

COURT FILE NUMBER 1501-00955
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
DOCUMENT TWENTY-NINTH 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 June 16, 2017

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

Counsel

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

Attention: Jeffrey Oliver

Telephone/ Facsimile: 403-351-2921/ 403-648-1151
Email: joliver@casselsbrock.com

Monitor

Deloitte Restructuring Inc.
700 Bankers Court, 850 - 2nd Street SW
Calgary, AB T2P 0R8

Attention: Jeff Keeble & Joseph Sithole
Telephone/Facsimile: 587-293-3203/ 403-718-3681
Email: jkeeble@deloitte.ca & josithole@deloitte.ca

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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 (the "September 2 Hearing") 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 (the "Twenty-Sixth Report");
 - 4.27. the Twenty-Seventh Report of the Monitor dated April 17, 2017; and

- 4.28. the Twenty-Eighth Report of the Monitor dated May 24, 2017 (the "Twenty-Eight Report") was 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 in the application held on May 25, 2017 Court application (the "Sage Meeting Application").
- 4.29. The Twenty-Eighth 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, a confidential supplement to the Seventeenth Report dated March 18, 2016, and a confidential supplement to the Twenty-Eighth Report (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-Ninth Report of the Monitor (the "Twenty-Ninth Report"). The Twenty-Ninth Report has been prepared to provide the Court with an update since the Sage Meeting Application and the Twenty-Eighth Report, to advise the Court of the District Subcommittee Reformation Process, and to provide an updated cash flow for the Applicants for the 13 week period ending August 12, 2017 along with a cash flow variance analysis for the Applicants for the twelve week period ended May 13, 2017. The Twenty-Ninth Report also outlines the proposed settlements between the District and the Lutheran Church Canada ("LCC") and the District and Foothills Lutheran Church of Calgary ("FLC") and is seeking the Court's approval of the settlements. A more fulsome report with a complete update on the CCAA proceedings will be submitted to the Court prior to July 4, 2017 pursuant to the Court's direction at the unsuccessful April 19, 2017 application by the District Subcommittee to lift the Stay (the "Stay Application") as against the District.
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 (the "Monitor'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.

Sage Meeting Application Update

The Sage Meeting Application

13. The Twenty-Eighth Report was prepared in advance of the Sage Meeting Application and provided background information in respect of the District Subcommittee, including the various concerns of the Monitor with respect of the conduct of certain members of the District Subcommittee and its counsel, Mr. Allan Garber of Allan Garber Professional Corporation, in connection with the Sage Meeting and other issues.
14. The Sage Meeting Application was heard on May 25, 2017. That same day, shortly before the hearing, Mr. Garber advised by email, and, subsequently, by a letter addressed to the District Subcommittee, with a copy to the Monitor's counsel (the "Monitor's Counsel"), that he had withdrawn as counsel for the District Subcommittee (the "Garber Withdrawal Letter"). The Garber Withdrawal Letter advised that Mr. Garber's withdrawal was as a result of certain allegations in a letter dated May 23, 2017 (the "May 23 Sage Letter to Garber") from Burnet, Duckworth & Palmer LLP, counsel for Sage ("Sage's Counsel"), to the effect that Mr. Garber and Mr. Georg Beinert had taken certain actions in "a concerted effort to decrease the value of the Sage shares and increase the amount of a potential damages award in the Representative Action." The May 23 Sage Letter to Garber was affixed to the Twenty-Eighth Report as Appendix J. Mr. Garber also indicated in the Garber Withdrawal Letter that, among other things, the above-noted allegation in the May 23 Sage Letter to Garber was "vile and reprehensible, and has no foundation in fact" and that it "profoundly undermines my ability to act as counsel for the Representative Action" and that he could "no longer act in an environment of bullying and intimidation." A copy of the Garber Withdrawal Letter is affixed to this Twenty-Ninth Report as "Appendix A".
15. The Monitor's Counsel was also informed on the day of the Sage Meeting Application that Mr. Beinert would not attend the hearing of the Sage Meeting Application as a result of certain commitments that he could not avoid. The Sage Meeting Application proceeded due to the urgency of the matters at issue, but the District Subcommittee was not represented at the hearing as a result of the withdrawal of Mr. Garber and the fact that none of the District Subcommittee members attended the hearing. However, as such parties were not represented at the hearing, all relief granted was on an interim basis only pending a final decision on the merits.
16. As a result of the Sage Meeting Application, the Court issued an Order on May 26, 2017 providing the following directions, among others (the "Sage Meeting Order");
 - 16.1. There was to be no further use by Allan Garber, Georg Beinert, William Mulder, Donald Specht and Randy Kellen (collectively, the "Restricted Group") of the list of shareholders (the "Shareholders") of Sage, or the personal information of the Shareholders obtained from such list, without further order of this Court;

- 16.2. There was to be no further solicitation of votes and/or proxies by the Restricted Group in relation to Sage without further order of this Court;
 - 16.3. The Monitor was required to issue a communication (the "Communication") clarifying the recent developments leading up to and relating to the Sage Meeting, which was scheduled to take place on May 26, 2017. The Communication was to be:
 - 16.3.1. made available to all Shareholders in attendance at the Sage Meeting;
 - 16.3.2. read to the Shareholders at the commencement of the Sage Meeting by a duly authorized representative of Sage;
 - 16.3.3. sent by regular mail to the list of Shareholders following the Sage Meeting;
 - 16.3.4. posted to the Monitor's Website; and
 - 16.3.5. posted to Sage's website.
 - 16.4. Georg Beinert, William Mulder and Allan Garber were not authorized to make any written or oral submissions or statements at the Sage Meeting on behalf of the District Subcommittee;
 - 16.5. The Monitor was required to reschedule the Advice and Direction Application before the Honourable Madam Justice Romaine on notice to all interested parties after the District Subcommittee retained new legal counsel, at which time such application shall be determined on its merits; and
 - 16.6. Any party or member of the Restricted Group may apply to set aside this Order upon providing the Monitor and all other interested parties with five (5) days' notice of such application.
17. The Sage Meeting Order was subsequently amended on June 5, 2017 to include a reference to the Affidavit of Georg Beinert sworn on May 23, 2017 (the "May 23 Beinert Affidavit") in the pre-amble to the Order as among the documents considered by the Court as part of the Order. Although the May 23 Beinert Affidavit was delivered to the Court prior to the Sage Meeting Application and was considered by the Court prior to the issuance of the Sage Meeting Order, it was inadvertently not included in the pre-amble of the Order. The Sage Meeting Order is affixed to this Twenty-Ninth Report as Appendix "B". The Court also granted an Order to have the confidential supplement to the Twenty-Eighth Report dated May 24, 2017 sealed.

Update since the Sage Meeting Application

18. The Monitor has complied with the Sage Meeting Order, including by issuing the Communication, which was mailed by the Monitor to the Shareholders on May 29, 2017 and posted on the Monitor's Website. A copy of the Communication is affixed to this Twenty-Ninth Report as Appendix "C". The Monitor understands that, in compliance with the Sage Meeting Order, the Communication was made available by Sage to all of the Shareholders at the Sage Meeting, read to those present at the commencement of the Sage Meeting, and posted to Sage's website.

19. On May 29, 2017, Mr. Garber wrote a letter to the Monitor's Counsel (the "May 29 Garber Letter") indicating that, among other things, paragraph 46.3 of the Twenty-Eighth Report was "false" and "profoundly defamatory" and that he had not engaged in any solicitation of proxies and had no knowledge of certain actions referenced in that paragraph. The May 29 Garber Letter also invited the Monitor to retract the paragraph. Shortly thereafter on May 29, 2017, the Monitor's Counsel responded to Mr. Garber (the "May 29 Monitor's Counsel Response Letter") to, among other things, clarify that the paragraph at issue merely referenced a letter from Sage's Counsel and that it was not an independent statement of the Monitor. The May 29 Monitor's Counsel Response Letter also advised that the paragraph at issue accurately described allegations which had been made and which the Monitor was obligated to report to the Court, and, as such, the Monitor did not intend to issue a retraction. Copies of the May 29 Garber Letter and the May 29 Monitor's Counsel Response Letter are affixed to this Twenty-Ninth Report as Appendix "D" and Appendix "E", respectively.
20. On May 30, 2017, Mr. Beinert sent a letter to the Monitor's Counsel (the "May 30 Beinert Letter") which suggested that, among other things, the Twenty-Eighth Report "conveys statements that are lies and are completely defamatory". The May 30 Beinert Letter requested that the Twenty-Eighth Report be "removed and replaced with a version that does not convey this false information". In particular, Mr. Beinert denied the allegations that he had, among other things, impersonated Sage representatives and engaged in activities which constitute solicitation and suggested that these allegations had been fabricated. The May 30 Beinert Letter also noted that the Twenty-Eighth Report did not exhibit the May 23 Beinert Affidavit and that the Sage Meeting Order did not initially reference the May 23 Beinert Affidavit in its pre-amble, and suggested that such exclusion was inappropriate. A copy of the May 30 Beinert Letter is affixed to the Twenty-Ninth Report as Appendix "F".
21. Also on May 30, 2017, Mr. Garber wrote a letter to the Monitor's Counsel (the "May 30 Garber Letter") which responded to the various allegations in the May 23 Sage Letter to Garber which was summarized in the Twenty-Eighth Report and affixed thereto as Appendix J. In particular, Mr. Garber denied the allegations that he had, among other things, 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, or solicited proxies indirectly through others. A copy of the May 30 Garber Letter is affixed to this Twenty-Ninth Report as Appendix "G".
22. On May 31, 2017, Sage's Counsel wrote a letter to the Monitor's Counsel (the "May 31 Sage's Counsel Letter") to report to the Monitor on certain events that occurred at the Sage Meeting, including the alleged solicitation of votes by Mr. Garber. In particular, the May 31 Sage's Counsel Letter expressed the view that Mr. Garber had engaged in the solicitation of proxies from certain Shareholders present at the Sage Meeting in potential violation of the Sage Meeting Order. A copy of the May 31 Sage's Counsel Letter is affixed to this Twenty-Ninth Report as Appendix "H".

23. On May 31, 2017, Mr. Specht wrote a letter to the Monitor's Counsel and Sage (the "May 31 Specht Letter") in response to the allegations raised by Sage in its May 23 and May 24, 2017 letters, which were summarized in the Twenty-Eighth Report and included thereto as Appendix J and Appendix K, concerning the alleged use by Mr. Specht and others of a list of the Shareholders in order to solicit proxies. In particular, Mr. Specht denied that, among other things, he or Mr. Kellen made any use of a list of the Shareholders or engaged in any solicitation of proxies. A copy of the May 31 Specht Letter is affixed to this Twenty-Ninth Report as Appendix "I".
24. On June 1, 2017, the Monitor's Counsel responded to the May 30 Beinert Letter (the "June 1 Monitor's Counsel Response Letter") indicating that, among other things, the Monitor had a duty to report to the Court on the communications exchanged and the allegations made and would not be removing or replacing the Twenty-Eighth Report, that the Monitor did not take any position in relation to the allegations, and that the Monitor encouraged Mr. Beinert to participate in a further hearing of the matter and to file whatever evidence he deemed fit in response to both the allegations raised by Sage and the concerns of the Monitor and the Court. The Monitor's Counsel also noted that the Twenty-Eighth Report did not include a copy of the May 23 Beinert Affidavit, because, among other things, at the time the Twenty-Eighth Report was prepared the Monitor was of the view that Mr. Garber would be advancing Mr. Beinert's position on his behalf during the hearing of the Sage Meeting Application. A copy of the June 1 Monitor's Counsel Response Letter is affixed to this Twenty-Ninth Report as Appendix "J".
25. Notwithstanding the Monitor's decision not to remove or replace the Twenty-Eighth Report, the Monitor agreed to include the May 23 Beinert Affidavit in its next report and, accordingly, it is affixed to this Twenty-Ninth Report as Appendix "K". In brief summary, the May 23 Beinert Affidavit describes, among other things:
 - 25.1. Mr. Beinert's belief that Sandton Capital Partners contacted certain Shareholders and offered to purchase the Shares held by them at a price which Mr. Beinert believed to be "very low";
 - 25.2. Mr. Beinert's belief that Sage provided the contact information of certain Shareholders to Sandton Capital Partners so as to permit it to contact Shareholders for the above-noted purpose;
 - 25.3. Mr. Beinert's view that the communications by Sandton Capital Partners to the Shareholders were inappropriate and, among other things, put "pressure on other shareholders who were not contacted and created an environment of fear and panic";
 - 25.4. Mr. Beinert's view that Sage has made "false and grossly misleading allegations" against him in respect of his actions as a dissident and that he was justified in undertaking whatever steps he deemed necessary in order to assert his right as a shareholder of Sage;
 - 25.5. Mr. Beinert's statements that actions he undertook in relation to Sage were not undertaken in his capacity as a member of the District Subcommittee, but were undertaken in his capacity as shareholder;

- 25.6. Mr. Beinert's concern that, among other things, there was a lack of financial reporting by Sage, that none of the directors of Sage had been elected by the Shareholders, that Sage had not made disclosure of officer compensation, that the resolutions proposed by Sage to be voted on at the Sage Meeting were designed to reduce protections provided to the Shareholders, and that the commercial options presented to the Shareholders were incomplete; and
- 25.7. Mr. Beinert's rationale for his decision to send the Dissident Circular and certain subsequent correspondence to the Shareholders.
26. On June 1, 2017, Mr. Garber responded to the May 31 Sage's Counsel Letter (the "June 1 Garber Response Letter") in regards to the solicitation of votes at the Sage Meeting. In the June 1 Garber Response Letter, Mr. Garber denied various allegations in the May 31 Sage's Counsel Letter and indicated that he did not engage in any solicitation of proxies at the Sage Meeting. A copy of the June 1 Garber Response Letter is affixed to the Twenty-Ninth Report as Appendix "L".
27. The Monitor is also in receipt of the Affidavit of Laura Hristow sworn May 25, 2017 (the "Hristow Affidavit") which was filed by Sage. The Hristow Affidavit exhibits communications allegedly received or sent by or on behalf of Sage and/or its counsel which allegedly support Sage's allegations that, among other things, Mr. Beinert solicited proxies and engaged in certain allegedly inappropriate dissident activities with Mr. Garber.

Reformation of the District Subcommittee

28. On or around May 30, 2017, the Monitor's Counsel was advised by counsel to the District Committee (the "District Committee's Counsel") that all members of the District Subcommittee had resigned with the exception of Mr. Laurie Schutz.
29. The District Subcommittee Order dated August 2, 2016 (the "District Subcommittee Order") provides for the procedure for the replacement of members of the District Subcommittee who have resigned. Pursuant to the District Subcommittee Order, the District Subcommittee has the authority to reconstitute itself by replacing members by a majority vote. In addition, the District Subcommittee Order provides that, where it is "impractical or impossible" for the District Subcommittee to replace its members by a majority vote, the District Committee may make replacements by a majority vote.
30. Accordingly, pursuant to the District Subcommittee Order, Mr. Schutz, as the sole remaining member of the District Subcommittee, has the authority to replace the members of the District Subcommittee that have resigned. However, the Monitor's Counsel has been advised by the District Committee's Counsel that although Mr. Schutz intends to continue to serve on the District Subcommittee, he does not wish to be chairman of the District Subcommittee or assume the responsibility of appointing the replacement members of the District Subcommittee. In addition, Mr. Schutz's has expressed the view that the District Committee should issue a communication to the members of the Representative Action Class inviting them to participate as a member of the District Subcommittee. The Monitor and counsel to the District Committee share this view.

31. Accordingly, the Monitor is recommending that the District Subcommittee be reconstituted through the following process (the "District Subcommittee Reformation Process"):
 - 31.1. The District Committee will, as soon as practicable, mail a notice (the "Notice") to all members of the Representative Action Class inviting them to participate as a member of the District Subcommittee and, if they wish to do so, submit an expression of interest to the District Committee by no later than the date that is three weeks from the date of mailing of the Notice (the "Deadline");
 - 31.2. Following the receipt and review of expressions of interest by the District Committee, the District Committee will conduct interviews of prospective members of the District Subcommittee and will, by no later than the date that is one week from the Deadline, select the individuals that will replace the members of the District Subcommittee that have resigned;
 - 31.3. Once the District Subcommittee has been reconstituted, it will, as soon as practicable, retain counsel to replace Mr. Garber in respect of the Representative Action.
32. The Monitor's Counsel has also been advised by the District Committee's Counsel that Mr. Garber has confirmed that he holds \$86,547.80 in trust, constituting the Representative Action Holdback. The Monitor understands that Mr. Garber has undertaken to continue to hold these funds in trust until a new Representative Action counsel has been appointed by the District Subcommittee.

