutions of the Meeting,

please sign and promptly return the enclosed form of Dissident Proxy

In the Dissident Proxy Circular, Messrs. Georg Beinert and Bill Mulder declare their opinion,

- with the substantial majority of the SAGE shareholders being elderly;
- with the collapse of the LCC-ABC District CEF having caused financial hardship for many of SAGE's shareholders;
- with SAGE having failed or neglected to actively test the commercial real estate market or openly promote the sale of SAGE's assets;
- with SAGE CEO having brushed off commercial real estate option potentials, contrary to its court sanctioned Mandate, contrary to its December 1, 2016 letter to shareholders, and contrary to Bylaw sections 7.1 and 12.1;
- with SAGE having exposed its shareholders to a distressed asset buyer without first testing the real estate market, without shareholder mandate, and without providing management discussion to the shareholders, contrary to the Sanction Order and contrary to Bylaw sections 8.6 and 12;
- with SAGE having defaulted on its court sanctioned mandate and Bylaw section 12.1 to hold a shareholder's meeting by February 26, 2017;
- with SAGE advising that it will not hold an election of Directors at the first meeting of the shareholders, contrary to Bylaw section 3.5 and s. 106 of the *Business Corporations Act*;
- with SAGE not having provided complete, suitable and timely financial statements or information for shareholder considerations according to the court sanctioned mandate;
- with SAGE not having informed its shareholders of the resignation of four key Directors and the reasons therefor;
- with SAGE having provided incomplete and/or misleading information in its March 7, 2017 update to shareholders;
- with SAGE recommending commercial option B to subdivide while at the same time advising that there is no assurance that SAGE will be able to subdivide;
- with SAGE having proposed amendments to SAGE Articles and Bylaws that diminish shareholder power; and
- with SAGE having proposed an 'Advisory Resolution' to free itself from being bound by shareholder votes;

that SAGE's Board, from the effective date of August 26, 2016 and its operations commencement date of November 1, 2016, has not carried out its duties in good faith nor served the interests of all shareholders despite the Board's having full understanding of its avowed mandate according to the District Plan, and that SAGE's Board is now in a position of non-confidence.

and further, that Sage pursue through all reasonable means a transaction to sell all or substantially all of the assets of the Corporation, or alternatively, the Corporation as a whole, without first pursuing any subdivision or development work.

Messrs. Georg Beinert and Bill Mulder encourage all SAGE Shareholders to review and act upon their Dissident Proxy Circular and welcome inquiries to Georg Beinert at (780) 835-8722 or by email at beinert2017@gmail.com and to Bill Mulder at (604) 536-3169 or by email at mulderbill@hotmail.com .

**FORM OF DISSIDENT PROXY
FOR HOLDERS OF CLASS A COMMON SHARES
in SAGE PROPERTIES**

For the Special Meeting of SAGE Properties to be held on Friday, May 26, 2017

I (name) _____ of (location) _____,

being a shareholder of Sage Properties Corp. (“**Sage**”) hereby appoint **Georg Beinert** or _____ as my proxy, with full power of substitution, to attend and act and vote for me and on my behalf at the special meeting of the shareholders of Sage to be held on Friday, May 26, 2017 and to any adjournment thereof and at every poll that may take place in consequence thereof (the “Meeting”).

I hereby revoke any proxies previously given.

Dated _____

Signature of shareholder

Print name of shareholder

Notes:

1. If the shareholder is a corporation, this Instrument of Proxy must be signed by its duly authorized officer.
2. Persons signing this Instrument of Proxy as executors, administrators, trustees etc. should so indicate.
3. To be effective, this Instrument of Proxy must be received by Allan Garber, lawyer, no later than 12:00 noon Edmonton time on May 24, 2017 at #108, 17707 – 105 Avenue, Edmonton, Alberta T5S 1T1, by email alee@garberlaw.ca, or by facsimile (587) 400-9313.
4. This blank form of Dissident Proxy may be copied for your convenience.

BIOS OF PROPOSED SAGE BOARD MEMBERS

Wiley Hertlein has lived in Calgary, AB since 1960 and is a retired banker. He holds depth of experience with the financial aspects of business. In his career, Wiley was directly involved in over 80 files which required significant oversight and intervention due to financial stress. As a long term resident of Calgary, Wiley has valuable perspective of the growth areas in the Calgary area, and he is also aware of the development and market potentials that exist. He is a devout member of the Lutheran Church. Wiley has already shown a commitment to fellow shareholders in making a dedicated effort to seek out potential interests for the shareholder's property.

Judy Kruze lives in Edmonton, AB and serves at a university. She has solid understanding of governance and has experience in policy procedures and legislation. Judy was raised in the Lutheran Church and has raised her children in the Lutheran Church and Christian faith also. She lives out her Christian convictions displaying an exceptionally high degree of integrity. Seeking to do what is right, even at the risk of personal sacrifice, is a passion that Judy displays openly. She is warm and insightful in all her communications. Being a fellow shareholder, her heart understands the plight of many shareholders. Judy brings a focused urgency to see the best outcome for all shareholders.

Garry Garrett lives in the Rocky Mount House, AB area and is a retired businessman. Over a period of 37 years Garry built a company in the oilfield industry, starting from the ground up to a size of 40 employees. He understands the hard work, dedication and determination that is required in achieving goals. Garry also has experience in condo unit development. He has served for 12 years on the Board of a local Credit Union. Garry loves time with his family and grandchildren. He is active as a fellow Christian in the Lutheran Church. Garry has a very 'no nonsense' approach to matters that are of importance, and he has a firm resolve to see the best outcome for his fellow shareholders.

Cliff Friesen lives in Rocky Mountain House, AB and is an experienced financial and operational manager with a solid track record of accomplishments with small to medium size companies. Twenty five years of experience in the service side of the construction, petroleum and mining industry in both office and field. He holds a CMA, B.COMM, and CPA, and has ten years management consulting experience. Cliff is a dedicated member of the Lutheran Church and has served for 13 years as Treasurer. He involves himself in many Christian volunteer organizations both locally and internationally. Cliff brings with him many years of Director, Board and Chairman experience across a variety of public, private, and service society concerns.

Georg Beinert lives in the Fairview, AB area and his first passion is his family. He holds a range of certificates in the trades, technologies, and university level Sciences. Georg has experience in project engineering and project management of extreme environment equipment. He has a very keen attention to detail. Georg has 8 years experience on an advisory council with 2 years as Chair. He involves himself in many volunteer opportunities and enjoys team-work environments. Georg is a shareholder and a Christian, and has a firm resolve to see the best outcome for his fellow-shareholders.

Appendix D

GARBER LAW

Professional and Reliable Legal Services

CEF Sage Properties

A significant portion of the anticipated recovery for CEF Depositors is in the form of shares in Sage Properties Corp., which now owns the Prince of Peace Village, Harbour and Manor. Here we will post pertinent documents as they arise.

An initial and significant concern is that a company based in the United States is offering to buy Sage shares for 33 cents on the dollar. This represents a terrible return for CEF depositors who voted in good faith in favour of the Plan, and raises the question: What are your Sage shares really worth? An appraisal of Sage Properties may be helpful in this regard.

Click on the link below to see the Affidavit of Georg Beinert.

[Affidavit of Georg Beinert filed February 24, 2017.](#)

FACT CHECK:

The "Frequently Asked Questions" appended to the letter dated March 7, 2017 from Sage Properties Corp. to its shareholders contains the following Question and Answer:

Q: What is Sage's relationship to ... Kluane & Partners (Chief Restructuring Officer (CRO)).

A: There is no relationship between Sage and CRO. Sage is a wholly independent and self-determining corporation."

The claim there is "no relationship" between Sage Properties Corp. and Kluane Partners (the CRO) is not correct. The following additional information is provided by legal counsel for Representative Action Class Members:

- 1) Mr. Scott McCorquodale is the Chief Executive Officer of Sage Properties Corp.
- 2) He was also a member of the Kluane Partners (CRO) "engagement team." See Affidavit of Kurtis Robinson in particular

para. 20 and Exhibit "B" which is the Kluane Partners proposal to be named as CRO.

Affidavit of Kurtis Robinson Sworn

March 19 2015

3) According to his LinkedIn Profile, Mr. McCorquodale was the "Asset Manager/Real Estate Advisor" with Kluane Partners Private Equity from 2013 – 2016.

4) The CRO (Kluane Partners) and Sage Properties Corp. both operate out of the same address in Calgary: Suite 410, 505-8th Avenue S.W., Calgary, Alberta.

5) The Kluane Partner's website contains a link to "**What is the role of the Chief Restructuring Officer (CRO)**" and refers to the court order granted in the CCAA proceedings on February 20, 2015.

OTHER ISSUES:

- Sage is in default of its obligations to hold a shareholder's meeting. According to paragraphs 37.4 and 40 of the Monitor's First Report to the Creditors, the meeting was supposed to have occurred by the end of February, 2017.

- Four Sage directors have resigned, including three in December, 2016. No explanations have been given for their resignations.
- Sage has not provided any financial information to the shareholders. According to the Monitor’s First Report to the CEF creditors dated March 28, 2016 at para. 39: “NewCo Management would also be tasked with providing regular financial reporting, including quarterly statements and annual reports with management discussion and analysis.” It is difficult to conceive how intelligent decisions can be made about the future of Sage without financial statements.
- None of the Board of Directors have been approved by the shareholders.
- A company based in the United States has made offers to purchase shares in Sage for 33 cents on the face value dollar amount. This is an outrageous offer. Please remember that in Sage’s letter to you dated December 1, 2016, you were told:

“We have assembled a team with the knowledge, skill and expertise to maximize the value of these assets

and get liquidity to shareholders in a responsive manner.”