Settlements with Lutheran Church Canada and Foothills Lutheran Church of Calgary

Settlement with Lutheran Church Canada

33. LCC filed its original claim against the District in the CCAA proceedings as a secured claim for \$675,466 but later consented to the claim being treated as unsecured (the "LCC Claim"). The LCC Claim relates to an unfunded pension liability for the District in the LCC pension plan.
34. The Monitor disallowed the LCC Claim (the "LCC Claim Disallowance") on the basis that it was a contingent claim and the value was too uncertain to quantify. LCC filed a dispute notice in respect of the LCC Claim Disallowance.
35. The District has been in ongoing negotiations with LCC with respect of the LCC Claim. Pursuant to these lengthy negotiations, the District and LCC have agreed to the LCC Claim being settled for a one-time cash payment of \$164,000 (the "Proposed LCC Settlement"). Upon receipt of the cash payment, LCC will provide a full release of any claim it may have against the District in respect of the LCC pension plan and the CCAA proceedings.
36. Pursuant to the District Plan and based on the LCC Claim amount of \$675,466, LCC would have been entitled to a cash payment of \$144,308 plus shares of Sage valued at approximately \$400,373 (the "LCC Sage Shares").
37. As a result of the Proposed LCC Settlement, the District is required to make an additional cash payment of approximately \$20,000 to LCC. However, the LCC Sage Shares that have been held in trust by the District pending the outcome of the negotiations will be cancelled for the benefit of the remaining Sage shareholders, with the exception of 2,595 Sage shares that would be issued to the Lutheran Women's Missionary League as a partial payment of its valid claim under the District Plan. Such share distribution was erroneously missed in the prior distribution.
38. The Monitor as well as the District Committee support the Proposed LCC Settlement on the basis that it appears fair and reasonable given the potential merits of the LCC Claim and considering the costs that would be required to further dispute the LCC Claim.

Settlement with the Foothills Lutheran Church of Calgary

39. The Monitor understands that the District originally purchased approximately 39 acres of land in the community of Tuscany in NW Calgary on or around 1994, which included two acres donated by a member of the FLC congregation (the "Mission Lands"), in the hope of helping FLC expand its mission. The District and FLC worked together over several years to help facilitate a development of the Mission Lands and entered into several agreements and related amendments since that time.
40. In 2005, after FLC and the District were not successful in attracting suitable developers, the Monitor understands that the District sold the Mission Lands, with the exception of 7.81 acres to be retained for future mission development use (the "FLC Lands"). The FLC Lands include the two acres previously donated by a member of the FLC congregation.
41. In February 2008, the Monitor understands that the FLC Lands were transferred to FLC at no cost pursuant to a land partnership agreement which included several terms and conditions, including a time requirement for FLC to commence construction of an approved mission development and an option for the District to repurchase the FLC Lands for one dollar if this condition was not met (the "Repurchase Condition"). As part of the Repurchase Condition, it was agreed that the District would pay FLC 25.61% of the net proceeds of sale received by the District from any future sale of the FLC Lands. The District registered a caveat against the FLC Lands as part of the agreement and to help secure the Repurchase Condition.
42. FLC considered various options in respect of the FLC Lands and engaged various realtors and consultants and it was determined that the only way to maximize value was to rezone and subdivide the FLC Lands and to build a church on a smaller parcel. A lengthy subdivision process was undertaken by FLC at its cost and the FLC Lands are now comprised of two parcels, one being 3.73 acres (the "FLC Sale Lands") and the other being 4.08 acres (the "FLC Remaining Lands"). The Monitor understands that several builders were approached by the FLC consultant to gauge interest and the FLC Sale Lands were appraised by Acumen Real Estate Valuations Inc. in April 2016 (the "Acumen Appraisal"). The 2016 municipal property tax assessed value for the FLC Sale Lands was \$4.9 million.
43. On or around October 2016, FLC entered into a purchase and sale agreement for the FLC Sale Lands for approximately \$3.76 million, or \$1 million per acre. FLC approached the District to consent to the sale of the FLC Sale Lands by releasing the caveat and to allow FLC to be reimbursed its out-of-pocket costs incurred in relation to the subdivision of the FLC Lands, along with the holding costs for the FLC Lands including property taxes, maintenance expenses, consulting fees, and other various expenses (the "Subdivision Costs"). The Subdivision Costs were estimated to total approximately \$600,000 and FLC requested that the Subdivision Costs be paid out of the net sales proceeds from the FLC Lands with the remaining funds being split 25.64% to FLC and 74.36% to the District (the "Proposed FLC Settlement Amounts").

44. Deloitte's Real Estate group reviewed the offer on the FLC Sale Lands, comparable properties and transactions, the Acumen Appraisal and other information and agreed that the offer for the FLC Sale Lands reasonably represented the market value of the property in the circumstances.
45. The Monitor reported the details of the FLC Lands and the FLC history with the District Committee at a meeting held on November 23, 2016 and the District Committee approved the removal of the caveat on the FLC Lands to allow for the sale of the FLC Sale Lands for \$3.76 million by FLC, allowed a maximum of \$700,000 in reasonable Subdivision Costs (subject to review by the District) to be reimbursed from the proceeds of sale to FLC, and to have the remaining funds held in trust pending a resolution.
46. The District and the CRO completed a subsequent detailed analysis of the Subdivision Costs including the detailed accounting and various supporting invoices and contracts provided by FLC. The Monitor also reviewed the information and discussed the amounts with the CRO. The Monitor understands that the District's counsel also reviewed the various agreements in place between FLC and the District and held several meetings and discussions with FLC's counsel. The Monitor's counsel and counsel for the District Committee also reviewed the agreements.
47. The District was informed that FLC held back \$300,000 in funds from the sale of the FLC Sale Lands in order to account for an emergency access road that was required as part of the subdivision process (the "Hold Back Funds"). FLC has provided a quote to the District and, along with estimated contingency costs, has indicated that the emergency access road is expected to cost approximately \$60,000 (the "Emergency Access Road Costs").
48. The Monitor and the CRO provided an update to the District Committee at a meeting held on June 15, 2017 on the Subdivision Costs, Hold Back Funds and the Proposed FLC Settlement Amounts. The Monitor and CRO advised the District Committee that the current estimate of the Subdivision Costs and the Emergency Access Road Costs were expected to total approximately \$690,000 and the current net proceeds being held in trust by FLC from the FLC Sale Lands was approximately \$3.46 million (not including the Hold Back Funds). It was also reported that FLC and the District agreed that the District would sell the FLC Remaining Lands.
49. The District Committee approved a maximum amount of \$750,000 to be reimbursed to FLC from the FLC Sale Lands proceeds for the Subdivision Costs, the Emergency Access Road Costs and that the remaining proceeds from the FLC Sale Lands, along with the future proceeds from the FLC Remaining Lands, shall be split between FLC and the District according to the Proposed FLC Settlement Amounts (the "Proposed FLC Settlement").
50. The Proposed FLC Settlement should result in the District receiving approximately \$2.1 million from the net proceeds from the FLC Sale Lands, prior to the split of the remaining Hold Back Funds after the deduction of the Emergency Access Road Costs. The District would also receive its share of the net proceeds from the FLC Remaining Lands.

51. The Monitor as well as the District Committee support the Proposed FLC Settlement on the basis that it appears fair and reasonable given the various agreements, supporting documentation and the history between FLC and the District.

Cash Flow Forecast

District

52. Attached as "Schedule 1" is the Statement of Projected Cash Flow for the District for the thirteen week period ending August 12, 2017 (the "District Forecast", the "Forecast Period"). The District Forecast has been broken down to distinguish between cash flow related to CEF and that related to other District operations. The District, including CEF, estimates a total net cash outflow of approximately \$337,200 over the Forecast Period and projects that it will have cash on hand of approximately \$1.7 million (including marketable securities) at the end of the Forecast Period.

53. A summary of the District Forecast is included below:

The District Including CEF	
Statement of Projected Cash Flow	
For the Thirteen Week Period Ending August 12, 2017	
	Total
Cash flow from CEF operations	
Receipts	
Bank interest income	\$ 300
Management fees	23,050
Total receipts	23,350
Disbursements	
CEF salaries and benefits	(50,100)
Distributions pursuant to the District Plan	(137,697)
Operating expenses	(3,750)
Restructuring fees	(140,000)
CRO fees	(30,870)
Total disbursements	(362,417)
Net cash flow from CEF operations	(339,067)

The District Including CEF Statement of Projected Cash Flow For the Thirteen Week Period Ending August 12, 2017	
	<u>Total</u>
Cash flow from other District operations	
Receipts	
Mission remittances	110,500
Total receipts	<u>110,500</u>
Disbursements	
Salaries and benefits	(21,645)
Administrative expenses, travel and utilities	(26,750)
Outreach operating expenses	(23,001)
Department of Stewardship and Financial Ministries operating expenses	(1,000)
President's expenses	(6,000)
Mission Payments to LCC	(30,248)
Total disbursements	<u>(108,644)</u>
Net cash flow from other District operations	<u>1,856</u>
Total net cash flow	<u>\$ (337,211)</u>
Cash and marketable securities on hand	
Beginning balance	\$ 2,040,894
Total net cash flow	(337,211)
Ending balance	<u>\$ 1,703,683</u>

Cash Flow Related to CEF Operations

54. The District is forecasting receipts of approximately \$23,000 over the Forecast Period related to CEF, primarily for management fees related to administrative assistance provided to DIL by the District.
55. No receipts from other District asset sales are included, as the remaining sales are not anticipated to close prior to the end of the Forecast Period.

56. The District is forecasting disbursements of approximately \$362,400 over the Forecast Period related to CEF. We highlight the following with respect to these disbursements:
- 56.1. Payments totalling approximately \$50,100 are due for salaries and benefits payable to employees of the District for CEF related activities;
 - 56.2. As at May 13, 2017, the District has issued approximately \$17.1 million of the District distributions. As previously communicated, distribution amounts due to minors are to be released to the guardians of the affected minors. Distribution amounts due to the estates of deceased depositors are to be released to the estate beneficiaries. Certain forms are required to be returned to the District and/or the Monitor in order to facilitate these distributions, not all of which have yet been submitted. As such, approximately \$137,700 of the District distributions have not yet been issued, but are anticipated to be paid-out during the Forecast Period;
 - 56.3. The District estimates disbursements of approximately \$140,000 to pay restructuring fees, including payments to the Applicant's legal counsel, the Monitor, the Monitor's legal counsel, and legal counsel for the District Committee. Where appropriate, restructuring fees are allocated between the Applicants; and
 - 56.4. The District estimates fees for the CRO of approximately \$30,900 over the Forecast Period. The fees of the CRO are allocated between the Applicants.

Cash Flow Related to Other District Operations

57. The District is forecasting receipts of approximately \$110,500 over the Forecast Period for mission remittances (the "Donations") from the District's 127 member congregations. Pursuant to the Order granted on June 26, 2015, a portion of the Donations are payable to LCC (the "LCC Portion"). For the Forecast Period, the LCC Portion is estimated to be \$30,200.
58. The District is forecasting disbursements of approximately \$108,600 over the Forecast Period. We highlight the following with respect to these disbursements:
- 58.1. The District's employees are paid on a bi-weekly basis. Payroll and the corresponding CRA payroll source deduction remittances are anticipated to total approximately \$21,600 over the Forecast Period; and
 - 58.2. Operating expenses for outreach services are anticipated to total approximately \$23,000 over the Forecast Period.

59. The District had an opening cash balance of approximately \$2.0 million consisting of a cash balance of approximately \$1.8 million held in bank accounts with BMO Bank of Montreal (“BMO”), bonds of approximately \$38,800 as at April 30, 2017 which are held with FI Capital Ltd. (“FI Capital”), and an investment of approximately \$155,300 as at January 31, 2017, which is held with Richardson GMP. We note that the value of the bonds held by FI Capital decreased by approximately \$10,300 between January 31, 2017 and April 30, 2017 as certain investments matured. As noted above, the District, including CEF, is projected to have a net cash outflow of approximately \$337,200 over the Forecast Period. In addition, as at February 11, 2017, the District’s legal counsel is holding approximately \$2.3 million in trust for future distributions to District Depositors. Based on its opening cash balance, the District has sufficient liquidity to sustain its ongoing operations during the Forecast Period.

DIL

60. Attached as “Schedule 2” is the Statement of Projected Cash Flow for DIL for the thirteen week period ending August 12, 2017 (the “DIL Forecast”). DIL estimates a net cash outflow of approximately \$162,500 over the Forecast Period and projects that it will have cash on hand of approximately \$195,000 at the end of the Forecast Period. A summary of the DIL Forecast is included below:

DIL	
Statement of Projected Cash Flow	
For the Thirteen Week Period Ending August 12, 2017	
	Total
Receipts	
Bank interest	\$ 105
Total receipts	105
Disbursements	
Management fee	(28,350)
Operating expense	(60)
Restructuring fees	(45,000)
CRO fees	(41,160)
DIL distribution	(48,083)
	-
Total disbursements	(162,653)
Net cash flow	\$ (162,548)
Cash and marketable securities on hand	
Beginning balance	\$ 357,513
Net cash flow	(162,548)
Ending balance	\$ 194,965

61. DIL is forecasting receipts of approximately \$100 over the Forecast Period for interest receivable from accounts that it holds with BMO.
62. No receipts from other DIL asset sales are included, as the remaining sales are not anticipated to close prior to the end of the Forecast Period.
63. DIL is forecasting disbursements of approximately \$162,700 over the Forecast Period. We highlight the following with respect to these disbursements:
 - 63.1. DIL is estimating the disbursement of \$28,400 for management fees payable to the District, who assists in administering the investment fund;
 - 63.2. DIL estimates disbursements of approximately \$45,000 to pay restructuring fees, including payments to the Applicant's legal counsel, the Monitor, the Monitor's legal counsel, and the DIL Committee's legal counsel over the Forecast Period. Where appropriate, restructuring fees are allocated between the Applicants;
 - 63.3. DIL estimates fees for the CRO of approximately \$41,200 over the Forecast Period. The fees of the CRO are allocated between the Applicants; and
 - 63.4. As at November 12, 2016, DIL had transferred approximately \$21.9 million of the DIL Distributions to DIL Depositors. As previously reported, pursuant to the DIL Distributions, amounts releasable to DIL Depositors who were RRIF and LIF holders were available to be transferred to an alternative investment fund of the DIL Depositor's choosing. Selected RRIF and LIF holders have not yet requested the transfer of their share of the DIL Distribution. As such, approximately \$48,100 of the DIL Distributions have not yet been transferred by DIL but are anticipated to be paid-out during the Forecast Period.
64. DIL had an opening cash balance of approximately \$357,500 in various BMO bank accounts. As noted above, DIL is projected to have a net outflow of cash of approximately \$162,500 over the Forecast Period. In addition, as at May 13, 2017, DIL's legal counsel is holding approximately \$1.8 million in trust for future distributions to DIL Depositors. Based on its opening cash balance, DIL has sufficient liquidity to sustain its ongoing operations during the Forecast Period.

65. Attached as "Schedule 3" is the Statement of Projected Cash Flow for ECHS for the thirteen week period ending August 12, 2017 (the "ECHS Forecast"). ECHS estimates a net decrease in cash of approximately \$49,800 over the Forecast Period and projects that it will have cash on hand of approximately \$79,500 at the end of the Forecast Period. A summary of the ECHS Forecast is included below:

ECHS	
Statement of Projected Cash Flow	
For the Thirteen Week Period Ending August 12, 2017	
	Total
Disbursements	
Operating expenses	\$ (28,000)
Restructuring fees	(10,000)
CRO fees	(8,820)
Contingency	(3,000)
Total disbursements	(49,820)
Net cash flow	\$ (49,820)
Cash on hand	
Beginning balance	\$ 129,288
Net cash flow	(49,820)
Ending balance	\$ 79,468

66. As previously reported, ECHS' operations and assets were transferred to NewCo effective October 31, 2016.
67. ECHS is projecting disbursements of approximately \$49,800 over the Forecast Period. We highlight the following with respect to these disbursements:
- 67.1. Operating expenses of approximately \$28,000 are estimated over the forecast period. These primarily relate to audit and tax services, and insurance premiums.
68. ECHS had an opening cash balance of approximately \$129,300. As noted above, ECHS is projected to have a net cash outflow of approximately \$49,800 over the Forecast Period. In addition, as at May 13, 2017, ECHS's legal counsel is holding approximately \$67,400 in trust from the transfer of life leases for future distributions to DIL Depositors. Based on its opening cash balance, ECHS has sufficient liquidity to sustain its ongoing operations during the Forecast Period.

EMSS

69. Attached as "Schedule 4" is the Statement of Projected Cash Flow for EMSS for the thirteen week period ending August 12, 2017 (the "EMSS Forecast"). EMSS estimates a net decrease in cash of approximately \$100,000 over the Forecast Period. EMSS projects that it will have cash on hand of approximately \$314,600 at the end of the Forecast Period. A summary of the EMSS Forecast is included below:

EMSS	
Statement of Projected Cash Flow	
For the Thirteen Week Period Ending August 12, 2017	
	Total
Disbursements	
Transfer to SAGE	\$ 5,000
Operating expense	(41,000)
D&O insurance expense	(1,919)
Restructuring fees	(10,000)
CRO fees	(13,230)
Contingency	(39,000)
Total disbursements	(100,149)
Net cash flow	\$ (100,149)
Cash on hand	
Beginning balance	\$ 414,798
Net cash flow	(100,149)
Ending balance	\$ 314,649

70. As previously indicated, EMSS operations and assets were transferred to NewCo effective October 31, 2016.

71. EMSS is not projecting any receipts over the Forecast Period.

72. EMSS is projecting disbursements of approximately \$100,100 over the Forecast Period. We highlight the following with respect to these disbursements:

72.1. Operating expenses of approximately \$41,000 are estimated over the forecast period. These primarily relate to audit and tax services, and insurance premiums.

73. EMSS has an opening cash balance of approximately \$414,800. As noted above, EMSS is projected to have a net cash outflow of approximately \$100,100 over the Forecast Period. Based on their opening cash balance, EMSS has sufficient liquidity to sustain its ongoing operations during the Forecast Period.

Monitor's Report on Cash Flow

74. The District Forecast, the DIL Forecast, the ECHS Forecast and the EMSS Forecast will collectively be referred to as the "Applicants' Forecasts".
75. The Monitor reports as follows with respect to the Applicants' Forecasts:
- 75.1. Each of the Applicants' Forecasts have been prepared by Management for the purposes described in the notes contained therein (the "Notes") using the probable and hypothetical assumptions set out in the Notes;
 - 75.2. The Monitor's review consisted of inquiries, analytical procedures and discussion related to information supplied to it by Management and selected employees of the Applicants. Since hypothetical assumptions need not be supported, the Monitor's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of each of the Applicants' Forecasts. We have also reviewed the support provided by Management for the probable assumptions, and the preparation and presentation of the Applicants' Forecasts;
 - 75.3. Based on our review, nothing has come to the attention of the Monitor that causes us to believe that, in all material respects:
 - 75.3.1. The hypothetical assumptions are not consistent with the purpose of each of the Applicants' Forecasts;
 - 75.3.2. As at the date of the Twenty-Ninth Report, the probable assumptions developed by Management are not suitably supported and consistent with the Plans of each of the Applicants or do not provide a reasonable basis for each of the Applicants' Forecasts, given the hypothetical assumptions; or
 - 75.3.3. Each of the Applicants' Forecasts does not reflect the probable and hypothetical assumptions.
 - 75.4. Since the Applicants' Forecasts are based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur and the variations may be material. Accordingly, the Monitor expresses no assurance as to whether the Applicants' Forecasts will be achieved. We further express no opinion or other form of assurance with respect to the accuracy of any financial information reported with respect to the Applicants' Forecasts, or relied upon by it in reporting on the Applicants' Forecasts; and
 - 75.5. The Applicants' Forecasts have been prepared solely for the purpose described in the Notes, and readers are cautioned that they may not be appropriate for other purposes.

Variance Analysis

District

76. Attached as "Schedule 5" is a variance analysis (the "Variance Analysis") for the District for the thirteen week period ended May 13, 2017 (the "Variance Period"). The Variance Analysis for the District reflects an overall net positive variance of approximately \$93,300. The Variance Analysis is based on the Statement of Projected Cash Flow for the Thirteen Week Period Ending May 13, 2017 for the District, which was dated February 2, 2017.
77. The Variance Analysis includes information as to timing and permanent variances reported by the District over the Variance Period. The following permanent variance over \$25,000 was reported during the Forecast Period:
 - 77.1. A negative variance of approximately \$34,200 due to restructuring fees being higher than originally forecast, as a result of additional court applications being brought in the CCAA proceedings.

DIL

78. Attached as "Schedule 6" is the Variance Analysis for DIL for the Variance Period. The Variance Analysis for DIL reflects an overall net positive variance of approximately \$214,500. The Variance Analysis is based on the Statement of Projected Cash Flow for the Thirteen Week Period Ending May 13, 2017 for DIL, which was dated February 2, 2017.
79. The Variance Analysis includes information as to timing and permanent variances reported by DIL over the Variance Period. The following permanent variance over \$25,000 was reported during the Forecast Period:
 - 79.1. A positive variance of \$117,400 due to forecast annual RRIF minimum payments having already been paid in a prior period.

ECHS

80. Attached as "Schedule 7" is the Variance Analysis (the "Variance Analysis") for ECHS for the Variance Period. The Variance Analysis for EMSS reflects an overall net positive variance of approximately \$42,500. The Variance Analysis is based on the Statement of Projected Cash Flow for the Thirteen Week Period Ending May 13, 2017 for ECHS, which was dated February 2, 2017.
81. The Variance Analysis includes information as to timing and permanent variances reported by ECHS over the Variance Period. The following permanent variance over \$25,000 was reported during the Forecast Period:
 - 81.1. A positive variance of approximately \$34,800 due to restructuring fees being lower than originally forecast.

EMSS

82. Attached as "Schedule 8" is the Variance Analysis for EMSS for the Variance Period. The Variance Analysis for EMSS reflects an overall net positive variance of approximately \$90,000. The Variance Analysis is based on the Statement of Projected Cash Flow for the Thirteen Week Period Ending May 13, 2017 for ECHS, which was dated February 2, 2017.
83. The Variance Analysis includes information as to timing and permanent variances reported by EMSS over the Variance Period. The following permanent variance over \$25,000 was reported during the Forecast Period:
 - 83.1. A positive variance of approximately \$41,400 due to restructuring fees being lower than originally forecast.

Conclusion

84. This report has been prepared to update the Court on the proceedings and cash flow and to seek the Court's approval of the following:

- 84.1. the District Subcommittee Reformation Process;
- 84.2. The Proposed LCC Settlement; and
- 84.3. The Proposed FLC Settlement.

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

ALLAN GARBER
Barrister & Solicitor

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



May 25, 2017

Our File #: 212AAG

Via Email
Laurie Schutz

Bill Mulder

Georg Beinert

Diane Wilson

Re: ABC District

I received a letter dated May 23, 2017 from Burnet, Duckworth and Palmer LLP, legal counsel for Sage, suggesting that actions taken by myself and Mr. Beinert are “a concerted effort to decrease the value of Sage shares and increase the amount of a potential damages award in the Representative Action.”

This allegation is vile and reprehensible, and has no foundation in fact. It profoundly undermines my ability to act as counsel for the Representative Action. I can no longer act in an environment of bullying and intimidation.

I have filed a notice of withdrawal in the Alberta action and will do the same in British Columbia.

I have enjoyed the opportunity to serve you, and hope that things work out for the CEF Depositors.

Yours truly,

Allan Garber Professional Corporation

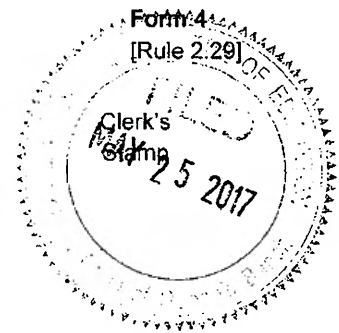
Per:

Allan A. Garber
AG/as

Cc: Jeffrey Oliver

Telephone: (587) 400-9310
Fax: (587) 400-9313
Email: allan@garberlaw.ca
www.garberlaw.ca

COURT FILE NUMBER 1403 11054
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE EDMONTON
PLAINTIFFS Sharon Sherman, Sharon Sherman in
her capacity as Personal Representative
of the Estate of Ruby Sherman, and
Georg Beinert
DEFENDANTS Donald Schiemann, Jim Kentel,
William Ney, Harold Ruf, Mark Ruf,
Harold Schmidt, James Schuelke,
Mark Beiderweiden, Harold
Haberstock, James Heinbuch, Cliff
Haberstock, Gene Gabert, Richard
Lutz, David Schick, Cindy Willisko,
Daryl Becker, Randy Heide, Mark
Sander, Judith Burns, Marj Plitt,
Gerry Steinke, Keith Kruse, Forrest
Stroup, Keith Haberstock, Melanie
Kuhn, David Dressler, Philip
Washeim, Greg Giese, Wayne
Lunderby, Michael Gillingham, Craig
Tufts, Rhonda Buck, Vic Esperanza,
Lynn Gergens, Deloyce Weist, Janice
Ruf, Candace Rivet, Darla Hennig,
Kurt Robinson, Ted Ulmer, David
Bode, Roland Kubke, Bill Morgan,
John Mueller, Glenn Schaeffer,
Marvin Mutschler, Steven Grande,
Paul Eifert, Hans Heumann, Grant
McMaster, James Werschler, David
Schoepp, Encharis Community
Housing and Services, Prince of Peace
Lutheran Church of Calgary; Lutheran
Church – Canada; Lutheran Church –
Canada Financial Ministries; Lutheran
Church – Canada, The Alberta-British
Columbia District; Francis Taman;
Bishop & McKenzie LLP; Ronald
Chowne; Prowse Chowne LLP;
Shepherd's Village Ministries Ltd.



DOCUMENT

**NOTICE OF WITHDRAWAL OF
LAWYER OF RECORD**

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT

Allan Garber Professional Corporation
Suite 108, 17707 – 105 Avenue
Edmonton, Alberta T5S 1T1
Tel: (587) 400-9311
Fax: (587) 400-9313

Allan Garber Professional Corporation, counsel for the Plaintiffs, withdraws as lawyer of record for the Plaintiffs.

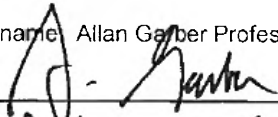
The last known address for the Plaintiffs is as follows:

Georg Beinert Box 1616 Fairview, AB T0H 1L0

Sharon Sherman #305 10011 – 117 Street, Edmonton, AB T5K 1W7

Legal Counsel for the Plaintiffs

Law firm name: Allan Garber Professional Corporation

Per: 
Allan Garber

Print Name of Lawyer Signing

Allan A. Garber,
Barrister and Solicitor

WARNING

This withdrawal of lawyer of record takes effect 10 days after the affidavit of service of this document on every party is filed. After that date, no delivery of a pleading or other document relating to the action is effective service on the former lawyer of record or at any address for service previously provided by the former lawyer of record.

Appendix B

COURT FILE NUMBER 1501-00955

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY



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

APPLICANTS

LUTHERAN CHURCH – CANADA, THE
ALBERTA – BRITISH COLUMBIA DISTRICT,
ENCHARIS COMMUNITY HOUSING AND
SERVICES, ENCHARIS MANAGEMENT
AND SUPPORT SERVICES, AND
LUTHERAN CHURCH – CANADA, THE
ALBERTA – BRITISH COLUMBIA DISTRICT
INVESTMENTS LTD.

DOCUMENT

**AMENDED ORDER (Directions of the
Court)**

ADDRESS FOR
SERVICE AND
CONTACT
INFORMATION
OF PARTY FILING
THIS DOCUMENT

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

Telephone 403-351-2921
Facsimile 403-648-1151

File No. 049073-00001

Attention: Jeffrey Oliver

I hereby certify this to be a true copy of
the original Order

Dated this 5 day of June 2017
M. Romaine
for Clerk of the Court

DATE ON WHICH ORDER WAS PRONOUNCED: May 25, 2017

LOCATION WHERE ORDER WAS PRONOUNCED: Calgary, Alberta

NAME OF JUSTICE WHO MADE THIS ORDER: The Honourable Madam Justice B.E.C. Romaine

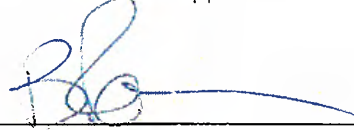
UPON THE APPLICATION of Deloitte Restructuring Inc., in its capacity as the monitor (the "Monitor") of Lutheran Church – Canada, The Alberta – British Columbia District (the "District"), Encharis Community Housing And Services, Encharis Management And Support Services, And Lutheran Church – Canada, The Alberta – British Columbia District Investments Ltd. (collectively, the "Applicants") for advice and direction of this Honourable Court (the "Advice and Direction Application"); **AND UPON HAVING READ** the Application of the Monitor returnable May 25, 2017, filed; the Twenty-Eighth Report of the Monitor dated May 24, 2017 (the "Report"), filed; the Confidential Supplement to the Report (the "Confidential Supplement"); **and** the Affidavit of Service of Richard Comstock, filed; **and the Affidavit of Georg Beinert sworn May 23, 2017, filed** **AND UPON HEARING** counsel for the Monitor and other

interested parties; **AND UPON NOTING** the absence of Allan Garber, Georg Beinert, William Mulder, Donald Specht and Randy Kellen (collectively, the **"Restricted Group"**) from the within hearing;

IT IS HEREBY ORDERED AND DECLARED THAT:

1. The Court hereby makes the following interim directions:
 - (a) There shall be no further use by the Restricted Group of the list of shareholders (the **"Shareholders"**) of Sage Properties Corp. (**"Sage"**), or the personal information of the Shareholders obtained from such list, without further order of this Court.
 - (b) There shall be no further solicitation of votes and/or proxies by the Restricted Group in relation to Sage without further order of this Court.
 - (c) The Monitor shall issue a communication (the **"Communication"**) clarifying the recent developments leading up to and relating to the meeting of the Shareholders of Sage (the **"Shareholders Meeting"**), which is scheduled to take place on May 26, 2017. The Communication shall be:
 - (i) made available to all Shareholders in attendance at the Shareholders Meeting;
 - (ii) read to the Shareholders at the commencement of the Shareholders Meeting by a duly authorized representative of Sage;
 - (iii) sent by regular mail to the list of Shareholders following the Shareholders Meeting;
 - (iv) posted to the website of the Monitor; and
 - (v) posted to Sage's website.
 - (d) Georg Beinert, William Mulder and Allan Garber are not authorized to make any written or oral submissions or statements at the Shareholders Meeting on behalf of the District Subcommittee.
 - (e) The Monitor shall reschedule the Advice and Direction Application before the Honourable Madam Justice Romaine on notice to all interested parties after the District Subcommittee retains new legal counsel, at which time such application shall be determined on its merits.

2. Any party or member of the Restricted Group may apply to set aside this Order upon providing the Monitor and all other interested parties with five (5) days notice of such application.



J.C.C.Q.B.A.

Appendix C



Deloitte Restructuring Inc.
850 2 St SW #700
Calgary, AB T2P 0R8
Canada

Tel: 403-503-1458
Fax: 403-718-3681
www.deloitte.ca

May 26, 2017

To: Shareholders of Sage Properties Corp.

Dear Sirs/Mesdames:

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

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

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

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

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

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

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

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

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

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

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

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

If you have any questions in relation to these matters, please contact Joseph Sithole of the Monitor's office at (587) 293-3203.

Yours truly,

DELOITTE RESTRUCTURING INC.

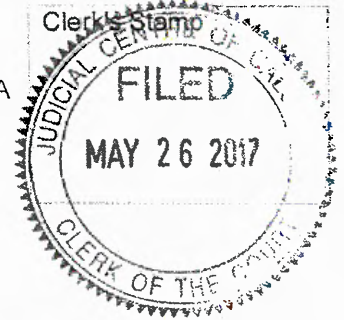
In its capacity as the Court-appointed Monitor of Lutheran Church – Canada, the Alberta – British Columbia District, Encharis Community Housing and Services, Encharis Management and Support Services and Lutheran Church – Canada, the Alberta – British Columbia District Investments Ltd. and not in its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



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

Enclosure – Appendix "A"

COURT FILE NUMBER 1501-00955
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY



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

APPLICANTS LUTHERAN CHURCH – CANADA, THE
ALBERTA – BRITISH COLUMBIA DISTRICT,
ENCHARIS COMMUNITY HOUSING AND
SERVICES, ENCHARIS MANAGEMENT
AND SUPPORT SERVICES, AND
LUTHERAN CHURCH – CANADA, THE
ALBERTA – BRITISH COLUMBIA DISTRICT
INVESTMENTS LTD.