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Appendix E



Sage Properties Corp.
410, 505-8th Ave. S.W.
Calgary, AB
T2P-IG2

E-mail and Mail

May 11, 2017

Georg Beinert
Box 1614
Fairview, Alberta
TOH 1L0

Bill Mulder
2372-135A Street,
Surrey, British Columbia
V4A 9V1

Dear Sir:

Re: Solicitation of Proxies

We have received the documents purporting to be a dissident proxy circular and form of dissident proxy that we understand you have been providing to shareholders ("**Shareholders**") of Sage Properties Corp. ("**Sage**" or the "**Corporation**") in an effort to solicit proxies in respect of the special meeting of Shareholders to be held on May 26, 2017 (the "**Special Meeting**").

In the documents you have indicated that you intend to try and remove four of the current directors of Sage and elect a new slate of nominees to the Board of Directors of Sage (the "**Board**"). As the Special Meeting has not been called for the purpose of removing directors and electing directors, this matter cannot be properly brought forward at the Special Meeting. As such, the Chairman of the Board will not allow these matters to be brought forward at the Meeting. We also note that all of the current directors of Sage have been properly appointed in accordance with the by-laws of Sage (the "**By-Laws**") and the *Business Corporations Act* (Alberta) (the "**ABCA**"). In accordance with the By-Laws and the ABCA, an election for directors will occur at the next annual meeting of Shareholders.

You have also indicated your intention to put forward a "Special Resolution" at the Special Meeting in respect of actions to be taken relating to the business and affairs of the Corporation. We note that Section 12.1 of the By-Laws requires the Board, and not the Shareholders, to present Commercial Options (as such term is defined in the By-Laws) to the Shareholders at the Special Meeting. As such this matter cannot be properly brought forward at the Special Meeting and, as a result, the Chairman of the Board will not allow this matter to be brought forward at the Meeting.

In our review of the documents that we understand you have been providing to Shareholders, we believe that you have violated the provisions of the ABCA in respect of the solicitation of proxies. Both the method of your solicitation and the documents that you have circulated are non-compliant with the requirements of the ABCA. **As such we demand that you cease and desist any further efforts to solicit proxies in respect of the Special Meeting.** In addition, as the document you purport to be a dissident form of proxy is non-

compliant with the requirements of the ABCA all such forms received will be rejected at the Meeting for being invalid. You should be aware that under section 150 of the ABCA serious penalties may be imposed on someone who contravenes the requirements of the ABCA in relation to the solicitation of proxies. In addition, the documents you have circulated to the Shareholders contain fundamental misrepresentations, which constitute a further breach of applicable laws and harm both the Corporation and the Shareholders.

Please note that the Notice of Special Meeting (the "**Notice**") and the management information circular of Sage dated April 21, 2017 (the "**Information Circular**") set out the requirements for delivery of proxies. Any proxy not delivered in accordance with the instructions set out in the Notice and the Information Circular will be declared invalid regardless of the form of such proxy.

As noted in the "*Background to the Meeting*" the Board and management of Sage undertook an extensive and thorough deliberative process to arrive at the alternative Commercial Options to be presented to Shareholders and in making a recommendation to Shareholders as to which Commercial Option to approve. We believe that the actions you are taking are not in the best interests of the Corporation or the Shareholders and are potentially jeopardizing the ability of the Corporation to maximize the value of the assets comprising the Prince of Peace Development for the benefit of the Shareholders. As such in accordance with our fiduciary duties we will take all such actions as are necessary to prevent you from taking any further actions that we view as being contrary to applicable laws and/or that are not in the best interests of the Corporation or Shareholders.

As members of the Board and as Shareholders or representatives of Shareholders, we urge you to cease this reckless action as it confuses the matters to be presented to the Shareholders at the Meeting, harms the ability of Shareholders to make an informed choice on the Commercial Options, erodes Sage's financial resources, and threatens the ability of Sage to provide a meaningful financial recovery for the District Depositors.

ON BEHALF OF THE BOARD OF DIRECTORS
OF SAGE PROPERTIES CORP.

Sandra Jory
Chairman

cc: Clifford Friesen, Box 1965, Rocky Mountain House, Alberta T4T 1B5
Garry Garrett, Box 22, Site 4, RR3, Rocky Mountain House, Alberta T4T 2A3
Wiley Hertlein, 10903 Willowfern Drive, S.E., Calgary, Alberta, T2J 1R6
Judy Kruse, 10703-38th Street N.W., Edmonton, Alberta, T5W 2E2

Appendix F

Via Facsimile

May 11, 2017

Allan Garber Professional Corporation
108, 17707 – 105 Avenue
Edmonton, AB T5S 1T1

Attention: Allan A. Garber

Dear Sir:

Re: Solicitation of Proxies - Sage Properties Corp. ("Sage" or the "Corporation")

We are counsel to Sage in relation to a special meeting of shareholders ("**Shareholders**") of Sage to be held on May 26, 2017 (the "**Special Meeting**"). Sage has received documents described as a dissident proxy circular and form of dissident proxy (collectively, the "**Dissident Documents**") of George Beinart and Bill Mulder in respect of that Special Meeting. Members of the Board of Directors of Sage (the "**Board**") have been informed by some Shareholders that they have received e-mails directly from your office providing such Shareholders with the Dissident Documents and effectively soliciting proxies in respect of the Special Meeting.

Based on our review of the Dissident Documents, it is our client's position that both the method of the solicitation, and the Dissident Documents that you have circulated are non-compliant with, and constitute a violation of, the applicable provisions of the Alberta *Business Corporations Act* (the "**ABCA**") in respect of the solicitation of proxies, including Section 150. **As such we demand that you cease and desist any further efforts to solicit proxies in respect of the Special Meeting.**

Sage has informed Messrs. Beinart and Mulder that the matters proposed in the Dissident Documents to be put forward at the Special Meeting cannot be properly brought forward at the Special Meeting. Sage has also informed Messrs. Beinart and Mulder that the document purporting to be a dissident form of proxy will be rejected at the Special Meeting for being invalid.

There appears also to be a question as to how you obtained, or have used the personal information you used to contact the Shareholders as, to our client's knowledge, no party has access to the Shareholder list other than Sage and its advisors. If the information used to contact the Shareholders was obtained for another purpose, such as in your capacity as counsel for the District Subcommittee, the use of such information for the purposes of soliciting proxies may be in violation of confidentiality obligations to some or all of the Class Plaintiffs (who are Shareholders) and other laws.

It would appear that your actions taken in support of the solicitation of proxies by Messrs. Beinart and Mulder, who are Shareholders of Sage and also Class Plaintiffs, may conflict with the interests

of certain of your clients (other Shareholders of Sage who also happen to be members of the Class Plaintiffs) who you are representing in the Representative Action.

In short, the purported Dissident Circular you have transmitted contains significant misrepresentations of fact. The publication of such misstatements includes potentially defamatory statements. Moreover, we believe that the actions you are taking through the Dissident Documents are detrimental and damaging to the Corporation and the Shareholders, are improper and in breach of the aforementioned laws and duties you have, and are potentially jeopardizing the ability of the Corporation to maximize the value of the assets comprising the Prince of Peace Development for the benefit of the Shareholders. As such, upon the direction of Sage, we will take all such actions as are necessary to prevent you from taking any further actions that are contrary to applicable laws and/or that may jeopardize the interests of the Corporation or its Shareholders.

Regards,

BURNET, DUCKWORTH & PALMER LLP



Edward B. Brown
EBB/bh

Appendix G

May 12, 2017

Dear Fellow SAGE shareholders, and (for many of you) dearest brothers and sisters in Christ,

It is with sincere regret that I inform you that SAGE Properties Corp. has indicated that it will not recognize or accept what was put forward as the Dissident Proxy.

It has been my pleasure to communicate directly with many of you. Having learned from each conversation of how many of you have endured through your losses, I am blessed to know that my efforts have provided a breath of fresh air and a glimmer of hope into your lives. Your expressions of thanks and appreciation have been an encouragement to help keep me going. I am honoured to know that you have been encouraged by my efforts. I have poured hundreds of hours into this concern and had hoped for a far better way going forward. I believe that the proposals that I put forward to you are the best and most sensible way. My concerns and convictions on this matter have not changed.

However, as I have now been threatened with legal action for expressing my concerns and convictions and for proposing what many believe to be a very realistic way forward, I must give consideration to my wife and children and to protect for them the little that remains. Also, due to the shortness of time, I am not able to personally manage a reasonable legal counter-response. The activities to arrive at this point have already been quite exhausting. Since many of you may now be wondering what to do, I provide my perspective by way of information and not advice:

If you choose to participate in the shareholder meeting, I recommend that you attend the meeting 'in person'. If you choose to participate 'by proxy', you are at liberty to choose someone you trust to carry your proxy on your behalf. You will only be allowed to use SAGE's proxy form.

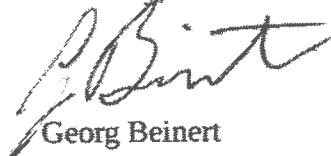
If I were to vote, I would prefer to vote on an amended commercial option A only, with no second choice option. That means that motions would have to be made to make the vote binding, and that the wording be made similar to what I had proposed in the Dissident Proxy Circular. I would also raise the point that this meeting is a 'special meeting' and that all the resolutions that SAGE has proposed are, by Bylaw 8.5, considered to be 'special business' and therefore may require a 2/3's majority vote in order to pass. If I were to vote, I would choose to DEFEAT the remaining four resolutions on SAGE's proxy.

If I was to have already sent in a proxy as per SAGE's form and advice, I would send a follow-up letter to revoke that proxy.

I would be in favour of having full discussions at this meeting, but adjourning the meeting until the Annual General Meeting without transacting any business.

These are what I would choose to do. I am not providing to you any advice. What you do is your choice. Your fellow shareholders will be affected by your choice. Please act wisely.

Sincerely,



Georg Beinert

RECEIVED
MAY 16 2017

Appendix H



Q1: Why am I not being asked to vote on the directors of SAGE?

A: The first election of the SAGE Board of Directors happened as part of the CCAA restructuring process, which satisfied the requirements in both the by-laws and under the Alberta Business Corporations Act. In accordance with the Alberta Business Corporations Act the directors of corporations are generally elected at a company's annual general meeting. The May 26 meeting is a special shareholder meeting that has been called for the purpose of considering the commercial options. It is not an annual general meeting. You will be asked to vote on the directors of SAGE at the annual meeting of the shareholders, which is expected to be held sometime in the fall of this year.

Q2: Why did 3 Board directors resign?

A: The reasons for Director resigning were personal and weren't disclosed to SAGE. Being a new company, the time commitment for Directors of SAGE is significant.

Q3: How were the new Board members selected?

A: The Board of SAGE appointed Myron Yurko and Murray Warnke to serve as directors of SAGE from the list of shareholders and their nominees who had expressed an interest in serving on the Board. As a result of the resignations, the appointments had to be made to ensure the Board did not lose quorum and the corporation could continue functioning. Each director was selected on the basis of the skill sets needed on the Board, their credentials and their willingness and availability to fulfill the mandate of SAGE. Murray Warnke was a district depositor and is a shareholder of SAGE. Myron Yurko is a nominee of a district depositor. There is currently one vacancy on the Board.

SAGE intends to re-evaluate the Board composition once a mandate is selected by the shareholders and will be reviewing the needs of SAGE to ensure the Board maintains the right mix of backgrounds and skill sets to be as effective as possible.

Q4: Why is the vote on commercial options a non-binding resolution?

A: While the SAGE Board will respect and intends to implement the mandate from its shareholders, the Board also recognizes that circumstances can change, which may require SAGE to change course in the interests of shareholder value. The Board will pursue the commercial option approved pursuant to the Advisory Resolution unless, after pursuing the commercial option, the Board determines that such commercial option is not achievable or will not achieve a result that will maximize the value of the assets.

Q5: I understand that the by-laws were designed to protect shareholders. Why is SAGE proposing to change them?

A: The Board's intent is not to take protections away from shareholders. SAGE has a responsibility to maximize the assets of SAGE for the benefit of the shareholders. The proposed changes to the by-laws are expected to reduce the administrative costs of running SAGE and afford the Board greater flexibility to strategically use SAGE's capital to maximize the value of SAGE's assets for the benefit of shareholders.



**May 26, 2017 Special Meeting of the Shareholders
Frequently Asked Questions**

Q6: Has the Board of directors received any expressions of interest to either purchase the property "As Is" or to purchase the shares of SAGE?

A: Sandton Capital Partners (Sandton) expressed an interest to purchase shares of SAGE, and the Board, to fulfill its fiduciary duties to all shareholders, determined it was necessary to explore the possibility of a transaction with Sandton. Ultimately such discussions and negotiations with Sandton did not result in a transaction or a value for SAGE shares that could be presented to shareholders for consideration.

SAGE has not received any other expressions of interest or offers from any other party to date. SAGE has been contacted by realtors who were interested in a listing, however, before the vote on commercial options by shareholders, it would not have been appropriate or in the best interest of SAGE to negotiate a brokerage contract with a realtor.

Q7: How has SAGE "tested" the options being presented to real estate market?

A: As part of the review of commercial options, SAGE engaged Ernst & Young Orenda Corporate Finance Inc. (E&Y) as financial advisors to assist the Board with its analysis of the commercial options. As part of their engagement, E&Y conducted an anonymous market sounding with potential buyers. Potential buyers were presented with the options being considered and universally, potential buyers agreed that subdividing the parcels as described in Options B & C would likely yield a better value than a sale under Option A.

Q8: Why has SAGE not provided audited financial statements?

A: SAGE's financial year end is March 31, and SAGE's financial statement audit is currently underway. Consequently audited financial statements were not available in time to be included in the information package for the special meeting May 26, 2017. We have included unaudited financial statements of the Corporation for the period commencing on the date SAGE commenced operations and ending on February 28, 2017 in Appendix F to the information circular provided by SAGE. As SAGE did not have any assets or operations prior to October 31, 2016, no historical financial statements of SAGE exist or can be prepared for any period prior to October 31, 2016.

Q9: At the date the information circular was issued, the Conrich Area Structure Plan was under appeal by the City of Chestermere and I understand the appeal was resolved on May 10, 2017? What impact does this have on the commercial options?

A: Regardless of the option selected, we believe this is a positive outcome for SAGE as it means that development of the area can proceed in accordance with the Area Structure Plan. The fact that the appeal was resolved does not materially change any of the information presented in the Information Circular about the commercial options or change the Board's recommendation that shareholders vote for Commercial Option B.



**May 26, 2017 Special Meeting of the Shareholders
Frequently Asked Questions**

Q10: Your first letter from management/Board in Fall of 2016 indicated that the first shareholder meeting was to take place in February 2017. Why was it postponed until May 2017?

A: SAGE understands that shareholders want to move forward as quickly as possible and had hoped that it would be ready to present commercial options to its shareholders in February. However, to develop the commercial options for shareholders' consideration, fulfill its obligations to shareholders in accordance with SAGE's by-laws, and satisfy the significant legal requirements relating to information circulars and shareholder meetings, management and the Board had to complete extensive due diligence and preparatory work to understand the assets of SAGE and prepare the information circular. The time required to complete this work resulted in the meeting being held later than was initially anticipated.

SAGE's by-laws require that notice of the special meeting was to be sent out no later than April 29, 2017 which did occur and was therefore still in compliance with the by-laws.

Q11: Why is SAGE opposed to the actions taken by the "dissident group"?

A: Messrs. Beinert and Mulder and certain of the Board nominees named by Messrs. Beinert and Mulder are members of the Representative Action Subcommittee. As members of the Representative Action Subcommittee they have certain duties and responsibilities. One of these duties is to assist in maximizing the amount that is ultimately available for distribution to the Representative Action Class pursuant to the Representative Action. As a result the actions and motives of this group are potentially in conflict, real or perceived, with the objective of maximizing the value of SAGE's assets for the benefit of shareholders. SAGE is concerned that the actions of this group may represent a concerted effort to decrease the value of Sage shares and increase the amount of a potential damages award in the Representative Action.

The SAGE Board members have fiduciary duties to SAGE and its shareholders and have a mandate to maximize the value of SAGE for the benefit of all shareholders. As a result of their fiduciary duties, the SAGE Board and management of Sage undertook an extensive and thorough deliberative process to arrive at the alternative commercial options to be presented to the shareholders and making a recommendation to shareholders as to which commercial option to approve. The SAGE Board also prepared a detailed Information Circular fully compliant with applicable laws containing all material and relevant information to allow shareholders to make a fully-informed decision on which commercial option to support.



Q11: Why is SAGE opposed to the actions taken by the "dissident group" (continued)?

A: This dissident group does not have any fiduciary duties to the SAGE shareholders and this is evident by their actions taken to date as follows:

- Has made applications to Court to challenge the valuation of the Sage shares;
- Has proposed to bring matters forward at the shareholder meeting that cannot be properly brought forward at the shareholder meeting and without providing necessary or meaningful information to shareholders as to the matters they have proposed;
- Has distributed materials to shareholders that are misleading and wholly non-compliant with applicable laws;
- Has solicited proxies illegally and appears to be continuing to solicit proxies illegally;
- Has misinterpreted and wrongly reported legal requirements applicable to SAGE and the shareholders' meeting;
- Has indicated their intention to have the shareholder meeting adjourned to prevent the commercial options from being voted on by shareholders.

If this group's intention was to decrease the value of the assets of SAGE, they have at least partially accomplished their goals. Their significant and continued attacks on SAGE and the process undertaken with respect to the shareholder meeting have resulted in SAGE incurring significant legal and other costs. SAGE has no choice but to incur these costs. The SAGE Board has obligations to protect the interests of SAGE and its shareholders, ensure that shareholders can make an informed choice, ensure the integrity of the voting process, ensure that the shareholder meeting is conducted in accordance with applicable laws and the by-laws of SAGE and thwart actions of others that the Board believes may jeopardize the opportunities of SAGE to maximize the value of the assets of SAGE for the benefit of all shareholders.

It is not SAGE's intent to personally attack any of the members of this dissident group. The Board does however want you to be aware of the above information and to keep such information in mind before you support the dissident group in any way or vote in favour of any motion brought forward by this group at the shareholder meeting. The SAGE shares held by this dissident group, including all their proposed director nominees, represent less than 1.5% of the issued and outstanding SAGE shares but their actions negatively impact all shareholders.

Appendix I

BEINERT REPOSE TO SAGE'S MAY 20, 2017 FRQUENTLY ASKED QUESTIONS

Q1: Election of directors:

The District Plan included a proposed Board of Directors. Three of the proposed Directors are no longer Directors. Two new Directors have been appointed by the Board. None of the Directors have been elected by the shareholders.

Let me be very clear about this. SAGE Bylaw 3.5 states:

***“Election and Term** – The shareholders shall, by ordinary resolution **at the first meeting of shareholders and at each succeeding annual meeting of shareholders, elect directors to hold office for a term expiring at the close of the next annual meeting of the shareholders following the election.**”*

Sage Bylaw 3.5 is supported by s. 106 of the *Business Coporations Act*, which states that Directors hold office from the issue of the articles of incorporation (August 26, 2016) **until** the first meeting of shareholders, and that the directors are to be elected **“at the first meeting of shareholders.”** This is not complicated. The election of the Directors must be held at the “first meeting of shareholders.” I have sent a proposed slate of Directors.

Sage’s refusal to hold an election of directors is very disturbing to me and many shareholders who have contacted me. Note that Sage is proposing to set the Officer’s compensation after the shareholder meeting “based on the commercial option approved at the Meeting.”

You are aware that until recently, Sage was refusing to disclose the compensation being paid to their senior officers. We now know that Mr. McCorquodale (the CEO) is being paid \$240,000 per year as the CEO plus another \$20,000 as a Director, plus possible further amounts if he is the chair of a Board Committee. Mr. Chin, the CFO, is being paid \$192,000.00 per year.