DOCUMENT **ORDER (Directions of the Court)**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT
Cassels Brock & Blackwell LLP
Suite 1250 Millennium Tower,
440 – 2nd Avenue SW,
Calgary, Alberta, T2P 5E9

Telephone 403-351-2921
Facsimile 403-648-1151

File No. 049073-00001

Attention: Jeffrey Oliver

I hereby certify this to be a true copy of
the original order
Dated this 26 day of May
for Clerk of the Court

DATE ON WHICH ORDER WAS PRONOUNCED: May 25, 2017
LOCATION WHERE ORDER WAS PRONOUNCED: Calgary, Alberta
NAME OF JUSTICE WHO MADE THIS ORDER: The Honourable Madam Justice B.E.C. Romaine

UPON THE APPLICATION of Deloitte Restructuring Inc., in its capacity as the monitor (the "**Monitor**") of Lutheran Church – Canada, The Alberta – British Columbia District (the "**District**"), Encharis Community Housing And Services, Encharis Management And Support Services, And Lutheran Church – Canada, The Alberta – British Columbia District Investments Ltd. (collectively, the "**Applicants**") for advice and direction of this Honourable Court (the "**Advice and Direction Application**"); **AND UPON HAVING READ** the Application of the Monitor returnable May 25, 2017, filed; the Twenty-Eighth Report of the Monitor dated May 24, 2017 (the "**Report**"), filed; the Confidential Supplement to the Report (the "**Confidential Supplement**"); and the Affidavit of Service of Richard Comstock, filed; **AND UPON HEARING** counsel for the Monitor and other interested parties; **AND UPON NOTING** the absence of Allan

Garber, Georg Beinert, William Mulder, Donald Specht and Randy Kellen (collectively, the "**Restricted Group**") from the within hearing;

IT IS HEREBY ORDERED AND DECLARED THAT:

1. The Court hereby makes the following interim directions:
 - (a) There shall be no further use by the Restricted Group of the list of shareholders (the "**Shareholders**") of Sage Properties Corp. ("**Sage**"), or the personal information of the Shareholders obtained from such list, without further order of this Court.
 - (b) There shall be no further solicitation of votes and/or proxies by the Restricted Group in relation to Sage without further order of this Court.
 - (c) The Monitor shall issue a communication (the "**Communication**") clarifying the recent developments leading up to and relating to the meeting of the Shareholders of Sage (the "**Shareholders Meeting**"), which is scheduled to take place on May 26, 2017. The Communication shall be:
 - (i) made available to all Shareholders in attendance at the Shareholders Meeting;
 - (ii) read to the Shareholders at the commencement of the Shareholders Meeting by a duly authorized representative of Sage;
 - (iii) sent by regular mail to the list of Shareholders following the Shareholders Meeting;
 - (iv) posted to the website of the Monitor; and
 - (v) posted to Sage's website.
 - (d) Georg Beinert, William Mulder and Allan Garber are not authorized to make any written or oral submissions or statements at the Shareholders Meeting on behalf of the District Subcommittee.
 - (e) The Monitor shall reschedule the Advice and Direction Application before the Honourable Madam Justice Romaine on notice to all interested parties after the District Subcommittee retains new legal counsel, at which time such application shall be determined on its merits.

2. Any party or member of the Restricted Group may apply to set aside this Order upon providing the Monitor and all other interested parties with five (5) days notice of such application.

"The Honourable Madam Justice Romaine"
J.C.C.Q.B.A.

Appendix D

FACSIMILE TRANSMISSION

To:

From: Allan Garber
Allan Garber Professional C
17707 105 Ave
Edmonton
AB T5S1T1

Phone:

Phone: (587) 400-9310 * 101

Fax Phone: (403) 648-1151

Fax Phone: (587) 400-9313

Note:

Attention: Jeffery Oliver
CC: Chris Simard

Date: 29/05/2017

Pages: 2

ALLAN GARBER
Barrister & Solicitor

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

May 29, 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

The statement in paragraph 46.3 of the Monitor's 28th Report that after receipt of Sage's letter dated May 11, 2017, I "continued to take actions which clearly and undeniably fall within solicitation" is patently false. It is also profoundly defamatory. I had no knowledge of some of the actions which were complained of by Sage's lawyers, and the other actions, if they do constitute solicitation, were not mine in any event.

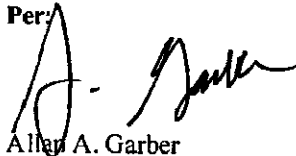
I invite the Monitor to retract this statement in its next Report.

I will be filing a Notice of Ceasing to Act in the British Columbia actions. You have the filed Notice of Withdrawal in the Alberta Action.

Yours truly,

Allan Garber Professional Corporation

Per:



Allan A. Garber
AG/as

cc: Chris Simard (Fax) 403-265-7219

Telephone: (587) 400-9310
Fax: (587) 400-9313
Email: allan@garberlaw.ca
www.garberlaw.ca



Appendix E



CASSELS BROCK
LAWYERS

May 29, 2017

By Email

joliver@casselsbrock.com

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

tel: 403.351.2921
fax: 403.444.6758

Attention: Allan Garber

file # 049073-00001

Dear Sir:

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

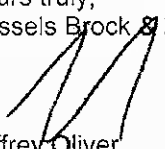
We acknowledge receipt of your letter dated May 29, 2017.

In your letter, you have alleged that paragraph 46.3 of the Monitor’s Twenty-Eighth Report (the “**Report**”) is “profoundly defamatory”. With respect, we disagree. That paragraph is not a statement from the Monitor – it instead references a letter from Sage’s counsel, a copy of which is affixed as Appendix J to the Report. The quotation in that paragraph is clearly linked to that letter, and is not an independent statement of the Monitor. The Monitor is obliged to report to the Court on matters such as this, including the allegations made by Sage. The statements accurately describe the allegations and therefore the Monitor does not intend to retract them.

Would you also please:

- a) advise if you intend to withdraw from the derivative actions that have been commenced;
- b) correspond with Mr. Simard in relation to
 - i. the Representative Action holdback and its status, and confirm that you shall continue to hold such funds in trust until new Representative Action counsel can be appointed; and
 - ii. if there are any pending limitation period issues which must be managed on an interim basis.

Yours truly,
Cassels Brock & Blackwell LLP


Jeffrey Oliver
JO/rc

cc: Chris Simard (email)

Legal*43648154.1

Appendix F

May 30, 2017

Attention: Jeffrey Oliver,

The Monitor's 28th report conveys statements that are lies and are completely defamatory. I ask (demand) that you have it removed and replaced with a version that does not convey this false information.

The lies and defamatory statements appear to originate from a set of emails written or authored by Ted Brown and appear to be authorized by SAGE Board and Management for the purpose of assassinating my character.

I am appalled that the Monitor has chosen to post this information without having probed and consulted to determine if there is a counter-position to these severely false allegations.

The most hideous lie is that I impersonated SAGE officials. This is a severe lie that I believe was a creative and malicious fabrication that was made based on communications directed to me and were designed to fish out certain words from me unawares, resulting in entrapment. I have communication documentation that I believe can support my position in a forensic investigation. When in conversation with other shareholders I ALWAYS made it clear that I was speaking in my capacity as a shareholder. I NEVER EVER held myself out to be a representative of SAGE.

The suggestion that I told people not to return their proxies is also a lie. People contacted me and pressed me on this issue. I could not offer them any advice and could only state the options available to them (to attend the meeting in person, to send in their proxy, or if they were not comfortable to do these then not participating was also an option). I have record of some of those communications and now believe that these communications were deliberately designed to press me for a response that could be falsely fabricated against me, again resulting in entrapment. Again, I believe my position can be supported in a forensic investigation.

The statements alleging that I have engaged in illegal activities and continued to solicit proxies after I received SAGE's notice to cease and desist are also gross misrepresentations and are malicious and defamatory. I entirely stopped soliciting proxies and I did not ask anyone to solicit proxies on my behalf. My May 12 letter was not intended to solicit proxies, and the wording was my wording as a very unsophisticated 'first time' shareholder trying to express my position, as I knew that people who supported my view would want to know. I understand that my dissident proxy was merely non-compliant. My May 12 letter, in hindsight, was also non-compliant with the relevant portions of the Act. I have no lawyer to help me. I did the best I could with the little that I had.

The fact that I did not solicit proxies is supported by the fact that I had no knowledge of being named as a SAGE proxy holder until May 24, just before noon. At that time, I became aware that I had been named as proxy holder for only ONE person, and I had not solicited that proxy.

The allegation that my actions were the actions of the District Subcommittee, and that my actions were driven by interests of the RA class are entirely false. It is difficult to separate the fact that many people in the RA class, who hold a view that I had expressed, are both shareholders and RA class members at the same time. The actions that I took were NOT part of the representative action. It must be noted that there are significant similar matters of importance to the shareholders and to the RA class. However, those matters are approached differently. My dissident actions were in the capacity of

shareholder entirely. I believe that unqualified Subcommittee information was wrongly interpreted by SAGE, resulting in SAGE fabricating a story meant to sway sentiment. The ultimate result of this was the compromising of the RA. SAGE needs to be reminded that 70% of their share holdings is within the RA class.

The suggestion that my intent was to reduce the value of SAGE shares is a ridiculous suggestion. I am keenly aware of the challenges that the RA will face and I am therefore that much more eager to see the very best return for my shares. My proposals were entirely reasonable. I believe that SAGE's opposition to my dissident actions were severe, overblown, and largely unwarranted.

Understanding that the Monitor was wishing to seek the court's advice on this matter, I prepared and delivered an Affidavit which you received on May 23. However, there is absolutely NO mention of my Affidavit in the Monitor's 28th report, which was generated the following day. I also had to ask you to make mention of my Affidavit, retroactively, in the court order. It appears to me that the Monitor has little interest in assuring fairness in the process, as again, I understand that the notice of the court hearing was sent late in the day or after business hours on May 24th, and that the hearing was scheduled for May 25th. How is this a fair notice so that people can come to represent themselves?

Please state how you intend to rectify this travesty.

Yours truly,

Georg Beinert

Appendix G

FACSIMILE TRANSMISSION

To:

From: Allan Garber

Allan Garber Professional C.

17707 105 Ave

Edmonton

AB T5S1T1

Phone:

Phone: (587) 400-9310 * 101

Fax Phone: (403) 648-1151

Fax Phone: (587) 400-9313

Note:

Attention: Jeffery Oliver

Date: 30/05/2017

Pages: 4

ALLAN GARBER
Barrister & Solicitor
#108, 17707 105 Avenue
Edmonton, Alberta T5S 1T1



May 30, 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

A letter from Mr. Ted Brown, the lawyer for Sage dated May 23, 2017 is attached as Appendix "J" to the Monitor's 28th Report. Mr. Brown accused me of having done or carried out the following actions after receipt of their May 11, 2017 "cease and desist letter."

- a. "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."

Garber Response:

- i) Beinert's letter was not Garber's letter. It was prepared by Beinert.
 - ii) Beinert's letter did not "recommend that Shareholders can name someone other than the management representatives as proxies." His letter said "If you choose to participate by proxy, you are at liberty to choose someone you trust to carry your proxy on your behalf."
- b. "Continued to correspond with Shareholders in an effort to be named as proxy for such Shareholders."

Telephone: (587) 400-9310
Fax: (587) 400-9313
Email: allan@garberlaw.ca
www.garberlaw.ca

Garber Response:

i) I did not continue to correspond with Shareholders in an effort to be named as proxy. Magda Carr, through her friend William Wood, asked if I would be her proxy. See attached email dated May 16, 2017, which is the **only** correspondence after the cease and desist letter relating to the issue of proxies. I know Magda personally and was honored to be her proxy. She is 98 years old.

c. "Encouraged others to solicit proxies on behalf of Mr. Beinert."

Garber response. The statement is false. I did not speak to, nor solicit from anyone proxies on behalf of Mr. Beinert.

d. "Solicited proxies indirectly through others including the memorandum of Don Specht to "CEF Defense Fund Supporters and Friends" dated May 18, 2017.

Garber response: I did not solicit proxies indirectly through others. I did not ask Mr. Specht to prepare any documents, and I had no knowledge of the Don Specht Memo dated May 18, 2017 until today, May 30, 2017 when I searched my in-box and found it.

e. "Indirectly distributed a document authored by Beinert entitled "Beinert Response to Sage's May 20, 2017 Frequently Asked Questions."


Garber response: I did not send the document to anyone, whether directly or indirectly.

I have ceased to act for the District Subcommittee. I took this case out of an abiding concern to help the elderly who have lost so much. I do hope that they will receive full compensation for their losses.

Yours truly,

Allan Garber Professional Corporation

Per



Allan A. Garber
AG/as

cc: Chris Simard (Fax) 403-265-7219

Allan Garber

From: Allan Garber
Sent: May 16, 2017 9:58 AM
To: 'William Wood'
Subject: RE: Proxy for Magda

Yes, I would be happy to do so. She needs to cross out the names of the Sage people and print my name in. How is she planning to vote on the commercial options? And the resolutions?

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.

-----Original Message-----

From: William Wood [mailto:bwood@telusplanet.net]
Sent: May 15, 2017 8:04 PM
To: Allan Garber <allan@garberlaw.ca>
Subject: Proxy for Magda

Magda asked us to ask if you could be her proxy. In light of all that is going on, we are not sure how to advise her, and so her solution was to ask you to represent her?

Thank you.

Jeanette

Appendix H

May 31, 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**

As counsel to Sage Properties Corp. ("**Sage**" or the "**Corporation**"), we are providing this letter to report to the Monitor certain events that occurred at the special meeting (the "**Special Meeting**") of shareholders ("**Shareholders**") of Sage held on May 26, 2017. In providing this letter we note several facts:

1. According to the records of Alliance Trust Company, Eleanor Unterschultz and Richard Unterschultz (collectively, the "**Unterschultzes**"), who hold 396,065 Sage shares and 963,245 Sage shares, respectively, appointed Allan Garber on May 17, 2017 to act as their proxy for the Special Meeting.
2. In reporting to the Alberta Court of Queen's Bench (the "**Court**") at the application heard on May 25, 2017 in respect of the above referenced matter, Jeffrey Oliver as counsel to the Monitor, reported that Mr. Garber had indicated in a letter to Mr. Oliver that Mr. Garber would be attending the Special Meeting acting as proxy of Magdalene Carr and that he would not be speaking at the Special Meeting. To our knowledge, Mr. Garber did not indicate that he would be acting as proxy to the Unterschultzes.
3. On May 25, 2017, the Court ordered and directed, among other things, that "There shall be no further solicitation of votes and/or proxies by the Restricted Group in relation to Sage without further order of this Court." For the purposes of the order of the Court, the Restricted Group included Mr. Garber.

Immediately prior to the commencement of the Special Meeting an associate of Burnet, Duckworth & Palmer LLP, Paul Mereau, was assisting Shareholders and proxyholders with any questions that they had with respect to registration for the Special Meeting. While acting in this capacity, a person approached Mr. Mereau who identified himself as the son of the Unterschultzes and asked Mr. Mereau how the Unterschultzes could revoke their proxies that they had previously provided to Alliance Trust Company.

Upon receiving the request, Mr. Mereau went to get revocation forms to provide to the Unterschultzes to allow them to revoke their appointment of Mr. Garber. In the course of obtaining the revocation forms, Mr. Mereau noted that Mr. Garber was talking to the gentleman identified by the son as Mr. Unterschultz telling him that he did not need to revoke the proxies. Mr. Garber had already received the ballots to be voted on behalf of the Unterschultzes. Mr. Mereau saw Mr. Garber sign the bottom of the ballots and give them to the scrutineers.

Prior to the commencement of the Special Meeting but after the Unterschultzes were already seated, the Unterschultzes and their son also discussed this matter with me. I informed them that they still had the right to revoke their appointment of Mr. Garber as their proxy. I also informed them that Mr. Garber would be required to vote as directed in the proxy forms that the Unterschultzes had submitted to Alliance Trust Company but that he would have the discretion to vote as he saw fit on behalf of the Unterschultzes on any amendment or variation of the matters set out in the form of proxy or on any other matter that may properly be brought before the Special Meeting. They asked me whether their vote would still count if Mr. Garber continued to act as their proxy. I asked whether they still wanted Mr. Garber to act as their proxy and they confirmed that they were okay with him acting as their proxy. As Sage had no desire to put undue pressure on, or confuse the situation any further for, the Unterschultzes, I confirmed on behalf of Sage that Sage would accept their proxies and allow Mr. Garber to vote on their behalf.

Mr. Garber left the Special Meeting immediately after the start of the Special Meeting before the presentations and discussions of the motions were heard. Mr. Garber voted the ballots that he held on behalf of the Unterschultzes prior to leaving the Special Meeting. The Unterschultzes were present at the Special Meeting during all of the presentations, discussions and votes on the motions. Several of the special resolutions considered at the Special Meeting were defeated by a very small margin; if after listening to the presentations and discussions at the Special Meeting the Unterschultzes had changed their vote on one of such special resolutions, that special resolution would have passed.

Given the definition of "solicitation" in the *Business Corporations Act* (Alberta), Sage believes that the actions taken by Mr. Garber prior to the Special Meeting constituted a continued act of solicitation of proxies by Mr. Garber in violation of the May 25, 2017 order of the Court. Sage wants to ensure that the Monitor is aware of Mr. Garber's actions at the Special Meeting to allow the Monitor to determine whether to report these matters to the Court or to ask Mr. Garber to explain his conduct to the Monitor or the Court.

Yours truly,

BURNET, DUCKWORTH & PALMER LLP



Edward B. Brown

Appendix I

May 31, 2017

Jeffrey Oliver
joliver@casselbrock.com

Sandra Jory, Chairman of the Board.
sandra.jory@sageproperties.ca
And the Directors of Sage Properties Corp.