Q5: Bylaw changes:

SAGE is asking you to vote in favour of resolutions to negate the very provisions that were intended to provide additional protection for the affected creditors. See answer to Question Eleven, below.

Q6: Expressions of interest

One or more parties (other than Sandton Capital) had contacted SAGE for information for the purposes of preparing potential offers. In Sandra Jory’s email to me dated April 17, 2017, she told me she was not aware of any inquiries from commercial realtors regarding the sale of SAGE properties.

Q9: Conrich Area Structure Plan

On May 17, I sent a polite and helpful email to Sandra Jory advising her that slide #4 of SAGE's promotional slide presentation appeared to be out-of-date. I appreciate seeing that the answer to Q9 addresses that matter for shareholders to know.

Q10: First Meeting Date

According to the Plan and SAGE Bylaw 12.1 the first meeting of shareholders was to be called no later

than six months after the effective date. The Effective Date of the Plan was August 26, 2016. This required the first shareholder meeting to be properly called by February 26, 2017. Sage did not do that.

Q11: Opposition to the Dissident actions:

SAGE's Answer to Question eleven is a baseless attack against my character and my associations with other shareholders. My actions were brought in my capacity as a significant shareholder of SAGE, which the Monitor encouraged me to do. As a significant shareholder of SAGE, it is in my best interests to maximize the value of Sage's assets. It is also in your best interests.

My Dissident Proxy sought to do three things:

- 1) Hold an election of the Directors. This election is required by the SAGE bylaws and the Business Corporations Act. See Answer to Question one, above.
- 2) Require Sage to pursue "a transaction to sell all or substantially all of the assets of the Corporation, or alternatively the Corporation as a whole" PROVIDED that the Board determines that an offer "represents the best opportunity to maximize the value of the Corporation's Assets."

The concept is simple. If Sage receives an Offer which the Board determines "represents the best opportunity to maximize the value of Sage's assets" why wouldn't you sell?

The 'option' that I proposed to be put forward was a slightly modified, very reasonable and sensible 'best effort' initial and immediate approach to seek maximization of value toward possible liquidation for the benefit of the shareholders, the majority of whom are very elderly. Time is not in their favour. My proposal provided the ability to test the current commercial real estate market, to gain potential competitive offers, and to present those offers for consideration to the shareholders. It was also a defined approach that gave allowance for approaching a secondary option if the first proposed option was found unsuitable. This form of option was not available within SAGE's option set.

When SAGE's proposed commercial options are weighed together with insufficient financial performance information, and long time-lines related to each option, there comes a great concern that SAGE's option choices favour those who are collecting salary, with an unknown effect on the returns to the shareholders.

- 3) I proposed that the Shareholders defeat the resolutions which would take away the additional shareholder protections which were included in the Sanction Order. In her reasons, Justice Romaine stated:

[22] The articles of incorporation for NewCo will be created to include the following provisions, **which are intended to provide additional protection for affected creditors:**

- a) NewCo assets may only be pledged as collateral for up to 10% of their fair market value, subject to an amendment by a special resolution of the shareholders of NewCo;
- b) a redemption of a portion of the NewCo shares would be allowed upon the sale of any portion of the NewCo shares with those NewCo shareholders who wished to sell them;

c) NewCo would establish a mechanism to join those NewCo shareholders who wished to purchase NewCo shares with those NewCo shareholders who wished to sell them;

d) a general meeting of the NewCo shareholders will be called no later than six months following the effective date of the plan for the purpose of having NewCo shareholders vote on a proposed mandate for NewCo, which may include the expansion of the Harbour and Manor seniors' care facilities, the subdivision and orderly liquidation or all or a portion of the NewCo assets or a joint venture to further develop the NewCo assets.

SAGE states that the dissident group and proposed new Board members comprise less than 1.5% of the issued shares. I have received many phone calls in support, and even though I ceased requesting proxies, 119 shareholders had named me as their proxies as of May 19, 2017. I am also aware of many other significant shareholders who support me but did not name me as a proxy when they learned that such a proxy would not be accepted by SAGE.

May 22, 2017

Appendix J

Via Facsimile

May 23, 2017

Allan Garber Professional Corporation
108, 17707 – 105 Avenue
Edmonton, AB T5S 1T1

Attention: Allan A. Garber

Dear Sir:

Re: Solicitation of Proxies - Sage Properties Corp. ("Sage" or the "Corporation")

Further to our letter to you dated May 11, 2017 and the letter from Sage to your clients Messrs. Beinert and Mulder as of the same date, we demand that both **Mr. Beinert and yourself cease and desist any further efforts to solicit proxies in respect of the special meeting** (the "**Special Meeting**") of shareholders (the "**Shareholders**") of Sage to be held May 26, 2017.

Despite advising yourself and Mr. Beinert that your solicitation of proxies violated the provisions of the *Business Corporations Act* (Alberta) (the "**ABCA**"), we understand that you and Mr. Beinert continues to solicit proxies in violation of such provisions. We specifically refer you to Subsection 147(d) of the ABCA, which provides that "solicit" or "solicitation" includes:

- "(i) a request for a proxy whether or not accompanied with or included in a form of proxy,
- (ii) a request to execute or not to execute a form of proxy or to revoke a proxy,
- (iii) the sending of a form of proxy or other communication to a shareholder under circumstances reasonably calculated to result in the procurement, withholding or revocation of a proxy, and
- (iv) the sending of a form of proxy to a shareholder under section 149,"

Since both you and Mr. Beinert were put on notice that your actions violated the provisions of the ABCA, we understand that both you and Mr. Beinert have taken the following actions, which clearly and undeniably fall within the activities considered solicitation under the ABCA:

- Mr. Beinert sent a letter to Shareholders dated May 12, 2017, recommending that Shareholders can name someone other than the management representatives as proxies and recommending that Shareholders revoke their proxies;
- Continued to correspond with Shareholders in an effort to be named as proxy for such Shareholders;
- Encouraged others to solicit proxies on behalf of Mr. Beinert;

- Solicited proxies indirectly through others including through the memorandum of Don Specht to "CEF Defense Fund Supporters and Friends" dated May 18, 2017; and
- Indirectly distributed a document authored by Mr. Beinert entitled "Beinert Response to Sage's May 20, 2017 Frequently Asked Questions".

For certainty, these actions violate the provisions of the ABCA and are illegal.

It has also come to the attention of Sage that Mr. Beinert has been contacting Shareholders of Sage and fraudulently impersonating Sage representatives, misrepresenting facts in yet a further effort to interfere with Sage's business and induce such Shareholders to not complete the Sage management form of proxy.

The Board of Directors of Sage has a duty to protect the interests of Sage and the Shareholders and the improper actions of yourself and Mr. Beinert have been designed to interfere, and are interfering, with Sage's ability to maximize the value of the assets of Sage for the benefit of the Shareholders and causing financial harm to Sage.

Further, we believe that both you and Mr. Beinert are in breach of your fiduciary duties to the Representative Action Class (who are also Shareholders) in taking actions which could impact the value of the Sage shares and the potential recovery of members of the Representative Action Class. Further, we believe that you and Mr. Beinert are taking actions against Sage in a concerted effort to decrease the value of Sage shares and increase the amount of a potential damages award in the Representative Action.

As a result we are putting both yourself and Mr. Beinert on notice:

- if you continue to solicit proxies (or encourage others to solicit proxies);
- if you take any action at the Special Meeting that, or if your actions to date, prevent or delay Shareholders from voting on the commercial options as presented in Sage's information circular (including as a result of Sage failing to achieve the quorum requirements in Sage's by-laws); or
- take any other actions, or if your actions to date, result in a decrease in the value of Sage's assets or its shares,

that we reserve the right to take all remedies against you and Mr. Beinert. These remedies will include suing you and Mr. Beinert for all damages suffered by Sage as a result of your activities, including seeking recovery for any costs on a solicitor client basis and damages relating to lost corporate opportunities.

Regards,

BURNET, DUCKWORTH & PALMER LLP



Edward B. Brown
EBB/blh

Appendix K

May 24, 2017

Cassels Brock & Blackwell LLP
Millennium Tower
Suite 1250, 440 – 2nd Avenue SW
Calgary, AB T2P 5E9

Attention: Jeffery Oliver

Dear Sirs:

**Re: Lutheran Church -Canada, the Alberta -British Columbia District et al
Court of Queen's Bench Action No. 1501-00955**

We are counsel to Sage Properties Corp. ("**Sage**" or the "**Corporation**"). We are providing this letter in response to Allan Garber's letters to you dated May 17, 2017 and May 23, 2017.

As Mr. Garber has raised several substantive issues relating to Sage in his letters, Sage has directed us to provide a response to clarify the record to the Monitor. Sage and its Board of Directors (the "**Board**") are extremely concerned that the proliferation of inaccurate, non-compliant and misleading statements made to shareholders (the "**Shareholders**") of Sage by Mr. Garber, Georg Beinhert and their other agents is creating serious prejudice for Sage and the Shareholders and poisoning what is required by law to be a duly called and conducted meeting to allow Shareholders to vote in an informed way on the commercial options to be pursued by Sage. Sage has indeed received several inquiries from Shareholders expressing concern and confusion with respect to the communications received from Messrs. Garber and Beinhert and their other agents.

These responses do not address all of the items raised in Mr. Garber's letters nor address Sage's concerns about the conduct of Messrs. Garber, Beinert and Mulder. Sage may make submissions to Court with respect to these matters.

May 19, 2017 Garber Letter

The following are Sage's position in relation to the various substantive factual issues raised relating to Sage in Mr. Garber's May 19, 2017 letter.

Mr. Garber indicated that article 3.5 of Sage's By-Laws required Sage to hold an election of the directors at the Special Meeting (as defined below).