Re: Lutheran Church-Canada, the Alberta-British Columbia District et al
Court of Queen's Bench Action No. 1501-00955
Application scheduled to be heard at 2:00 pm on May 26, 2017

With reference to the subject application and your letters of May 23rd and May 24th, 2017 and the message entitled LEGAL DEFENCE FUND MESSAGE RE: CONCERNS ABOUT RECOVERY PROSPECTS WITH SAGE PROPERTIES CORP (the Message), I say as follows:

1. No use was made by me or Randy Kellen of a list of shareholders of Sage Properties and the Message was not directed specifically at Sage Properties shareholders but at the CEF depositors to whom it was email addressed.
2. The Message was not mailed to anyone through Canada Post.
3. The Message was sent by email only to a list of 43 supporters of the CEF Defence Fund and 60 other contacts (the CEF Claims Group), all such contacts made long before Sage Properties was incorporated.
4. The Message was not a solicitation of proxies but a sharing of the writer's conclusions reached from review of materials issued by the Monitor, Deloitte Restructuring, and Sage Properties explaining why the writer advised his widowed 88 year old sister how she should respond to the Sage Properties proxy solicitation.
5. When the Message was emailed the writer was out of country and did not have computer equipment to create a PDF document and so requested Mr. Kellen to convert the Message to a PDF document and email it only to the CEF Claims Group.
6. I am informed by Mr. Kellen that is what he did and believe that is so.


Donald Spocht

I confirm the above to be true.


Randy Kellen

Appendix J



CASSELS BROCK
LAWYERS

June 1, 2017

By E-mail: beinert2017@gmail.com

Georg Beinert
Box 1614
Fairview, AB T0H 1L1

joliver@casselsbrock.com

tel: +1 403 351 2921

fax: +1 403 648 1151

file # 49073-1

Dear Sir:

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

We acknowledge receipt of your letter dated May 30, 2017.

The Monitor has reviewed and considered your correspondence and the concerns you have expressed therein. The Monitor understands that you have been frustrated in relation to Sage, and that your recent experiences in particular have been unsatisfactory to you. However, there are some factual matters in your correspondence that the Monitor wishes to respond to.

In summary, please be advised as follows:

1. The Monitor's role is to act as the "eyes and ears" of the Court. That includes the obligation to report to the Court on matters that are of concern to it. In fulfilling that obligation, the Monitor also must balance that obligation with an obligation to be prudent in the resources that it expends. In that regard, the Monitor does not normally and is not required to investigate each and every allegation that is made by parties within CCAA proceedings. It would be cost prohibitive, and in many instances would be of little benefit to District creditors. In this instance, what concerned the Monitor was that members of the Subcommittee and its counsel were linked to proxy solicitation activities and the apparent use of information obtained via that Subcommittee to facilitate those activities. The Monitor did not take any position at all in relation to the substance of the dispute as between you, Messrs. Garber and Mulder and Sage, including the rather serious allegations that were being advanced by all parties. In the circumstances, the Monitor considered itself obliged to report on the communications that were being exchanged, but did not consider itself obliged to further investigate any of them. The Report is clear that the accusations of each party were allegations only;
2. We remind you that the Order that was granted on May 25, 2017 was granted solely on an interim basis. The only relief that was granted by Madam Justice Romaine related to actions that were necessary in order to protect the integrity of the Sage shareholders' meeting. In the circumstances, it remains completely open to you to file any evidence you wish and make any arguments you desire defending the actions that were undertaken by you and defending against the allegations advanced by Sage. The



Monitor encourages your participation in that process, and will ensure that you are served via email with notice of the next hearing in relation to these matters. The Monitor also intends to affix your correspondence (and this reply) to its next report to the Court and make the Court aware of your concerns.

3. You have commented about the lack of notice of the May 25 hearing. First, as we note above, it remains open to you to apply to set aside any of the findings from that hearing. More importantly, for the reasons noted below, the Monitor is of the view that appropriate notice of that hearing was provided in the circumstances in any event.

As counsel to the Subcommittee, service on Mr. Garber of the May 25th application is proper service upon the Subcommittee and its members. In the view of the Monitor, due to your fiduciary duties as a member of that Subcommittee, the Monitor's application for advice and direction engaged your interests as a Subcommittee member. In particular, the Monitor notes as follows:

- a. On April 7, 2017, the Monitor expressed confusion with Mr. Garber about various inquiries that were being made by you in relation to Sage, as those inquiries did not appear to be linked to any issue that was properly related to the Representative Action. In that communication, the Monitor asked for clarification from Mr. Garber in relation to whether your concerns were being raised in your personal capacity or in your capacity as a member of the Subcommittee. No response was received. We also note that, by this point, an application had already been made by Mr. Garber, on behalf of the Subcommittee, seeking an appraisal of Sage's assets. As a result of the combination of these circumstances, the Monitor was of the view that the Subcommittee was actively pursuing matters relating to Sage, and that the Monitor could correspond with Mr. Garber on such issues;
- b. In paragraphs 23 and 24 of the Monitor's 27th Report dated April 17, 2017, the Monitor's concerns in this regard were again noted, and no clarification was received from Mr. Garber or anyone else;
- c. The Dissident Proxy did not contain a disclaimer that you were not acting in your capacity as a member of the Subcommittee, and provided Mr. Garber's contact information as the party to whom proxies should be submitted;
- d. I wrote to Mr. Garber on May 17, 2017 expressing my concerns in relation to what was occurring regarding Sage shareholder proxies. In that letter, I advised Mr. Garber that we anticipated that the matter would be brought before the Court the following week. For the reasons noted above, Mr. Garber was the appropriate contact person in relation to this letter. The Monitor therefore considers that the general notice provided to Mr. Garber of its intent to proceed with a hearing the week of May 23 to 26, 2017 to be adequate.
- e. Mr. Garber responded to us on May 19 and 22, 2017. In the May 22 response, Mr. Garber indicated that he undertook no action in his capacity as counsel for



- the Subcommittee. That statement further led the Monitor to the conclusion that Mr. Garber was acting as your counsel in relation to Sage matters.
- f. On the basis that Mr. Garber was engaged as Subcommittee counsel and/or your counsel, he was included on a letter that was sent to the Service List from our office on May 23, 2017 which advised that this matter was scheduled to be heard on May 25, 2017 at 2:00 PM. Based on your recent correspondence, it appears that you may not have been made aware of this correspondence by Mr. Garber;
 - g. On May 23, 2017, Mr. Garber advised that he was not retained by you in his capacity as shareholder. However, as noted above, the Monitor remained of the view that the facts at issue also engaged your duties as a member of the Subcommittee, and that it had properly provided notice of its intent to proceed with an application; and
 - h. The Monitor only learned of Mr. Garber's resignation as counsel to the Subcommittee late in the morning of May 25, 2017. Further, the Monitor advised the Court of his resignation in the May 25th hearing, that you were unable to attend that hearing, and of our view that your excuse for non-attendance appeared to be legitimate. It was on that basis that the relief that was granted in that hearing was only interim in nature.
4. You have raised concerns that the Monitor did not refer to your Affidavit in its 28th Report. We received your Affidavit, unfiled, at approximately noon on May 23, 2017. This suggests to us that you were aware that a hearing was likely to occur that week, as per our May 17, 2017 letter to Mr. Garber. We received a filed copy of that Affidavit at 4:16 PM on May 24, 2017, after the Report of the Monitor was filed. In response to your concerns:
- a. at the time the 28th Report of the Monitor was prepared, the Monitor was of the view that Mr. Garber would be advancing your position on your behalf at the May 25th hearing, and that your Affidavit would be put before the Court through its filing. We also note that the Monitor is not required to comment on every pleading filed in a proceeding. On issues where the Monitor is taking no position, it would be particularly unusual for the Monitor to do that. Rather, the Monitor's 28th Report is focused upon correspondence received by the Monitor or between the relevant parties which may not otherwise be put before the Court but for the report of the Monitor;
 - b. the majority of your Affidavit relates to the merits of the issues as between Sage and you, on which the Monitor is taking no position;
 - c. our office, on its own volition, served your Affidavit on the entire service list to ensure that all parties had notice of your position. The Monitor also posted the filed Affidavit on its website in advance of the May 25th hearing where it remains available for public viewing;



- d. Madam Justice Romaine received a copy of your Affidavit and confirmed the same at the hearing to me; and
- e. The failure to reference your Affidavit in the Order was inadvertent, and was a product of extreme time pressures and rapidly changing circumstances as this matter progressed. As I advised you by email, the Monitor does not dispute that your Affidavit was before the Court, and has amended the Order to reflect the same.

In light of the foregoing, the Monitor does not intend to remove or replace its 28th Report. The report is a fair characterization of the issues between the parties, and the Monitor considered itself duty bound to issue it. The Monitor was and remains of the view that there remains a legitimate concern over the actions of you and Mr. Mulder in relation to Sage, based solely on the matters that you have not disputed (such as the issuance of the Dissident Proxy and other communications).

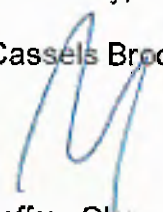
The Monitor has since learned of your resignation from the Subcommittee as well as that of Mr. Mulder's. The Monitor will consider whether those resignations will influenced views in relation to the future disposition of this matter.

In conclusion, and noted above, while the Court and the Monitor have expressed concern about these matters, no final determination has been made on them. The Monitor encourages you to participate in the hearing of this matter on its merits and to file whatever evidence you deem fit in response to the allegations raised by Sage, and the concerns of the Monitor and the Court.

We also encourage you to retain legal counsel in relation to these matters, and would be pleased to work with them co-operatively in relation to the scheduling of a return hearing.

Yours truly,

Cassels Brock & Blackwell LLP



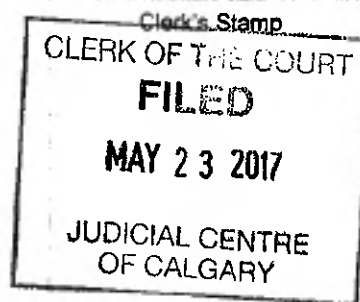
Jeffrey Oliver
JO/rc

cc: Client

Appendix K

COURT FILE NUMBER 1501 – 00955
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTER CALGARY

IN THE MATTER OF THE *COMPANIES'*
CREDITORS ARRANGEMENT ACT, R.S.C. 1985,
C. c-36, as amended



APPLICANTS LUTHERAN CHURCH – CANADA, THE ALBERTA-BRITISH COLUMBIA DISTRICT, ENCHARIS COMMUNITY HOUSING AND SERVICES, ENCHARIS MANAGEMENT AND SUPPORT SERVICES, AND LUTHERAN CHURCH-CANADA, THE ALBERTA-BRITISH COLUMBIA DISTRICT INVESTMENTS LTD.

DOCUMENT **AFFIDAVIT OF GEORG BEINERT**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT
GEORG BEINERT
BOX 1614, FAIRVIEW, ALBERTA T0H 1L1
Email: beinert2017@gmail.com

AFFIDAVIT OF GEORG BEINERT

Sworn on May 23, 2017

I, Georg Beinert, of Fairview, Alberta

SWEAR AND SAY THAT:

1. I am a significant shareholder of Sage Properties Corp. ("Sage"). I hold 215,513 shares in Sage. I have paid attention to the activities of Sage, as my shareholding interests represent a significant portion of my savings (now 'assets').
2. Around December 22, 2016 and thereafter a Mr. Robert Rice, from Sandton Capital Partners from the USA had established an Unlimited Liability Corporation and was phoning SAGE shareholders, offering to purchase their shares at a very low (about 33

cents on the dollar) price.

3. In the Sanction Order Reasons for Decisions of the Honourable Madam Justice B.C.E. Romaine (filed August 2, 2016) in paragraph 22 she states:

[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:** 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;

4. This protection mechanism was understood by shareholders to mean that they could sell shares among each other and that NewCo would safeguard that mechanism. However, somehow Mr. Robert Rice obtained shareholder information which gave him the ability to bypass this protection mechanism and to 'cold call' significant shareholders. Also, shareholders who enquired about selling their shares had their information passed to Mr. Robert Rice, contrary to the protection mechanism described. This put a pressure on other shareholders who were not contacted and created an environment of fear and panic and that was not one of 'orderly liquidation', as some shareholders were tempted to 'jump ship' at the first opportunity.
5. Mr. Rice began entering into written sales agreements with a number of shareholders. There had been no meeting held for the shareholders, and there was no management discussions on the matter so that shareholders could make an informed decision about their shares (as was SAGE's obligation according to Bylaw 8.6 and 12). This situation caused distress to me and many shareholders.
6. Furthermore, the question remains unanswered as to how and when did Robert Rice gain his due diligence information that he needed to give him the confidence to establish his company for the purpose of buying shares.
7. Mr. McCorquodale stated to me "I don't know" when I asked him this question in my January 25, 2017 phone conversation with him. I would think that, as CEO, it would certainly be Mr. McCorquodale's business 'to know' this kind of information.
8. I also phoned Sandra Jory and asked her when and how Robert Rice got his information. She indicated that Robert Rice and the CRO had been in communication with each other some time mid-CCAA proceedings. The feedback that I received from other shareholders caused me to believe that SAGE management had been having significant discussions with Robert Rice, lasting to approximately mid-April 2017. There is very little mentioned about this matter in the Management Information Circular, and what is mentioned is short and vague. I am left wondering what SAGE's legal costs in all of this was.
9. Of alarming concern to me was the fact that Mr. Robert Rice was 'cold-calling' significant shareholders. It remains unanswered as to who gave this confidential information to Mr.

Robert Rice. Mr. McCorquodale suggested to me that this information might have been found from a public site. This would suggest that SAGE shareholder's private and confidential information is available on a public site, which I do not believe.

10. Sandra Jory, the Chairman of the Sage Board of Directors, on a recent CEF forum post, suggested that Robert Rice may have found his information by using the CEF Depositor list (on the Monitor's site) and using the internet 411 directory. It is difficult to imagine that a distressed asset buyer would be able to determine which 1000 names from a list of 2600 were those of the shareholders, and which of those 1000 names were the significant shareholders. It is difficult to imagine that Mr. Robert Rice would spend significant time searching the 411 directory, even if he were able to discern the significant shareholders from a list of 2600 names. I believe that Mr. Rice was given the confidential shareholder information by Sage or its advisors.
11. SAGE has taken issue with my Dissident actions and has responded against me using false and grossly misleading allegations, and expressing half-truths amounting to calumny, as is evidenced especially in their answers to Q11 in their May 20, 2017 email of 'Frequently Asked Questions'.
12. As events unfolded with Sage, I had mounting concerns. First, a shareholder meeting had not been called within 180 days of the Effective Date, as required by article 12.1 of Sage's bylaws. A copy of relevant portions of Sage's Bylaws is attached as **Exhibit "1"** to my Affidavit.
13. I communicated my concerns to the Monitor. This is 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.)

14. Second, Sage shareholders received no financial information, even though the Monitor indicated to the creditors that this would happen. 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.”

15. By email dated March 21, 2017, I requested the Monitor's assistance concerning the lack of financial reporting. I received no response from the Monitor or their legal counsel. Copies of the emails are attached as **Exhibit “2”** to this my Affidavit.

16. The shareholder list that was used was a list that I have, and I believe that I have used it appropriately and prudently, especially given the circumstances. Sage's lawyer Mr. Ted Brown asserts that Allan Garber's actions conflict with some of his Class Plaintiffs. This is false, as the actions are my actions and not Allan Garber's actions. Further, there is no conflict.

17. I find it hypocritical that SAGE gives no care about how confidential shareholder financial information may have been obtained by Mr. Rice while in the same instant being adversarial toward a shareholder making contact with all other shareholders. My contact with fellow shareholders was done nobly and in good faith.

18. SAGE has made it difficult and inconvenient for me to obtain information from SAGE, having the majority of my communication passed by the office of SAGE's lawyer. The responses that I have received do not give me confidence that SAGE is interested in communicating with me in an open and meaningful way. I am being left out of communications that I would otherwise receive in the normal course as a shareholder. I was excluded from a mass email sent to Sage shareholders.

19. I received the Sage Management Circular on May 3, 2017. It was sent to me Sandra Jory.

No Election of Board Directors

20. The first thing I noticed was on page seven, when we were told there would be no election of the Directors. This was extremely troubling. Three of the original directors appointed within the CCAA proceedings had resigned by mid-December. No explanations were given. The Board appointed two new Directors to achieve board quorum.

21. None of the Directors have been elected by the shareholders. The election of the Board was something that I and many other shareholders had anticipated at the first meeting, as required by article 3.5 of the Bylaws (Exhibit “A”). I studied the *Business Corporations Act* myself and s. 106 made it very clear that the directors are to be elected at the first meeting. A copy of s. 106 of the *Business Corporations Act* is attached as **Exhibit “3”** to

this my Affidavit.

22. I understand that Sage is of the view that they do not need to have an election of the Directors, since they are calling a “special meeting” of the shareholders.
23. The Fifth Amended Plan of Compromise and Arrangement filed June 10, 2016 stipulates at s. 7.1 (iii) that the meeting of shareholders is to be a “**general meeting.**” Attached as **Exhibit “4”** to this my Affidavit is the relevant portion of the District Plan.

No Disclosure of Officer Compensation

24. I also noticed that there was disclosure in the Management Circular about what the Directors are being paid, but nothing about what the Officers were being paid. I am aware that in any corporation of this nature, even non-voting shareholders are entitled to know what the Officers are being paid.
25. In the Management Circular, Sage stated that after 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.” Sage did not indicate which commercial options will result in higher or lower management salaries.
26. Sage refused requests to disclose the compensation being paid to the senior officers. Attached as **Exhibit “5”** to this my Affidavit is a letter dated April 18, 2017 I received from Mr. and Mrs. Kembel, who are Representative Action class members. It indicates that on December 9, 2016 they called the Sage office in Calgary inquiring how much Sage’s employees were being paid. They received no answer. I am informed by Mr. Kembel and do believe that this information is true.
27. Attached as **Exhibit “6”** to this my Affidavit is email correspondence between Lorraine Giese and Sandra Jory, Chair of the Sage Board of Directors, indicating that salaries would not be disclosed until the annual general meeting. I found Sandra Jory’s response to be very disturbing.
28. Sage’s non-disclosure contradicts the “transparency, accountability and corporate governance” we were promised in their letter to the shareholders dated December 1, 2016, attached as **Exhibit “7”** to my Affidavit.
29. I have since learned 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.
30. The Chief Restructuring Officer is Kluane Partners.
31. Mr. McCorquodale, a Board Member and the Sage CEO, was a member of the Kluane Partners “engagement team.” An excerpt from the Kluane Partners Restructuring Proposal showing his qualifications is attached as **Exhibit “8”** to this my Affidavit.

32. Mr. Tony Chin, the CFO for Sage, also has ties to Kluane Partners. His “Zoom” profile indicates that he was a “Senior Associate” of Kluane Partners prior to July 17, 2016. A copy of Mr. Chin’s profile is attached as **Exhibit “9”** to this my Affidavit.
33. Kluane Partners and Sage Properties share the same office space in Calgary: #410, 505-8th Ave. S.W., Calgary, AB T2P 1G2.

Resolutions to diminish shareholder protection

34. As 'first order of business' to the shareholders, SAGE's Management and Board are seeking to remove some of the four protection mechanisms that were added to the court Sanctioned Plan as provisions which are intended to provide additional protection for affected creditors.
35. Of high importance to me are the Sanction Order **Reasons for Decisions of the Honourable Madam Justice B.C.E. Romaine** (filed August 2, 2016) in paragraph 22 where the she states:

[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
36. I found it disturbing and unthinkable that SAGE would challenge the stated provisions of the **Honourable Madam Justice B.C.E. Romaine** and seek to remove these items of shareholder protection, asking shareholders to give up their powers for the sake of convenience for the board and for management. These bylaw-change resolutions, especially when viewed together with the nature and time-line of SAGE's proposed

commercial options, could expose the shareholder demographic to undesirable risk, prolongation of time to financial returns, and loss of protection through the loss of information transparency.

Commercial Options

37. I also noted that three commercial options were presented, all on an advisory basis. A fourth opinion should have been presented: “none of the above.”
38. Sage proposed commercial Option “B”, which is to pursue the sale of Sage’s assets after subdivision and “emancipation of services.” According to Sage, this process could take up to three years to complete, and there is no guarantee that subdivision will be successful. An extract from the Management Circular with respect to Option “B” is attached as **Exhibit “10”** to this my Affidavit.
39. I believe that there was a more prudent 'first approach' that SAGE could and should take in the interests of its shareholder demographic, especially since so many of the shareholders are elderly. The 'option' that I proposed to be put forward as a resolution 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. It 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 proposed option was found unsuitable. This form of option was not available within SAGE's option set.
40. 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 very lucrative salaries, with an unknown effect on the returns to the shareholders.

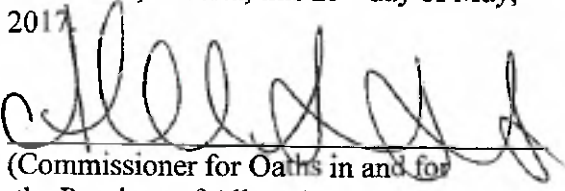
Dissident Proxy Circular

41. Because the Monitor, in its 27th report, encouraged me (as I am directly referred to in paragraph 23), as a significant shareholder, to “undertake **whatever steps [I] deem necessary** in order to assert [my] right as shareholder[s],” I have undertaken the activities described throughout this affidavit.
42. I decided to send out a Dissident Proxy Circular. I found out about this concept from my own research. I initiated and prepared the Dissident Proxy. I am bearing the cost of this Dissident Proxy save for others who may wish to help me financially. A copy of the Dissident Proxy Circular is attached as **Exhibit “11”** to this my Affidavit.
43. My actions to launch a Dissident Proxy Circular and Form were my initiative as a shareholder. This action was mobilized after receipt and review of the Management Information Circular that brought great dismay to me upon reading it.

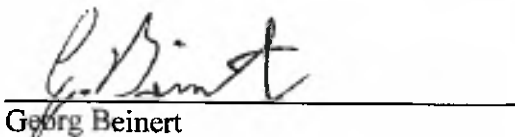
44. Not only was this information difficult to follow, I found that it painted a very negative picture and was ambiguous. I found that it greatly lacked the supportive numbers that are needed to help determine action impacts on share value. I saw that this information would be unsuitable for many, and my concern was regularly confirmed in my later conversations with fellow shareholders, especially the elderly.
45. I used shareholder contact names, which would be the same names on SAGE's Records list. I had confirmed with SAGE if there had been any share transactions, and I was advised by SAGE that there had been none.
46. The list in my possession was for my use to contact people. The financial information in my list is of confidential nature, and I have kept that information completely confidential.
47. I told Mr. Garber what I wanted to do, and that I needed a receiving office for the proxies. Alliance Trust Company indicated they would not receive the dissident proxies. Due to shortness of time and the need for a receiving office, I asked Mr. Garber if they could be mailed to his office. He agreed. He also drafted the Resolutions at my request to reflect my intentions.
48. In my Dissident Proxy Circular, I present a very reasonable initial approach and a balanced new Board.
49. My proposal to remove the four current Board members is not a malicious move. This proposal was not made lightly. The proposal was made with the need for continuity in mind. It is for this reason that Mr. Scott McCorquodale was not proposed for replacement.
50. I have provided a slate of Director Nominees that reflects a reasonably broad spectrum of experience and representation. Four of the five proposed Directors are significant shareholders. A fifth proposed Director is considered a 'Depositor Nominee'. All members of this proposed slate share a concern for the entire shareholder community.
51. Of greater concern were time frames that were proposed for the various options. Due to the elderly demographic of the shareholders I believe that the promoted Option B was unsuitable as a first approach. I believe that the proposed selection of Option B was highly speculative, and that it was not the most suitable first choice, as it provided no assurance of increased value, but only prolonged the time to possible liquidation, and that, at an unknown cost with the ultimate arrival at an unknown share value.
52. In order to protect Sage shareholders from distressed asset buyers, my resolution calls for Sage to pursue through "all reasonable means" the sale of the assets of the Corporation. Further, the Board is to present to shareholders for their approval only an offer "which the Board of Directors determines represents the best opportunity to maximize the value of the Corporation's assets."

- 53. My concern was motivated by the fact that in the past, Sage had met on several occasions with Mr. Robert Rice, and yet apparently was not willing to meet with commercial realtors.
- 54. SAGE's response to me after my Dissident Proxy Circular is that no business will be allowed at the shareholder meeting other than what the Management Information Circular states. This is not what I and many other shareholders expected. We were told that Sage was our company, and that we were the owners of it.
- 55. I reject the assertions from whatever party is conveying the suggestion through the Monitor that the proposed slate of Director Nominees represents a District Subcommittee effort. This is a frivolous and fanciful construct and bears no substance in reality. It must be mentioned that I am the only one on the slate that is a member of the District Subcommittee. One member of the slate began on the District Subcommittee but was eliminated after a thorough check for potential conflict of interest in the RA before the application efforts began. Another member of the slate was on the District Subcommittee but resigned, before the application process was complete, to pursue other interests. Neither of these two people were after those times involved in any capacity on the District Subcommittee or with its activities.
- 56. The effectiveness of my efforts has been significant to the point that SAGE management has sought every means possible to suppress my efforts and is running to elicit the help of the Monitor, with SAGE fabricating a fictitious and vile suggestion that what I am doing is an instrument for the benefit of the District Subcommittee. I wholly reject such suggestion as being vile, foul, vulgar, detestable, and reprehensible. I state this most graciously. I am a shareholder and I am asserting my right as a shareholder and for ALL my fellow shareholders.
- 57. I have done the best that I can, with the little that I have, with consideration for all my fellow shareholders. I am firmly of the view that my two proposed resolutions are in the best interests of all shareholders.
- 58. Sage asked me to cease and desist from soliciting proxies, which I did immediately. I felt it advisable to indicate this to the shareholders. A copy of my letter is attached as **Exhibit "12"**.

SWORN BEFORE ME at)
)
Edmonton, Alberta, this 23rd day of May,)
2017)
)
)
)
)
)
)
(Commissioner for Oaths in and for)
the Province of Alberta)



ALEANA SORENSEN
A Commissioner for Oaths
in and for Alberta
My Commission Expires Mar. 2, 2019



Georg Beinert

By-Law No. 1

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CERTIFICATE

This is Exhibit " 1 " referred to in the
Affidavit of
Georg Beibert
Sworn before me this 23 day
of May A.D., 2017
[Signature]
A Commissioner for Oaths
in and for the Province of Alberta

PART 1 - INTERPRETATION

1.1 Definitions - In the by-laws of the Corporation, including this by-law, unless the context otherwise requires:

- (a) "Act" means the *Alberta Business Corporations Act*, as amended from time to time, and any supplementary or replacement statute in force from time to time, as amended from time to time;
- (b) "articles" means the original or restated articles of incorporation, articles of amendment, articles of amalgamation, articles of continuance, articles of reorganization, articles of arrangement, articles of dissolution and articles of revival as the case may be of the Corporation, and includes an amendment to any of them;
- (c) "Board" means the board of directors of the Corporation;
- (d) "by-laws" means this by-law and all other by-laws of the Corporation from time to time in force;
- (e) "Corporation" means the corporation named in this by-law;
- (f) "director" means a director of the Corporation;
- (g) "District Depositors" has the meaning ascribed to that term in Section 1.1 of the Plan of Compromise and Arrangement for the Lutheran Church-Canada, The Alberta-British Columbia District, approved by order of the Court of Queen's Bench of Alberta dated the ___ day of _____, 2016 and filed under court file number 1501-00955;
- (h) "extraordinary business" means any one or more of the following actions:
 - (i) submitting to the shareholders any question or matter requiring approval of the shareholders;

- (ii) filling a vacancy on the Board or in the office of auditor;
- (iii) issuing securities or shares;
- (iv) declaring dividends;
- (v) purchasing, redeeming or otherwise acquiring shares issued by the Corporation;
- (vi) paying a commission for the sale of shares of the Corporation;
- (vii) approving a management proxy circular;
- (viii) approving any financial statements that are required to be placed before shareholders at an annual meeting; or
- (ix) proposed adopting, amending or repealing by-laws;

- (i) words and expressions defined in the Act shall have the same meanings when used in the by-laws, unless specifically defined in the by-laws;
- (j) words importing number shall include both the plural and the singular and words importing gender shall include the masculine, feminine and neuter genders.

1.2 Invalidity of any Provision - The invalidity of any provision of the by-laws shall not affect the validity of the remaining provisions of the by-laws.

1.3 Conflict of Provisions - If any of the provisions of the by-laws are in conflict with the provisions of the Act, a unanimous shareholder agreement or the articles then the provisions of the Act, the unanimous shareholder agreement or the articles shall prevail.

1.4 Headings - The headings used in the by-laws and Table of Contents are inserted for convenience of reference and shall not affect the construction or interpretation of the by-laws.

PART 3 - DIRECTORS

3.1 Number of Directors - Subject to the provisions of the articles or of a unanimous shareholder agreement, the number of directors constituting the Board shall be determined from time to time by ordinary resolution of the shareholders.

3.2 Qualification - No person shall be qualified to be a director if that person is less than 18 years of age, is not an individual, has the status of bankrupt or is disqualified under the Act, but a director need not be a shareholder.

3.3 Residence Requirement - The Board and any committees of the Board shall, in all cases, have the minimum number of resident Canadian directors required by the Act.

3.4 District Depositors Board Representation - At least one half of the directors must be District Depositors.

3.5 Election and Term - The shareholders shall, by ordinary resolution at the first meeting of shareholders and at each succeeding annual meeting, elect directors to hold office for a term expiring at the close of the next annual meeting of the shareholders following the election; provided that if an election of directors is not held at a meeting of shareholders, the incumbent directors continue in office until their successors are elected.

If a meeting of shareholders fails to elect the number or the minimum number of directors required by the articles by reason of the disqualification or death of any candidate, the directors elected at that meeting may exercise all the powers of the Board if the number of directors so elected constitutes a quorum.

3.6 Ceasing to Hold Office - A director ceases to hold office:

- (a) upon death;
- (b) upon resignation, in which event such resignation becomes effective at the time a written resignation is sent to the Corporation or at the time specified in the written resignation, whichever is later;
- (c) upon removal from office in accordance with the provisions of the Act; or
- (d) upon disqualification.

3.7 Removal of Directors - Subject to the provisions of the articles or of a unanimous shareholders agreement,

the shareholders of the Corporation may by ordinary resolution at a special meeting remove any director or directors from office.

3.8 Vacancies - Subject to the provisions of a unanimous shareholder agreement, a vacancy created by the removal of a director may be filled by an ordinary resolution of shareholders passed at the meeting at which the director was removed, and if not so filled may be filled by the Board. A quorum of directors may fill a vacancy among the directors, except a vacancy resulting from an increase in the number or minimum number of directors or from a failure to elect the number or minimum number of directors required by the articles.

3.9 Remuneration of Directors - Subject to the articles or any unanimous shareholder agreement, the Board of the Corporation may fix the remuneration of the directors, officers and employees of the Corporation.

3.10 Powers of the Board -

- (a) The Board shall manage or supervise the management of the business and affairs of the Corporation.
- (b) Subject to any restrictions contained in the Articles, the Board may, without authorization of the shareholders:
 - (i) borrow money on the credit of the Corporation;
 - (ii) issue, reissue, sell or pledge debt obligations of the Corporation;
 - (iii) subject to the provisions of the Act, give a guarantee on behalf of the Corporation to secure performance of an obligation by any person; and
 - (iv) mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Corporation owned or subsequently acquired, to secure any obligation of the Corporation.
- (c) Notwithstanding any restrictions on the delegation of extraordinary business, the Board may by resolution delegate the powers referred to in subsection **3.10(b)** of these by-laws to a director, a committee of directors or an officer of the Corporation.

PART 12 - SPECIAL REPORT TO THE SHAREHOLDERS

2.1 Not less than 75 days and not more than 180
~~120~~ 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 of a special
meeting of the shareholders of the Corporation, 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 for achieving the Corporation's Business (as
defined in the articles), such options to include, but not
be limited to, the following:

- (a) an orderly liquidation of some or all of the assets
comprising the Prince of Peace Development
(the "Corporation's Assets");
- (b) subdivision of some or all of the Corporation's
Assets; and
- (c) the further development of some or all of the
Corporation's Assets.

12.2 For each option presented under Section 12.1,
the board of directors of the Corporation shall include in
its report an estimate of:

- (a) the costs involved;
- (b) the time period required;
- (c) the expected impact on the value of the
Corporation's Assets;
- (d) the risks associated with such option structures
or processes providing for shareholder liquidity;
and
- (e) the recommendations of the board of directors of
the Corporation.

12.3 For greater certainty, holding a special
meeting of the shareholders to report to the
shareholders on all reasonable commercial options
available to the Corporation for achieving the
Corporation's Business (as defined in the articles) does
not constitute an addition, change or removal of any of
the restrictions on the business contained in the articles.

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.

This is Exhibit "2" referred to in the
Affidavit of
Georg Beinert
Sworn before me this 23 day
of May, A.D. 2017
[Signature]
A Notary Public, A Commissioner for Oaths
in and for the Province of Alberta

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

Business Corporations Act, RSA 2000, c B-9

Current version: in force since Jun 13, 2016

Link to the latest <http://canlii.ca/t/81qq>

version:

Stable link to this <http://canlii.ca/t/52rht>

version:

Citation to this version: Business Corporations Act, RSA 2000, c B-9, <<http://canlii.ca/t/52rht>> retrieved on 2017-05-22

Currency: Last updated from the Alberta Queen's printer on 2017-05-16

BUSINESS CORPORATIONS ACT

Chapter B-9

This is Exhibit 3 referred to in the
Affidavit of
Georg Bennett
Sworn before me this 23 day
of May A.D., 2017
elle [signature]
A Notary Public, A Commissioner for Oaths
in and for the Province of Alberta

HER MAJESTY, by and with the advice and consent of the Legislative Assembly of Alberta, enacts as follows:

Part 1 Interpretation and Application

Definitions

1 In this Act,

- (a) “affairs” means the relationships among a corporation, its affiliates and the shareholders, directors and officers of those bodies corporate, but does not include the business carried on by those bodies corporate;
- (b) “affiliate” means an affiliated body corporate within the meaning of section 2(1);
- (c) “Alberta company” means a body corporate incorporated and registered under the *Companies Act* or any of its predecessors;
- (d) “articles” means the original or restated articles of incorporation, articles of amendment, articles of amalgamation, articles of continuance, articles of reorganization, articles of arrangement, articles of dissolution and articles of revival and includes an amendment to any of them;
- (e) “associate”, when used to indicate a relationship with any person, means

(2) Subsection (1) does not apply to a body corporate to which a certificate of amalgamation has been issued under section 185 or 187 or to which a certificate of continuance has been issued under section 188.