Sage Response: Section 3.5 of By-Laws does require an election of the directors of Sage at the first meeting of Shareholders; however we note that both item 8.25 of Sage's By-Laws and Section 141 of the *Business Corporations Act* (Alberta) (the "**ABCA**") allows matters to be approved by written resolution signed by all shareholders in lieu of holding a shareholder meeting. On October 31, 2016, in accordance with the District Plan, Encharis Community Housing and Services, who at the time was the sole Shareholder, executed a

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shareholder resolution appointing the directors of Sage satisfying the requirements in Section 3.5 of the By-Laws.

Sage will be required to hold an election of directors at the annual meeting of Shareholders prior to January 31, 2018 (15 months from the date of the Shareholder resolution). Sage considered trying to combine the holding of an annual meeting of Shareholders with the Special Meeting; however, holding an annual meeting would have required Sage to prepare and mail to Shareholders audited financial statements together with the Information Circular (as defined below). Given the fact that Sage has a March 31 year-end, Sage could not have prepared audited financials in time to allow the audited financial statements to be mailed with the Information Circular.

Mr. Garber raised an issue with the Board recommending Commercial Option B.

Sage Response: After an extensive, deliberate and thorough process, the Board determined that Commercial Option B represented the best opportunity to maximize the value of the assets of Sage for the benefit of Shareholders with an appropriate mix of risk and reward. Despite the recommendation of the Board, the Board also presented other commercial options to Shareholders including Commercial Option A, which was the sale of Sage or the assets of Sage without any subdivision or further development. All Shareholders, including Mr. Beinart, have the option of voting for any of the commercial options presented by Sage including Commercial Option A.

Mr. Garber raised an issue that the Board did not disclose the compensation of the officers of Sage.

Sage Response: The management information circular (the "**Information Circular**") of Sage mailed to shareholders in respect of the special meeting of shareholders to be held on May 26, 2017 (the "**Special Meeting**") did not specifically state the compensation of individual members of management; however, the unaudited financial statements of Sage attached as Appendix F of the Information Circular did show the aggregate management remuneration for the four month period ending February 28, 2017. We also note that at the Special Meeting no directors are to be elected and as such under the form requirements for information circulars prescribed under the ABCA (which is Form 51-102F5 under National Instrument 51-102 – *Continuous Disclosure Obligations*) there is no requirement for Sage to disclose management compensation. In addition, even when Sage holds its annual meeting of Shareholders later this year, Sage will have limited requirements to disclose management compensation as ASC Rule 54-504 exempts non-reporting issuers from the form requirements of Form 51-102F5 relating to executive compensation. More importantly, however, the compensation paid to Sage's Chief Executive Officer and Chief Financial Officer in the last four months is not relevant to the consideration of which commercial option to approve. As indicated on page 22 of the Information Circular, following the Meeting the Board will review and consider the appropriate form of compensation for management depending on the commercial option approved at the Special Meeting and as such any disclosure of the historic specific compensation paid to management may have been misleading as an indication of the expected compensation expense to be incurred in the future.

Mr. Garber raised an issue that the financial statements for the period November 1, 2016 to February 28, 2017 were not audited, and had not even been reviewed by Sage's auditor.

Sage Response: As the Special Meeting is not an annual meeting of Shareholders, under the ABCA, Sage is under no obligation or requirement to provide any financial statements to its Shareholders at this time. The Board chose to include the unaudited financial statements for the four month period ended February 28, 2017 to provide additional information to Shareholders. Audited financial statements are currently being prepared and, in accordance with the requirements of the ABCA, will be provided to Shareholders in conjunction (if not sooner) with Sage holding its annual meeting of Shareholders later this year.

Mr. Garber raised an issue that four directors of Sage resigned and Sage provided no explanation.

Sage Response: Three directors (not four) resigned. As such directors did not provide an explanation to Sage as to the reasons for their resignations, Sage cannot provide any further explanation.

Mr. Garber raised concerns about the amount of the compensation paid to the officers of Sage.

With respect to the concerns expressed relating to the compensation of Mr. McCorquodale and Mr. Chin (which are partially addressed above), we note that it is the Board's responsibility to manage or supervise the management of the business and affairs of Sage. In accordance with that responsibility, the Board determined the requirements for the Chief Executive Officer and the Chief Financial Officer and negotiated service contracts and compensation arrangements with each of Mr. McCorquodale and Mr. Chin that aligned with such requirements.

Mr. Garber raised concerns about an alleged conflict of interest concern relating to the officers of Sage.

Mr. Garber appears to be making some sort of allegation that Mr. McCorquodale and Mr. Chin have a conflict due to their previous involvement with Kluane Partners Inc. ("**Kluane**"). We do not understand Mr. Garber's allegation with respect to this matter and, absent other factors, any services that Messrs. McCorquodale and Chin may have provided to Kluane in the past in no way creates conflicts of interest between such individuals and Sage. To the knowledge of the Board, Mr. McCorquodale was never paid any compensation and was never employed by Kluane. To the knowledge of the Board, Mr. Chin only acted for Kluane as a part-time independent contractor on an occasional basis for specific short term assignments prior to September 2015. Other than the part-time services provided to Kluane by Mr. Chin in the past, Messrs. McCorquodale's and Chin's principal relationships with Kluane have been limited to their roles as the proposed Chief Executive Officer and Chief Financial Officer, respectively, and, later, as the Chief Executive Officer and Chief Financial Officer, respectively, of Sage.

May 23, 2017 Garber Letter

The following are Sage's position in relation to the various substantive issues raised relating to Sage in Mr. Garber's May 23, 2017 letter.

In Mr. Garber's response number 4, he asked a question of how Robert Rice of Sandton Capital obtained Shareholder's names and contact information.

This question is better addressed to Mr. Rice. Sage does, however, note that Sage did not provide Sandton Capital the names nor contact information of any of the Shareholders.

In Mr. Garber's response number 5, he raised an issue with respect to the timing of the Special Meeting.

Sage Response: Sage is governed by the terms of its Articles and By-Laws and the provisions of the ABCA. The obligations of Sage to hold the Special Meeting are contained in section 12.1 of the By-Laws of Sage, which states:

"Not less than 75 days and not more than 180 days from the effective date of the plan of compromise and arrangement of Lutheran Church Canada, the Alberta-British Columbia District, as amended, the Corporation shall send notice [Emphasis added] of a special meeting of the shareholders of the Corporation (the "Mandate Meeting"), in accordance with these by-laws, at which the Board of the Corporation shall report to the shareholders on all reasonable commercial options available to the

Corporation (the "Commercial Options") for achieving the Corporation's Business (as defined in the articles)..."

We note that the By-Laws require Sage to send notice of the Special Meeting not more than 180 days from the effective date but do not require that the Special Meeting be held prior to the date that is 180 days from the effective date. In interpreting its By-Laws, the use of the term "effective date of the plan of compromise and arrangement of Lutheran Church Canada, the Alberta-British Columbia District, as amended" requires Sage to refer back to the definition of "Effective Date" in the District Plan, which is:

"Effective Date" subject to the satisfaction of the conditions precedent outlined in Article 7.2, means the date the Plan takes effect and shall be the day following the expiry of the appeal period of all sanction orders granted in the CCAA Proceedings or such other date as may be agreed upon in writing between the Monitor and the District."

Article 7.2 of the District Plan includes a number of conditions precedent that were not satisfied until October 31, 2016, including most notably Subarticle 7.2(a):

"All applicable governmental, regulatory and judicial consents, orders and any and all filings with all governmental and regulatory authorities having jurisdiction, in each case to the effect deemed necessary or desirable for the completion of the transactions contemplated by the Plan or any aspect thereof shall have been obtained."

We specifically note that Alberta Health Services was required to provide various consents to the assignment and transfer of the assets to Sage pursuant to the District Plan. The consents from AHS were not effective until October 31, 2016 and, as such, the conditions precedents in Section 7.2 were not satisfied until such date. Most other documents required for the transfer of assets to Sage were also signed effective October 31, 2016. Consequently, it was not until October 31, 2016 that Sage received its assets and began operating the Prince of Peace Development. In addition, October 31, 2016 was the date that District Depositors became Shareholders of Sage. As a result for the purposes of determining Sage's requirements under its By-Laws, Sage has considered October 31, 2016 as the "Effective Date". Sage sent notice of the Special Meeting together with the Information Circular to Shareholders on April 25, 2017, which was within 180 days of October 31, 2016.

Regardless of any disagreement as to "Effective Date" for the purposes of Sage's By-Laws, management and the Board of Sage acted in accordance with their fiduciary duties in determining the timing for sending out the notice of the Special Meeting and the timing for holding of the Special Meeting. As detailed in the Information Circular under the heading "*Background to the Meeting*", after Sage began managing the Prince of Peace Development management and the Board undertook an extensive, deliberate and thorough process in determining the commercial options to be presented to Shareholders at the Special Meeting and in making a recommendation to Shareholders as to which commercial option to approve. As part of this process, the Board sought and obtained appropriate advice from legal and financial advisors. With the assistance of such advisors, management and the Board prepared fulsome disclosure in the Information Circular, relating to the Sage and the nature of its assets and each of the commercial options as required under its By-Laws and applicable corporate law. This process was complicated by the significant site complexities (see "*Information Concerning Sage Properties Corp.*" in the Information Circular) that needed to be assessed to understand the impacts on the various commercial options, the resignation of three directors of Sage and the expressions of interest received during such process from a party interested in acquiring Sage Shares.

In Mr. Garber's response number 5, he also mentions the financial reporting requirements relating to Sage as indicated in a Monitor's report.

Although this matter has already been addressed above, Sage notes that it is required to comply with the provisions relating to financial reporting in the ABCA. Sage is not bound nor has any obligations under any of the Monitor's reports to the Court. As noted above, Sage is not only in compliance with its financial reporting requirements, it has provided additional financial information to its Shareholders beyond such requirements.

In Mr. Garber's response number 6, he makes an assessment of what would be in Sage's best interests.