(3) An incorporator or a director may call the meeting of directors referred to in subsection (1) by giving not less than 5 days' notice of the meeting to each director, stating the date, time and place of the meeting.

(4) A director may waive notice under subsection (3).

1981 cB-15 s99

Qualifications of directors

105(1) The following persons are disqualified from being a director of a corporation:

- (a) anyone who is less than 18 years of age;
- (b) anyone who
 - (i) is a represented adult as defined in the *Adult Guardianship and Trusteeship Act* or is the subject of a certificate of incapacity that is in effect under the *Public Trustee Act*,
 - (ii) is a formal patient as defined in the *Mental Health Act*,
 - (iii) is the subject of an order under *The Mentally Incapacitated Persons Act*, RSA 1970 c232, appointing a committee of the person or estate, or both, or
 - (iv) has been found to be a person of unsound mind by a court elsewhere than in Alberta;
- (c) a person who is not an individual;
- (d) a person who has the status of bankrupt.

(2) Unless the articles otherwise provide, a director of a corporation is not required to hold shares issued by the corporation.

(3) At least 1/4 of the directors of a corporation must be resident Canadians.

(4) Repealed 2005 c8 s21.

(5) A person who is elected or appointed a director is not a director unless

- (a) the person was present at the meeting when the person was elected or appointed and did not refuse to act as a director, or
- (b) if the person was not present at the meeting when the person was elected or appointed,
 - (i) the person consented to act as a director in writing before the person's election or appointment or within 10 days after it, or
 - (ii) the person has acted as a director pursuant to the election or appointment.

(6) For the purpose of subsection (5), a person who is elected or appointed a director and refuses under subsection (5)(a) or fails to consent or act under subsection (5)(b) is deemed not to have been elected or appointed a director.

RSA 2000 cB-9 s105:2005 c8 s21;2008 cA-4.2 s121

Election and appointment of directors

106(1) At the time of sending articles of incorporation, the incorporators shall send to the Registrar a notice of directors in the prescribed form and the Registrar shall file the notice.

(2) Each director named in the notice referred to in subsection (1) holds office from the issue of the certificate of incorporation until the first meeting of shareholders.

(3) Subject to subsection (9)(a) and section 107, shareholders of a corporation shall, by ordinary resolution at the first meeting of shareholders and at each succeeding annual meeting at which an election of directors is required, elect directors to hold office for a term expiring not later than the close of the next annual meeting of shareholders following the election.

(4) If the articles so provide, the directors may, between annual general meetings, appoint one or more additional directors of the corporation to serve until the next annual general meeting, but the number of additional directors shall not at any time exceed 1/3 of the number of directors who held office at the expiration of the last annual meeting of the corporation.

(5) It is not necessary that all directors elected at a meeting of shareholders hold office for the same term.

(6) A director not elected for an expressly stated term ceases to hold office at the close of the first annual meeting of shareholders following the director's election.

(7) Notwithstanding subsections (2), (3) and (6), if directors are not elected at a meeting of shareholders, the incumbent directors continue in office until their successors are elected.

(8) If a meeting of shareholders fails to elect the number or the minimum number of directors required by the articles by reason of the disqualification or death of any candidate, the directors elected at that meeting may exercise all the powers of the directors if the number of directors so elected constitutes a quorum.

(9) The articles or a unanimous shareholder agreement may provide for the election or appointment of a director or directors

(a) for terms expiring not later than the close of the 3rd annual meeting of shareholders following the election, and

(b) by creditors or employees of the corporation or by a class or classes of those creditors or employees.

1981 cB-15 s101;1983 c20 s11

Cumulative voting

107 If the articles provide for cumulative voting,

(a) the articles shall require a fixed number and not a minimum and maximum number of directors,

(b) each shareholder entitled to vote at an election of directors has the right to cast a number of votes equal to the number of votes attached to the shares held by the shareholder multiplied by the number of directors to be elected, and the shareholder may cast all those votes in favour of one candidate or distribute them among the candidates in any manner,

(c) a separate vote of shareholders shall be taken with respect to each candidate nominated for director unless a resolution is passed unanimously permitting 2 or more candidates to be elected by a single resolution,

(d) if a shareholder votes for more than one candidate without specifying the distribution of the shareholder's votes among the candidates, the shareholder is deemed to have distributed the votes equally among the candidates for whom the shareholder voted,

(e) if the number of candidates nominated for director exceeds the number of positions to be filled, the candidates who receive the least number of votes shall be eliminated until the number of candidates remaining equals the number of positions to be filled,

(f) each director ceases to hold office at the close of the first annual meeting of shareholders following the director's election,

(g) a director may not be removed from office if the votes cast against the director's removal would be sufficient to elect the director, and those votes could be voted cumulatively, at an election at which the same total number of votes were cast and the number of directors required by the articles were then being elected, and

CLERK OF THE COURT
FILED
JUN 10 2016
JUDICIAL CENTRE
OF CALGARY

COURT FILE NUMBER 1501-00955
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY

DOCUMENT **FIFTH AMENDED PLAN OF COMPROMISE AND ARRANGEMENT OF LUTHERAN CHURCH-CANADA, THE ALBERTA-BRITISH COLUMBIA DISTRICT**
IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985 c. G-36 AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF LUTHERAN CHURCH – CANADA, THE ALBERTA – BRITISH COLUMBIA DISTRICT, ENCHARIS COMMUNITY HOUSING AND SERVICES, ENCHARIS MANAGEMENT AND SUPPORT SERVICES, AND , LUTHERAN CHURCH – CANADA, THE ALBERTA – BRITISH COLUMBIA DISTRICT INVESTMENTS LTD.
DATED June 10, 2016

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT
Bishop & McKenzie LLP
1700-530-8th Avenue SW
Calgary, Alberta T2P 3S8
403-237-5550 (phone)
403-263-3423 (fax)
Attention: Francis N. J. Taman/Ksena J. Court
File No.: 103007-003

This is Exhibit " 4 " referred to in the Affidavit of
Georg Beiser
Sworn before me this 23 day
of May A.D., 2017
[Signature]
A Notary Public, A Commissioner for Oaths
in and for the Province of Alberta

In the event that the Plan is not agreed to, accepted and approved as set out herein, the Sanction Order is not granted or the conditions set forth in Article 7.2 are not satisfied or waived in accordance with the terms of this Plan, this Plan shall automatically terminate and in which case the District shall not be under any further obligation to implement this Plan.

6.12 Court Assistance

The District reserves the right to seek the assistance and/or direction of the Court regarding any matters relating to this Plan, including the resolution of any disputes arising between the Monitor and any other parties.

ARTICLE 7

CONDITIONS PRECEDENT AND PLAN IMPLEMENTATION

7.1 Sequence of Events

Following the Effective Date, the following events will occur in the following sequence:

- a. The District's bylaws and handbook shall be amended in accordance with Article 4.3 and as permitted by the Sanction Order.
- b. The Convenience Payments will be made, as set out herein.
- c. Distributions will be made from the Payment Pool to those Affected Creditors with Proven Claims as set out herein.
- d. NewCo shall be incorporated under the *Alberta Business Corporations Act*. The initial Articles and initial By-Laws of NewCo shall be materially in the form of Articles and By-Laws attached as Schedule "E" with such changes as may be authorized by the District Committee, which state and may include amongst other matters:
 - i. that NewCo cannot incur indebtedness of more than 10% of its net asset value and the assets of NewCo may only be pledged as collateral up to 10% of the fair market value of the assets of NewCo as determined at the Effective Date, subject to amendment by a special resolution of shareholders;
 - ii. that a pro-rata share redemption will be allowed upon the sale of any portion of the property located within the Prince of Peace Development that is over \$5.0 million in net sale proceeds, and that the total value of the share redemption would be 90% of the net sale proceeds of the property;
 - iii. that NewCo will establish a mechanism allowing the sale of the NewCo Common Shares to those other shareholders who wish to purchase them, subject to shareholders conforming to a prospectus exemption contained in National Instrument 45-106 *Prospectus and Registration Exemptions*;

- iv. that a general meeting of shareholders of NewCo will be called no later than 6 months following the Effective Date with the purpose of having a proposed mandate of NewCo voted on by the shareholders, and to discuss the considerations of the board of directors of NewCo regarding their recommendations of the mandate to the shareholders; and
- v. the dissent rights to protect the rights of minority shareholders.

In addition, the Bylaws of NewCo will require that at least 50% of the Board of Directors be District Depositors or their nominees.

Upon the advice of its legal and accounting consultants and with the approval of the Monitor, NewCo may cause a wholly owned subsidiary corporation to be incorporated to carry out the operations of the seniors care facilities on the Prince of Peace Development.

- e. A contractual relationship will be entered into between NewCo and NewCo Management related to the operation of NewCo and the optimization of the value of the Prince of Peace Development. The Prince of Peace Development shall be transferred from ECHS and EMSS to NewCo free and clear of any encumbrances, charges, security interests or Claims and the Registrar of the Alberta Land Titles Office will be directed to cancel the existing certificates of title to the Prince of Peace Development and issue a new certificate of title in the name of Newco.
- f. A tax planned transaction will see, as its end result NewCo Common Shares being distributed to each Resident Affected Creditor in an amount equal to the Resident Affected Creditor's Pro Rata Portion of the NewCo Common Shares.
- g. Upon conclusion of the Representative Action, any funds remaining in the Representative Action Pool following payment from the Representative Action Pool of such amounts payable in accordance with this Plan and the Sanction Order will be distributed on a pro-rata basis to the District Depositors who remain part of the Representative Action Class.

7.2 Conditions to Implementation of Plan

The implementation of the Plan shall be conditional upon the fulfillment of the following conditions on or prior to the Effective Date, as the case may be:

- 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.
- b. The Restructuring Holdback shall have been funded in an amount sufficient to satisfy the Restructuring Costs.
- c. The Representative Action Holdback shall have been established in an amount sufficient to satisfy the anticipated out-of-pocket costs and the indemnity provided in Article 5.7 associated with the Representative Action.

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 insistance 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 Deloittes past dealings. I hope this is of some help to you

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

This is Exhibit * 5 * referred to in the
Affidavit of
Georg Beinert
Sworn before me this 23 day
of May A.D., 20 17
Ally Hester
A Notary Public, A Commissioner for Oaths
in and for the Province of Alberta

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

This is Exhibit "C" referred to in the
Affidavit of

Georg Bever
Sworn before me this 23 day
of May A.D., 2017

A Notary Public, / Commissioner for Oaths
in and for the Province of Alberta



December 1, 2016

Dear Shareholder,

On behalf of the Board of Directors, we are pleased to report that effective October 31, 2016 the Prince of Peace real estate assets were transferred to SAGE Properties Corp. ("SAGE"). This marks an important milestone in the effort to return value to ABC District depositors who are now the shareholders of SAGE.

The assets now under SAGE governance and management are on one site located along the TransCanada Highway (16th Avenue N.E.) at Garden Road in Rocky View County, just outside of Calgary, Alberta and consist of the following:

- Prince of Peace Manor - a 159-room senior's assisted living facility;
- Prince of Peace Harbour - a 32-room memory care facility;
- Prince of Peace Lutheran School which is currently leased to Rocky View Schools;
- More than 60 acres of surplus undeveloped land.

SAGE was created to take custody of the assets that were not easily liquidated through the CCAA restructuring process. We have assembled a team with the knowledge, skills and expertise to maximize the value of these assets and get liquidity to shareholders in a responsive manner. The Board is committed to transparency, accountability, and corporate governance while representing your ownership interest in SAGE.

The Board of Directors of SAGE and the executive team are aligned to the following priorities:

1. Ensuring the ~~continued~~ safety and wellbeing of the residents, students and staff at our facilities;
2. Supporting the value of SAGE's assets with the ongoing identification and remediation of property and maintenance issues;
3. Evaluating and pursuing opportunities to increase the value of the assets through activities such as vacancy reduction, subdivision and zoning, and utility optimization;
4. Attracting qualified purchasers that will attribute the highest value to the assets for a possible sale;
5. Pursuing opportunities to create future liquidity (i.e. cash) for all shareholders.

This is Exhibit " 7 " referred to in the Affidavit of

George Berney
Sworn before me this 23 day
of May A.D., 2017

[Signature]
A Notary Public, A Commissioner for Oaths
in and for the Province of Alberta

The Board and Management are working diligently to ensure your interests are properly represented. There is much work to do and critical activities have been initiated. We look forward to keeping you abreast of the work as it unfolds, on your behalf, as a shareholder of SAGE.

SAGE is working on an option to facilitate the purchase and sale of shares. While this work continues, we will keep you informed of any opportunities that arise for you to sell your shares. Should you wish to buy or sell shares please contact us at (403) 478-9661 or info@sageproperties.ca.

The significance of the events leading to the formation of SAGE Properties Corp. and the resultant impact on each of you is not lost on us. We acknowledge and thank you for your continued patience as we work through the early days of this new company. It is our intention to present you with the best possible information and options when we meet at the first shareholders meeting this February. Until then we will provide you with regular updates.

Thank-you. We look forward to meeting you in February 2017.

Sincerely yours,



Harvey Schott
Chairman
SAGE Properties Corp.



Scott McCorquodale
Chief Executive Officer
SAGE Properties Corp.

LUTHERAN CHURCH – CANADA - ALBERTA – BRITISH COLUMBIA DISTRICT



Chief Restructuring Officer Proposal

2/20/2015

By:

**kluane
partners**

This is Exhibit " 8 " referred to in the
Affidavit of

Georg Beimer
Sworn before me this 23 day
of May A.D., 2017

[Signature]
A Notary Public, A Commissioner for Oaths
in and for the Province of Alberta

THIS IS EXHIBIT " B " referred to in the Affidavit of
Kurtis Robinson
Sworn before me this 19
day of March A.D. 2015
[Signature]
A Notary Public, A Commissioner for Oaths
in and for the Province of Alberta

**FRANCIS N.J. TAMAN
BARRISTER & SOLICITOR**

Jon Brookshaw - Engagement Associate

Jon is an employee of Kluane Partners and is an experienced controller and has been responsible for managing internal accounting systems, month-end reporting, financial/cash flow forecasting and providing financial and statistical information to both management and operations at a variety of clients. Jon has also previously held the position of internal auditor and designed new audit procedures. Jon enjoys fishing and holds a Bachelor of Business Administration/Accounting from Acadia University where he specialized in IFRS reporting, audit, and systems analysis. Jon graduated with distinction from the Accounting program and is currently pursuing his CPA designation.

Within the LCCA engagement Jon will be responsible for maintaining all cash forecasts and creditor schedules while working closely with the Monitor to ensure accurate financial reporting to the Courts and creditors. Jon will also be assisting Cam and Charles in maintaining constant communication with respect to the plan with all parishioners.

Scott McCorquodale MBA – Special Engagement Advisor – Real Estate

An experienced real estate broker and investor Scott's experience in maximizing the value of investment product will be critical throughout the decision making process. Whether the final decision is to maintain ownership or sell the District's position, Scott's knowledge of the market and potential purchasers will be invaluable. Scott is a former Partner at Colliers International and has sold in excess of \$1.5 billion of real estate over the past thirteen years. Scott has extensive experience in the marketing process and valuation of senior care facilities, educational facilities and retail buildings.

Kluane Team

In order to maximize value, Kluane Partners also maintains a number of dedicated and enthusiastic Associates, who assist with clerical, bookkeeping and other tasks to ensure a seamless engagement.

Tony chin zoom profile text extract only
This profile was last updated on 2016-07-17 .

Is this you? Claim your profile.
Wrong Tony Chin?
Tony Chin

Senior Associate

Kluane Partners Inc
HQ Phone: (403) 970-0449
Get ZoomInfo Grow

This is Exhibit " 9 " referred to in the
Affidavit of
Georg Belbert
Sworn before me this 23 day
of May A.D., 2017
Georg Belbert
A Notary Public, & Commissioner for Oaths
in and for the Province of Alberta

After completing the subdivision and development projects that the Board determines are advisable and feasible under Commercial Option B, management and the Board will then consider and determine a reasonable course of action to maximize the proceeds to be received by Shareholders from the sale of some or all of the assets of the Corporation or the sale of the Corporation as a whole. Such course of action would likely involve Sage engaging the services of a financial advisor, commercial real estate advisor, or other selling agent to assist the Corporation in identifying and approaching potential counterparties who may want to pursue such a transaction.