The Board is supportive of every Shareholder voting on the commercial option that they believe will provide the best return on their investment, including Mr. Beinart; however, it is neither Mr. Garber's nor Mr. Beinart's responsibility or right to determine what is in the best interests of the Corporation for all Shareholders. Neither Mr. Garber nor Mr. Beinart has a fiduciary duty to Sage. Under the ABCA and Sage's By-Laws, the Board is responsible for managing or supervising the management of the business and affairs of the Corporation. In addition, under Section 12.1 of Sage's By-Laws the Board is responsible for determining the commercial options to be presented to Shareholders. Neither Mr. Garber nor Mr. Beinart has any standing to present commercial options to Shareholders for consideration.

In Mr. Garber's closing comments he indicates that the Sage Board refused to hold an election of the Directors.

Although this issue has been addressed above, Sage does have a few additional items to raise on this matter.

Sage never refused to hold an election of directors. As indicated above Sage will hold an election for its directors at its annual meeting of Shareholders held later this year. The election of directors at the Special Meeting as proposed by Messrs. Beinert and Mulder cannot be brought forward at the Special Meeting for a number of reasons:

- despite the ABCA containing specific provisions relating to how Shareholders can make nominations of directors, Messrs. Beinert and Mulder failed to comply with any of such provisions;
- the Notice of the Special Meeting did not indicate that the election of directors would be considered at the Special Meeting;
- neither the management form of proxy or the document circulated by Mr. Beinert and Mulder purporting to be a "dissident form of proxy" allowed Shareholders to make a choice as to the directors to be elected; and
- as indicated in Sage's correspondence to Messrs. Beinert and Mulder, they have solicited proxies in violation of the ABCA.

Based on the above any consideration of the election of directors at the Special Meeting would be prejudicial to the interests of Shareholders.

Yours truly,

BURNET, DUCKWORTH & PALMER LLP



Edward B. Brown

cc: Allan Garber

Appendix L



CASSELS BROCK
LAWYERS

May 17, 2017

By E-mail: allan@garberlaw.ca

Allan Garber Professional Corporation
108, 17707 – 105 Avenue
Edmonton, Alberta T5S 1T1

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fax: +1 403 648 1151

file # 49073-1

Attention: Allan Garber

Dear Sirs/Mesdames:

Re: ***Lutheran Church – Canada, the Alberta – British Columbia District et al
Court of Queen’s Bench Action No. 1501-00955***

As you are aware, we are counsel to the Monitor in the above captioned matter. We are writing to you in relation to matters that have recently come to our attention.

Any terms not otherwise defined herein shall have the meaning ascribed to them in the Fifth Amended Plan of Compromise and Arrangement of the Lutheran Church Canada, the Alberta-British Columbia District (the “**District Plan**”).

Background

As you are also aware, the District Plan was sanctioned by an order of the Court pronounced August 5, 2016 (the “**Sanction Order**”). Under the terms of the District Plan, all Claims (other than Representative Action Claims) were subject to, and compromised by, the District Plan. As part of this compromise, each Resident Affected Creditor with a Proven Claim not fully satisfied by the Convenience Payment and sales of non-core assets received common shares in NewCo (“**Sage**”) in partial satisfaction of their remaining claim.

Separate and apart from this, District Depositors with a Representative Action Claim were also entitled to take part in the Representative Action as set out in the District Plan, the Sanction Order and the District Subcommittee Order, which was also pronounced August 5, 2016 (the “**Subcommittee Order**”).

As set out in the Twenty-Fourth Report of the Monitor, the following individuals were appointed to the Subcommittee: Georg Beinert (“**Beinert**”), Judy Kruse, Laurie Schutz, William Mulder (“**Mulder**”) and Wylie Hertlein (“**Hertlein**”). You were appointed as Representative Counsel. This information has been publically disseminated to District Depositors at large.

Sage Shareholders Meeting

Sage is holding a special meeting of shareholders on May 26, 2017 (the “**Shareholders Meeting**”). Sage issued a management information circular and proxy to the shareholders of Sage on April 21, 2017. The Monitor has been informed that on May 4, 2017, Beinert and Mulder (both members of the Subcommittee) issued what they purported to be a Dissident



Proxy Circular (the "**Dissident Circular**") in relation to the Shareholders Meeting. The Dissident Circular proposed, *inter alia*, to have four directors of Sage (namely, Sandra Jory, Steven Nielsen, Myron Yurko and Murray Warnke) removed and replaced with Judy Kruze, Beinert, Hertlein, Garry Garrett and Cliff Friesen. Based on information obtained by the Monitor, it appears that the Dissident Circular was issued to all or substantially all of Sage's shareholders, including those that do not form part of the Representative Action Class. The instructions included in the Dissident Circular advised shareholders who completed the proxy to return the proxy to you.

In addition to the Dissident Circular, we also understand that on March 27, 2017 you issued a memorandum to all Representative Class Action Members mentioning the Shareholders Meeting and setting out the various concerns the Subcommittee had in relation to the Shareholders Meeting and Sage generally. You also posted a similar message on your professional webpage.

On May 11, 2017, Sage issued a letter to Beinert and Mulder in response to the Dissident Circular stating, *inter alia*:

- (a) The Dissident Circular and Proxy are non-compliant with the requirements of the *Business Corporations Act* (Alberta);
- (b) The Dissident Proxies would not be accepted at the Shareholders Meeting; and
- (c) It is the belief of Sage that the steps being taken by Beinert and Mulder are not in the best interest of Sage or of the shareholders of Sage (the "**Shareholders**") and are potentially jeopardizing the ability of Sage to maximize the value of the assets of Sage for the benefit of Shareholders.

In addition to the above noted letter, on May 11, 2017 counsel for Sage issued a letter to you indicating *inter alia*:

- (a) The Dissident Circular and Proxy are non-compliant with the requirements of the *Business Corporations Act* (Alberta);
- (b) That there appears to be a question as to how you obtained, or have used the personal information you used to contact Shareholders;
- (c) If the information used to contact Shareholders was obtained for another purpose, such as in your capacity as counsel for the Subcommittee, the use of such information for the purpose of soliciting proxies may be in violation of confidentiality obligations to some or all of the Representative Action Class;
- (d) It would appear that your actions taken in support of the solicitation of proxies by Beinert and Mulder, who are Shareholders and also part of the Representative Action Class, may conflict with the interests of certain of your clients (or other Shareholders who also happen to be members of the Representative Action Class) who you are representing in the Representative Action; and

- (e) The Dissident Circular contains misstated facts, which potentially constitute defamatory statements.

On May 12, 2017, Mr. Beinert sent a letter to the Sage Shareholders stating, *inter alia*, that:

- (a) Sage has indicated that it will not recognize or accept the Dissident Proxies;
- (b) Mr. Beinert had been threatened with legal action for expressing his concerns;
- (c) Recommending that those Shareholders who participate in the Shareholders Meeting attend in person;
- (d) If Mr. Beinert were to vote at the meeting, he would vote as described in his letter; and
- (e) Mr. Beinert would be in favour of having full discussions at the Shareholders Meeting but adjourning the meeting until the Annual General Meeting without transacting any business.

Duties and Responsibilities of the Subcommittee

As you are aware, the Subcommittee was established to oversee and provide instructions to you in relation to the Representative Action. Its mandate was never intended to deal with the matters that you and Messrs. Beinert and Mulder are advancing. The mandate of the Subcommittee includes, *inter alia*:

- (a) Assisting in maximizing the amount that is ultimately available for distribution to the Representative Action Class pursuant to the Representative Action (District Plan, Article 5.3(c)(i) and Subcommittee Order, Article 9(a));
- (b) Serving in a fiduciary capacity in representing the Representative Action Class (District Plan, Article 5.3(c)(iv) and Subcommittee Order, Article 9(c)); and
- (c) Conducting themselves substantially in accordance with the principles laid out in the Charter of the District Subcommittee (Subcommittee Order, Article 9(b)).

Furthermore, the following duties and responsibilities (among others) have been set out for the Subcommittee:

- (a) Members of the Subcommittee shall not be in a conflict of interest with respect to the Representative Action (Subcommittee Order, Article 7(b)); and
- (b) The Subcommittee shall act honestly, in good faith and with a view to the best interest of the Representative Action Class and to exercise the care, diligence and skill that a reasonable prudent person would exercise in comparable circumstances with regard to the Representative Action (Subcommittee Order Article 9(b) and Charter of the District Subcommittee).

Furthermore, you (as Representative Counsel) owe fiduciary duties to your clients, the Representative Action Class.

Concerns of the Monitor

The combination of the above information has created several concerns for the Monitor, including but not limited to:

- (a) The potential misuse of information (including the contact information of District Depositors) obtained in relation to the Representative Action for collateral purposes;
- (b) The potential breach of fiduciary duties by the Subcommittee and/or you in taking actions which could impact the value of the Sage shares and the potential recovery of members of the Representative Action Class;
- (c) The potential for a conflict of interest, whether real or perceived, being created as a result of you and members of the District Subcommittee taking public positions contrary to Sage, which could be in conflict to the interests of other member of the Representative Action Class; and
- (d) The appearance that the information being disseminated by Beinert and Mulder (as well as the information being disseminated by you, presumably on their behalf) represents the official views/position of the Subcommittee, which may create confusion as amongst Sage Shareholders. This is of particular concern because in the view of the Monitor, these communications are not within the mandate of the Subcommittee. Both the Monitor and the Honourable Madam Justice Romaine have, in the past, expressed reservations about the Subcommittee becoming involved in matters related to Sage. While the Monitor takes no issue with Sage Shareholders exercising their legal rights, in choosing to become fiduciaries, Messrs. Beinert and Mulder also need to be mindful of the duties they have assumed.

Furthermore, the Monitor is concerned that the above noted actions in relation to Sage in conjunction with the threat to challenge the valuation of the Sage Shares may represent a concerted effort to decrease the value of Sage Shares and increase the amount of a potential damages award in the Representative Action.

As a result of the concerns raised, the Monitor intends to apply for advice and direction from Madame Justice Romaine next week, subject to her availability, in relation to what (if anything) should occur as a result of these actions. For the purpose of the Monitor's report on these matters, the Monitor requests that you provide answers to the following questions.

1. Have you been retained to act for Beinert and Mulder (and/or others) in their personal capacities (in addition to your role as counsel to the Subcommittee)?



2. Have the above referenced actions in relation to the Shareholders Meeting been undertaken in your capacity as counsel to the Subcommittee or as counsel to Messrs. Beinert and Mulder?
3. As indicated in the Monitor's Twenty-Fourth Report the following individuals were appointed to the Subcommittee: Beinert, Judy Kruse, Laurie Schutz, Mulder and Wylie Hertlein. However, your memorandum dated March 27, 2017 indicates that the Subcommittee is comprised of Beinert, Mulder, Sharon Sherman, Dianne Wilson and Laurie Schutz. Can you please confirm the current composition of the Subcommittee?
4. Where did you obtain the information required to communicate with Shareholders? We are advised by Sage that such information has not been disclosed by it. We are concerned you may have utilized information provided to you for the purpose of communications with members of the Representative Action Class in order to solicit proxies.
5. Please advise as to your position regarding whether any of the actions of Messrs. Beinert, Mulder or Hertlein may constitute a real or perceived conflict of interest, or a breach of their duties owed to the Representative Action Class.
6. Please comment on whether your actions may constitute a breach of your duty to the Representative Action Class, or have placed you in a conflict of interest.
7. Please advise if you, Messrs. Beinert, Mulder or Hertlein intend to attend the Shareholders Meeting.

As a result of the urgency of these matters, please respond to the questions set out above by no later than **1:00 p.m. on Friday May 19, 2017.**

Yours truly,

Cassels Brock & Blackwell LLP

For: Jeffrey Oliver
Partner

JO/dm

cc: Francis Taman
cc: Ted Brown
cc: Chris Simard

Appendix M

ALLAN GARBER
Barrister & Solicitor

#108, 17707 105 Avenue
Edmonton, Alberta T5S 1T1

A black square logo with the white letters "AG" inside.

May 19, 2017

Via Fax: (403) 648-1151

Our file No. 212A/G

Cassels Brock & Blackwell LLP

Millennium Tower
440 2 Ave. S.W., Suite 1250
Calgary, Alberta T2P 5E9
Tel: 403 351-2921
Fax: 403 648-1151
Email: joliver@casselsbrock.com

Attention: Jeffery Oliver

Re: ABC District/Sage Properties

I have your letter dated May 17 addressed to the writer and your letter of the same date addressed to Justice Romaine. This is Part One of my response. Part Two will follow this weekend. Please consider this as my written submissions to the court.

On the afternoon of May 4, 2017, Mr. Beinert sent me the Sage Management Circular in his capacity as a significant shareholder of Sage. He asked me to review it. I told him this was not part of my retainer as counsel for the Representative Action, but I would review it as a courtesy to him. Other shareholders were calling me as well. I receive numerous calls every day from class members and I answer all of their calls. For good or for bad, they view me as "their lawyer."

I reviewed the Management Circular the evening of May 4, 2017. Mr. Beinert called me the next morning with many concerns, including:

- 1) Notwithstanding article 3.5 of the By-Laws, which requires an election of the Directors to be held at the first meeting of shareholders, no such election was going to be held. Many shareholders had counted on this election being held.
- 2) The Board recommended Option "B", which is to sell the assets after subdivision and emancipation of services. This option could take up to three years, and there is no assurance that Sage will be able to sub-divide the assets. Mr. Beinert felt that Sage should at least try to sell the assets, given the age of the shareholders.

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www.garberlaw.ca

- 3) The Board did not disclose to the shareholders what the Officers of Sage were being paid.
- 4) The financial statement for the period November 1, 2016 to February 28, 2017 was not audited, and had not even been reviewed by Sage's auditor.

Mr. Beinert wanted to send out a dissident proxy circular which would require an election of the Board to be held at the shareholder meeting, and which would promote a modified form of Option "A" as the first choice, with Option B being a fallback position. I had no ability to draft a Dissident Proxy Circular, but I did draft two Resolutions, attached.

Note that according to the Special Resolution which I prepared, if no offers are received which in the opinion of the Board of Directors represent the best opportunity to maximize the value of the Corporation's assets, then Sage is to pursue option "B". The message to Sage was simple: at least try to sell the assets in an open, commercial real estate environment. Mr. Beinert and others had expressed concerns about meetings the Board had had in the past with a distressed buyer from the United States.

Mr. Beinert was extremely troubled that there was not going to be an election of the Directors. Many shareholders expressed the same concern to me. Four Directors previously resigned with no explanation.

They have also expressed dissatisfaction with Sage Management and with Mr. Scott McCorquodale (the CEO) in particular. I enclose for example a letter dated April 18, 2017 from Vernon and Elizabeth Kembel, an elderly couple from British Columbia. I had never met them or spoken to them.

As you know, Scott McCorquodale, was a member of the "engagement team" for Kluane Partners (the Chief Restructuring Officer). (Affidavit of Kurtis Robinson sworn March 20, 2015). According to the Sage Management Circular, "Mr. McCorquodale has over 16 years of professional experience specializing in the sale of real estate in the \$5 to \$50 million range. His previous experience includes acting as Vice President, Investment Sales at Colliers International." He has no disclosed experience running a company like Sage.

Mr. Tony Chin (CFO) also had ties to Kluane Partners. His "Zoom" profile describes him as a "Senior Associate, Kluane Partners Inc." It appears that both Mr. McCorquodale and Mr. Chin used their positions with Kluane Partners as a springboard to the lucrative positions they now hold with Sage.

Which leads me to the issue of their compensation. The Sage Management Circular states:

"Following the Meeting, the Board will review and consider the appropriate form of compensation to be awarded to the officers of the Corporation based on the commercial option approved at the Meeting."

One of the class members is Lorraine Geise. She and her husband lost all of their life's savings in the ABC District collapse. She has been trying to find out how much McCorquodale and Chin are being paid. The Kembels asked the same question in December of 2016 but received no answer.

At a meeting held on May 16, 2017, the truth came out. Sandra Jory, the Chairman of Sage's Board of Directors, advised Lorraine that Mr. McCorquodale is being paid \$240,000.00 per year. With his Director's salary, that takes him up to \$260,000.00 per year. Mr. Chin is being paid \$192,000.00 per year. These are the same people who are pressing for a rent increase from my 98 year old class member Magda Carr, who if she lives much longer, is going to run out of money.

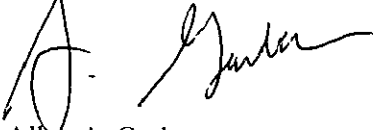
Now that that the truth is coming out about how much the Senior Officers of Sage are being paid, shareholders are calling me and telling me had they known that, they would never have voted in favour of Option "B" on the Sage Management Circular. They feel that once again, they are being bamboozled and misled. As I was writing this letter, I received another phone call from a shareholder who I have never dealt with before complaining that Sage management does not answer her questions and that the shareholders have no say in who is running the company.

I will spend the weekend providing Part Two of my response to your letter. In the interest of time, I wanted to get this response out right away in view of your 1:00 pm deadline today.

Yours truly,

Allan Garber Professional Corporation

Per:



Allan A. Garber

AG/as

cc: George Beinert.
cc: The Honourable Justice Romaine

APR.
~~Nov.~~ 18, 2017

Mr. Allan Garber and District Sub Committee Members

First let me Thank you and the sub-committee members for initiating this action on behalf of the depositors ,who have been so greatly affected by the actions that have taken place up to this point. A special thanks to Georg Beinert for his excellent presentation to the court in the original action last year.

For your information I would like to tell you about my inquiries to Directors of Sage Properties.

I phoned Sage Properties @ 403 478-9661 in Calgary on Dec.9,2016.First I spoke with a lady but I did not get her name. I asked her if the employes of Sage were getting paid, and if so ,how much were they being paid. I also asked her who the employees were appointed by. She could not, or would not answer. I also asked her what is the price of Sage shares today and how was the share price arrived at originally. She would not answer that and after my insistence she turned me over to Scott McCorquodale. Scott also would not or could not answer the same questions. He asked several times if I had a question for him. I replied that I had several questions but they are choosing not to answer them. Scott then told me that I should hire a financial consultant .

These are the people that are supposed to be working for us the depositors, and yet are so secretive and arrogant.

I am also enclosing an article from the Globe and Mail of June 9, 2016 regarding some of Deloitte's past dealings. I hope this is of some help to you

Vernon and Elizabeth Kembel
vkembel@telus.net
(604)856-8800

RESOLUTION OF THE SHAREHOLDERS ON COMMERCIAL OPTIONS

“BE IT RESOLVED as a Special Resolution of the shareholders of Sage Properties Corp. (the “Corporation”) that:

- i) Sage pursue through all reasonable means a transaction to sell all or substantially all of the assets of the Corporation, or alternatively the Corporation as a whole, without first pursuing any subdivision or development work;
- ii) An offer which the Board of Directors determines represents the best opportunity to maximize the value of the Corporation’s assets shall be presented to the Shareholders for their approval;
- iii) If no offers are received which in the opinion of the Board of Directors represent the best opportunity to maximize the value of the Corporation’s assets, then Sage shall pursue Commercial Option “B” contained in the management information circular of the Corporation dated April 21, 2017.

**RESOLUTION OF THE SHAREHOLDERS OF
SAGE PROPERTIES CORP.**

“BE IT RESOLVED by the shareholders (the “Shareholders”) of Sage Properties Corp. (the “Corporation”) that:

- 1) Sandra Jory, Steven Nielsen, Myron Yurko and Murray Warnke be removed as Directors of the Corporation.
- 2) The following persons are hereby elected as Directors of the Corporation to hold office until the first annual meeting of the Corporation or until he/she cease to hold office or are removed from office pursuant to the Alberta *Business Corporations Act*.

Judy Kruse
Georg Beinert
Wiley Hertlein
Garry Garrett
Clifford Friesen

Appendix N

ALLAN GARBER
Barrister & Solicitor

#108, 17707 105 Avenue
Edmonton, Alberta T5S 1T1

A black square logo with the white letters "AG" inside.

May 22, 2017

Via Fax: (403) 648-1151

Our file No. 212A/G

Cassels Brock & Blackwell LLP

Millennium Tower
440 2 Ave. S.W., Suite 1250
Calgary, Alberta T2P 5E9
Tel: 403 351-2921
Fax: 403 648-1151
Email: joliver@casselsbrock.com

Attention: Jeffery Oliver

Re: ABC District/Sage Properties

I have your letter dated May 17, 2017 addressed to the writer and also your letter of the same date addressed to Justice Romaine. I will now answer your written questions.

1. Mr. Beinert approached me in his capacity as a significant shareholder of Sage. He was supported by Mr. Mulder in his capacity as a significant shareholder in Sage.
2. I have taken no action in my capacity as counsel for the District Subcommittee.
3. The current members of the Subcommittee are Beinert, Mulder, Schutz and Wilson.
4. The mail out was done by Mr. Beinert with the help of his family. Mr. Beinert obtained the names of the shareholders from the list provided by the Monitor which I in turn provided to Mr. Beinert shortly after I was retained so he could track who was in or out of the Representative Action, and communicate with them. He was of the understanding that the financial content on the list was confidential. Deloitte gave me no restrictions on how the list was to be used and I in turn gave none to Mr. Beinert. How did Mr. Robert Rice of Sandton Capital obtain shareholder's names and contact information enabling him to cold call them?
5. The actions of Beinert and Mulder do not constitute a real or perceived conflict of interest or breach of duties owed to the Representative Action class. The two resolutions he proposed do not create a conflict for the following reasons:

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- a. Article 12.1 of the Sage Bylaws required Sage to call a meeting of the shareholders “not less than 75 days and not more than 180 days from the effective date of the Plan.” The Effective Date of the Plan was August 26, 2016, which is also the date that Sage was incorporated. Mr. Beinert contacted the Monitor regarding his concern that Sage had not called a shareholder’s meeting within the required 180 days. This was the Monitor’s response from the 27th Report dated April 17, 2017:

23. The bylaws of Sage affixed to the District Plan required that Sage call a shareholder meeting (the “Shareholder Meeting”) within six months of the “Effective Date” of the District Plan. The Monitor understands that the Shareholder Meeting has recently been called for May 26, 2017, which is not within that six month period. The Monitor has received several inquiries about this issue, in particular from a member of the District Subcommittee. The Monitor is advising the Court of this issue, but in the absence of further Court direction, does not intend to take any further steps in relation to this delay. As Sage is not a party to the District Plan (as it did not exist when the District Plan was created), the Monitor is of the view that it does not have standing to pursue the issue with Sage. Rather, Sage was bound to hold such a Shareholder Meeting under that time line pursuant to its corporate bylaws. As those are corporate obligations, shareholders of Sage have various legal rights available to them to require that Sage comply with its legal obligations under its bylaws. Further, as the District does not control Sage, in the view of the Monitor the late holding of such a meeting does not constitute a default under the District Plan. In the circumstances, the Monitor has encouraged Sage shareholders to continue to take up issues directly with Sage, **and to undertake whatever steps they deem necessary in order to assert their rights as shareholders.** (Emphasis added.)

- a. Pursuant to the Monitor’s advice, Mr. Beinert took steps that he felt were necessary to assert his rights as a shareholder.
- b. Article 3.5 of the Sage Bylaws requires an election of the Directors to be held “at the first meeting of shareholders and at each succeeding annual meeting.” The “first meeting of shareholders” is clearly distinguished from the first “annual meeting.” Sage is in violation of its Bylaws by refusing to hold an election of the Directors at the first meeting of shareholders.
- c. In the Monitor’s First Report to the ABC District Creditors dated March 28, 2016, the Monitor stated this at para. 39: “Newco Management would also be tasked with providing regular financial reporting, including statements and annual reports with management discussion and analysis.” By email dated March 21, 2017, Mr. Beinert requested the Monitor’s assistance concerning the lack of financial reporting. Mr. Beinert received no response from Deloitte or your office. Please see attached email chains.

6. It is in all of the shareholder's best interests if, according to Mr. Beinert's resolution, "all or substantially all of the assets of the Corporation, or alternatively the Corporation as a whole" are sold provided such sale represents, according to the Board of Directors, "the best opportunity to maximize the value of the Corporation's assets." The only people who might suffer adverse consequences if the assets are sold would be Sage's senior management, who might lose their jobs.
7. My actions do not constitute a breach of my duty to the class members for the reasons stated above because there are no conflicts of interest.
8. Magda Carr has asked me to attend the shareholder meeting as her proxy. Mr. Beinert plans to come to the meeting. I do not know Mr. Mulder's or Mr. Hertlein's plans.

Further to my letter of May 19, 2017, there is a profound distrust with the Sage Board for two reasons:

- a) They refused to hold an election of the Directors, and
- b) They refused to disclose the salaries that the Officers were being paid. Please see email between Sandra Jory and Lorraine Geise dated May 12, 2017.

This is not the openness and transparency that the shareholders were led to believe would occur.

Yours truly,

Allan Garber Professional Corporation

Per:



Allan A. Garber

AG/as

cc: George Beinert.
cc: The Honourable Justice Romaine

Financial Reporting of NewCo (Sage)

Georg _ <alternate1517@gmail.com>
Mar 21

to vanallen
Hello Vanessa,

The First Monitor's Report to the Creditors of the Lutheran Church Canada, dated March 28, 2016, on page 16, paragraph 39 under the NewCo subtitle, it states:

"NewCo Management would also be tasked with providing regular financial reporting, including quarterly statements and annual reports with management discussion and analysis."

To date, we shareholders have received NO financial information from Sage, and my requests for financial information from Sage have been deflected.

Furthermore, Sage is in default, as it has missed its obligation to the shareholders to hold a first shareholders meeting within six months of the effective date. (refer to paragraph 40)

What does the Monitor propose to do about this?

Georg Beinert

Georg _ <alternate1517@gmail.com>
Mar 21

to josithole, bcc: Allan
Hello Joseph,

I did not realize that Vanessa was away.

Please answer the following email for me.

Your prompt reply will be appreciated.
Thank you.

Sithole, Joseph (CA - Alberta) <josithole@deloitte.ca>
Mar 23

to me
Hi Georg,

We are aware of the planned date for the shareholders meeting, and this matter is being discussed with legal counsel.

We may need to report this matter to the court, and assess if this is a significant change. We will know more on our next steps shortly.

Regards,

--

Joseph Sitholé, CA
Senior Associate | Restructuring Services
D: (587) 293 3203 | F: (403) 718 3681
josithole@deloitte.ca | deloitte.ca

Georg _ <alternate1517@gmail.com>
Apr 4

to Joseph, Allan, Sharon, Dianne, bill, Laurie
Hello Joseph,

On March 21, 2017 I forwarded my request for information to you. You only responded to part of my question. I had written:

The First Monitor's Report to the Creditors of the Lutheran Church Canada, dated March 28, 2016, on page 16, paragraph 39 under the NewCo subtitle, it states:

"NewCo Management would also be tasked with providing regular financial reporting, including quarterly statements and annual reports with management discussion and analysis."

To date, we shareholders have received NO financial information from Sage, and my requests for financial information from Sage have been deflected.

Furthermore, Sage is in default, as it has missed its obligation to the shareholders to hold a first shareholders meeting within six months of the effective date. (refer to paragraph 40)

What does the Monitor propose to do about this?

It has been two weeks and the Monitor has not yet responded regarding my concern about the financial

reporting.

Please respond immediately. I will expect your reply by the end of the business day, Wednesday, April 5, 2017.

Awaiting your immediate reply.
Georg Beinert

Sithole, Joseph (CA - Alberta) <josithole@deloitte.ca>
Apr 5

to Jeff, me, Allan, Sharon, Dianne, bill, Laurie
Hello Georg,

We are going to have our legal counsel, Jeffrey Oliver, reply to your specific inquiries contained in this email and your previous emails. You will hear from him shortly.

Regards,

--

Joseph Sitholé, CA
Senior Associate | Restructuring Services
D: (587) 293 3203 | F: (403) 718 3681

From: Lorraine Giese <pinnapearl@yahoo.ca>
Sent: May 12, 2017 12:55:15 PM
To: Sandra Jory
Subject: sandra.jory@sageproperties.ca

Thanks for letter
Been trying to email you but it won't go
I have some questions for you
#1 who invited sage speakers to our School meeting at St Matthews in Stony Plain ?
#2 How much is Scott MCorquodale getting paid ?
#3 How much is Tony Chin getting paid ?
Please reply as soon as possible
Lorraine Giese
Larry and I are share holders and large ones we feel we have a right to know.

On May 12, 2017, at 1:53 PM, Sandra Jory <sandra.jory@sageproperties.ca> wrote:

Hi Lorraine

Thank you for the email. In response to your questions:

#1. One of our board members, Stephen Nielsen is a member St. Mathews and has been speaking with your council president (I believe). I will also be attending the meeting so hopefully we will get the opportunity to meet.

#2 & #3 We are not disclosing detailed financial information of this kind until after our financial statement audit is completed. There will be salary disclosures included with the audited financial statements presented at our annual general meeting this fall.

If you have any other questions you are welcome to speak to me at St. Mathew's this Tuesday or feel free to give me a call at 780-686-2441.

Will you be attending the shareholder meeting?

Warm regards,

Sandra