To the extent that potential purchasers make offers to buy some or all of the assets of the Corporation or the sale of the Corporation as a whole, management and the Board together with their legal and financial advisors (if any) will assess such offers to determine whether to enter into definitive agreements to complete such transactions. Management and the Board will pursue such offers if the Board determines that the offers represent the best opportunity to maximize the value of the assets comprising the Prince of Peace Development for the benefit of Shareholders.

As noted under "*Commercial Option A - Sale of the Corporation or of the Assets of the Corporation without any Subdivision or Further Development*" a transaction involving the sale of all of the assets of the Corporation or the sale of the Corporation as a whole could be structured in a number of different ways each of which would ultimately require the approval of the Shareholders. In addition, any potential sale of any of the individual properties forming part of the Prince of Peace Development may require Shareholder approval to the extent that such property represents substantially all of the assets of the Corporation. For instance, if the Corporation intends to sell the Harbour and the Manor such assets may meet the test under the ABCA for a sale of substantially all of the assets of the Corporation and therefore require approval of Shareholders holding not less than two-thirds of the votes cast in respect of the resolution to approve such transaction. There is no guarantee that Shareholders will provide such approval(s) in the future and as such Sage may ultimately be unable to complete the sale of the properties pursuant to Commercial Option B.

If the Corporation is able to sell some but not all of the assets of the Corporation, the Corporation would still be required to continue to manage the properties not sold and Shareholders would not achieve full liquidity.

Time Frame

Under Commercial Option B, Sage would be focused on attempting to subdivide the properties, emancipate the shared services and complete any other development projects it determines to pursue in as timely a manner as possible in order to achieve liquidity for Shareholders on a quicker time frame than under Commercial Option C. Sage estimates that it would take up to thirty-six months to complete Commercial Option B. There is no guarantee that Sage will be able to subdivide the assets comprising the Prince of Peace Development, find a counterparty, or counterparties, with which to complete such transactions or that it will be able to secure reasonable terms from such counterparty, or counterparties, if Sage is provided a mandate to complete Commercial Option B.

Costs Involved

Over the course of the time frame noted above, the costs involved, based on preliminary estimates received and prepared by Sage, in completing Commercial Option B may range

This is Exhibit "10" referred to in the Affidavit of
George Bejart
Sworn before me this 23 day
of May, A.B., 2017
[Signature]
A Notary Public, A Commissioner for Oaths
in and for the Province of Alberta

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 Kruse, Georg Beinert, Wiley Hertlein, Garry Garrett and Clifford Friesen;

- The shareholders vote to APPROVE the following Special Resolution:

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

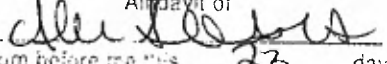
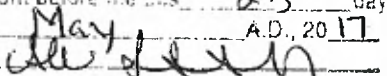
i) Sage pursue through all reasonable means a transaction to sell all or substantially all of the assets of the Corporation, or alternatively the Corporation as a whole, without first pursuing any subdivision or development work;

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

This is Exhibit "11" referred to in the
Affidavit of

Sworn before me this 23 day
of May A.D., 2017

A Notary Public, A Commissioner for Oaths
in and for the Province of Alberta

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 Kruse 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.

**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

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.

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.

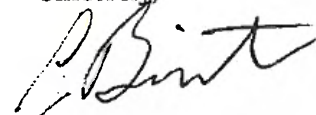
If I were to vote, I would prefer to vote on an amended commercial option A only, with no second choice option. That means that motions would have to be made to make the vote binding, and that the wording be made similar to what I had proposed in the Dissident Proxy Circular. I would also raise the point 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.

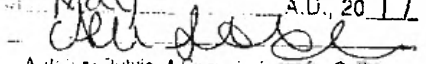
If I was to have already sent in a proxy as per SAGE's form and advice, I would send a follow-up letter to revoke that proxy.

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

This is Exhibit "12" referred to in the
Affidavit of
Georg Beinert
Sworn before me this 23 day
of May, A.D., 2017

A Notary Public, A Commissioner for Oaths
in and for the Province of Alberta

Appendix L

FACSIMILE TRANSMISSION

To:

From: Allan Garber
Allan Garber Professional C.
17707 105 Ave
Edmonton
AB T5S1T1

Phone:

Phone: (587) 400-9310 * 101

Fax Phone: (403) 648-1151

Fax Phone: (587) 400-9313

Note:

Attention: Jeffery Oliver

Re: Sage Properties

Date: 01/06/2017

Pages: 3

ALLAN GARBER
Barrister & Solicitor

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



June 1, 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 the BDP letter of May 31, 2016. Mr. Unterschultz and his wife have been to my office on a number of occasions since the commencement of the ABC District litigation. I did not previously know them. They would ask to see me and always came on their own initiative. Mr. Unterschultz has also phoned me on many occasions. He has his opinions, and they are strongly held. He was opposed to the District Plan from the outset. Once the Plan was approved, Mr. Unterschultz has been adamant about wanting to sell his shares in Sage.

Mr. and Mrs. Unterschultz were not sure if they were going to attend the shareholder meeting, so they suggested that I be their proxy. I did not think the proxies would be used because I anticipated that they would attend the meeting, which it turns out they did.

At the meeting, Mr. Unterschultz approached me when I was waiting in line. Prior to my voting the ballots, we sat on some chairs in the lobby. I made it clear to him that he was free to revoke the proxy since he was at the meeting in person. I asked him if he wanted to change the way he was going to vote as he had indicated on the Proxy and he said "No." He was adamant that nothing would change, in which case I told him there was no need to withdraw the proxies, but it was their choice. When I voted the ballots, I told the Representative of Alliance Trust that the Unterschultzes were present at the meeting. The Alliance Representative wrote their names down in a note book.

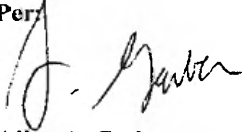
Telephone: (587) 400-9310
Fax: (587) 400-9313
Email: allan@garberlaw.ca
www.garberlaw.ca

I note from Mr. Brown's letter that during the meeting, and after I had left, the Unterschultzes were asked if they still wanted me to be their proxy. They confirmed that they did. If they wanted to change their votes at the meeting and revoke the proxy, I am sure they would have done so. Mr. Unterschultz was never confused about what he wanted, and any suggestion to the contrary is demeaning to him.

Yours truly,

Allan Garber Professional Corporation

Per:

A handwritten signature in black ink, appearing to read "A. Garber", written over the word "Per:".

Allan A. Garber

AG/as

Schedule 1

The Lutheran Church - Canada, The Alberta - British Columbia District (the "District") including the Church Extension Fund ("CEF")
 Statement of Projected Cash Flow
 For the Thirteen Week Period Ending August 12, 2017

	20-May-17	27-May-17	3-Jun-17	18-Jun-17	17-Jun-17	24-Jun-17	1-Jul-17	8-Jul-17	15-Jul-17	22-Jul-17	29-Jul-17	5-Aug-17	12-Aug-17	Total	Specific Notes
Cash flow from CEF operations															
Receipts															
Bank interest income			100											100	380
Management fees			1,878						4,784					4,784	23,050
Total Receipts			1,978						4,784					4,784	23,380
Disbursements															
CEF salaries and benefits	(12,500)		(4,200)						(12,500)					(4,200)	(60,100)
Contributions pursuant to the District Plan	(137,697)		(1,250)						(1,250)					(1,250)	(137,697)
Operating expenses		(90,000)							(90,000)					(90,000)	(3,750)
Rescinding fees		(10,290)							(10,290)					(10,290)	(140,000)
CFC	(150,197)	(40,290)	(5,450)						(10,290)					(22,790)	(30,000)
Total disbursements	(150,197)	(40,290)	(5,450)						(22,790)					(80,230)	(292,417)
Net cash flow from CEF operations	(150,197)	(40,290)	8,328						(18,180)					(35,450)	(339,057)
Cash flow from other District operations															
Receipts															
Mission reimburse	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	110,500
Total receipts	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	110,500
Disbursements															
Salaries and benefits	(7,215)	(1,000)	(2,250)						(7,215)					(1,000)	(21,645)
Administrative expenses, travel and utilities	(1,000)		(1,000)						(4,000)					(1,000)	(26,750)
Church operating expenses	(7,657)								(7,657)					(7,657)	(23,011)
Department of Stewardship and Financial															(1,000)
Ministry operating expenses	(1,000)								(950)					(1,000)	(6,000)
Presidents expenses		(20,248)							(1,000)					(1,000)	(50,248)
Mission Payments to LICC									(6,000)					(6,000)	(50,248)
Contingency															(108,544)
Total disbursements	(15,882)	(22,248)	(2,250)						(19,382)					(7,000)	(108,544)
Net cash flow from other District operations	(7,382)	(13,748)	6,250						(10,882)					(1,500)	(1,844)
Total net cash flow	(157,579)	(46,038)	14,578						(23,382)					(37,000)	(337,211)
Cash and marketable securities on hand															
Beginning balance	\$ 2,040,884	\$ 1,983,315	\$ 1,929,217	\$ 1,843,853	\$ 1,949,853	\$ 1,806,471	\$ 1,792,446	\$ 1,750,046	\$ 1,748,845	\$ 1,738,953	\$ 1,721,783	\$ 1,692,283	\$ 1,699,163	\$ 1,705,853	\$ 2,040,884
Net cash flow	(157,579)	(46,038)	14,578						(23,382)					(37,000)	(337,211)
Ending balance	\$ 1,883,305	\$ 1,937,277	\$ 1,943,795	\$ 1,843,853	\$ 1,949,853	\$ 1,806,471	\$ 1,792,446	\$ 1,750,046	\$ 1,748,845	\$ 1,738,953	\$ 1,721,783	\$ 1,692,283	\$ 1,699,163	\$ 1,705,853	\$ 1,703,673

Prepared as at the 30th day of May, 2017

Purpose: The Statement of Proposed Cash Flow (the "Cash Flow") has been prepared for management pursuant to section 10(2)(g) of the Companies Act ("CA") to assist the Board of Directors in making a decision regarding the proposed cash flow. The Cash Flow has been prepared based on the historical and probable assumptions described in the general and specific notes. In addition, the Cash Flow has been prepared based on assumptions regarding future events; therefore actual results may vary from the estimates presented herein and these variances may be material.

The Lutheran Church - Canada - The Alberta
British Columbia District

Per: Cameron Stewart, Chief Financial
Officer

Notes & Assumptions - General:

1. Unless otherwise stated, amounts are based on historical data and management estimates.
2. All amounts include applicable GST.
3. CEA provides a mechanism on resolutions reappoints effective January 2, 2018.
4. The District has a plan of compromise and arrangement (the "District Plan") in the CCAA proceedings, which was approved by the Court pursuant to an Order granted on August 2, 2016 (the "District Sanction Order").

Notes & Assumptions - Specific:

1. Represents a monthly management fee payable from DLI to the District, which is based on 1% of the assets under management.
2. Represents remaining trust distributions to the District's creditors pursuant to the District Plan.
3. Represents anticipated amounts payable to the District's legal counsel, the CCAA Monitor, the CCAA Monitor's legal counsel and representative counsel for the creditors' committee that was established for the District.
4. Includes amounts payable to the District's legal counsel, the CCAA Monitor, the CCAA Monitor's legal counsel and representative counsel for the creditors' committee that was established for the District.
5. Includes amounts payable to the District's legal counsel, the CCAA Monitor, the CCAA Monitor's legal counsel and representative counsel for the creditors' committee that was established for the District.
6. Includes monthly salary, benefits and pension amounts. The District is a WCB employer.
7. Includes information technology, general office expenses and travel.
8. Program funding given to churches within the District. Churches can access the program by applying for specific funding with all amounts being reviewed by the Outreach Department and approved by the District's board of directors.
9. Monthly amount sent to the Lutheran Church Canada and Bank of Montreal, who is assigned to the District. U.S. dollar account as at May 13, 2017, which has been converted at an exchange rate of \$1.00 US = 1.3561 CDN. This amount also includes marketable securities held with Fidelity and Richardson GIPF with a fair market value of approximately \$154,100 as at April 30, 2017.
10. The amount includes cash held by the District in various accounts with Bank of Montreal, including approximately \$2,000 held in a U.S. dollar account as at May 13, 2017, which has been converted at an exchange rate of \$1.00 US = 1.3561 CDN. This amount also includes marketable securities held with Fidelity and Richardson GIPF with a fair market value of approximately \$154,100 as at April 30, 2017.

Schedule 2

Lutheran Church - Canada, The Alberta - British Columbia District Investments Ltd. ("DLI")
For the Thirteen Week Period Ending August 12, 2017

	30-May-17	27-May-17	3-Jun-17	10-Jun-17	17-Jun-17	24-Jun-17	1-Jul-17	8-Jul-17	15-Jul-17	22-Jul-17	28-Jul-17	5-Aug-17	12-Aug-17	Total	Specific Notes
Week ending															
Receipts															
Bank Interest															125
Other Receipts															105
Disbursements															
Operating Expense		(13,678)													(13,678)
Operating Expense		(15,000)		(20)											(15,020)
Remainder fees		(10,250)													(10,250)
CRIC		(10,250)													(10,250)
DLI Distribution	(48,083)														(48,083)
Total disbursements	(48,083)	(28,928)		(20)											(77,031)
Net Cash Flow															(52,801)
Cash and marketable securities on hand															
Net cash flow	387,513	308,430	270,434	270,479	270,479	270,479	290,188	240,425	240,480	200,440	230,150	270,540	270,540	203,225	387,513
Ending balance	(48,083)	270,434	270,479	270,479	(10,250)	240,425	240,480	240,440	230,150	210,540	203,225	154,865	154,865	(142,815)	58.6

Prepared as at the 2nd day of May, 2017.

[Signature]
 For Secretary, British Columbia
 Restoring Church

- Notes & Assumptions - General:**
1. Certain amounts are based on historical data and management estimates.
 2. All amounts include applicable GST.
 3. DLI has not processed any depositors redemptions since January 2, 2015.
 4. DLI filed a plan of compromise and arrangement (the "DLI Plan") in the CCAA proceedings, which was approved by the Court pursuant to an Order granted on August 2, 2016.
- Notes & Assumptions - Specific:**
1. Represents a non-current liability payable to the District, which is based on 1% of the assets under management.
 2. Represents an accrued amount payable to DLI's legal counsel, the CCAA Monitor, the CCAA Monitor's legal counsel and representative counsel for the creditors' committee that was established for DLI.
 3. Includes amounts payable to Mutual Partners as the Chief Restructuring Officer.
 4. Pursuant to an Order granted on August 28, 2015 and amended on November 5, 2015 and an Order granted on April 27, 2016, certain distributions totaling \$22.0 million have been released to DLI's creditors (the "Released Distributions"). No all DLI's and LP holders have received the transfer of funds and \$8,000 remains to be distributed.
 5. Includes amounts paid by DLI in accordance with Bank of Montreal.
 6. Bishop & McKenzie LLP, legal counsel to DLI, is holding approximately \$1.8 million in cash generated by net realizations from the sale of DLI's assets and funds payable from EIS pursuant to their plan of compromise and arrangement which is not reflected herein.

Schedule 3

Enchirle Community Housing and Services ("ECHS")
Statement of Projected Cash Flow
For the Thirteen Week Period Ending August 12, 2017

	20-May-17	27-May-17	3-Jun-17	10-Jun-17	17-Jun-17	24-Jun-17	1-Jul-17	8-Jul-17	15-Jul-17	22-Jul-17	29-Jul-17	5-Aug-17	12-Aug-17	Total	Specific Note
Disbursements															
Operating expense	\$ (6,000)	\$ (20,000)												\$ (26,000)	1
Resinsulating fees	(4,410)		(5,000)											(10,000)	2
CRD	(4,410)		(4,410)											(10,000)	3
Contingency		(2,000)	(1,000)											(2,000)	
Total disbursements	(14,820)	(22,000)	(10,410)											(49,230)	
Net cash flow	(10,410)	(28,000)	(10,410)											(69,820)	
Cash on hand															
Beginning balance	\$ 120,288	\$ 118,878	\$ 88,478	\$ 88,488	\$ 88,498	\$ 88,498	\$ 88,498	\$ 88,498	\$ 88,498	\$ 88,498	\$ 88,498	\$ 88,498	\$ 88,498	\$ 81,468	\$ 120,288
At-Cash flow	118,878	118,878	88,478	88,488	88,498	88,498	88,498	88,498	88,498	88,498	88,498	88,498	88,498	79,468	(49,820)
Ending balance	\$ 118,878	\$ 98,878	\$ 88,488	\$ 88,488	\$ 88,488	\$ 88,488	\$ 88,488	\$ 88,488	\$ 88,488	\$ 88,488	\$ 88,488	\$ 88,488	\$ 88,488	\$ 79,468	\$ 79,468

Prepared as at the 27th day of May, 2017.

Purpose: This Statement of Projected Cash Flow (the "Cash Flow") has been prepared by management pursuant to section 10(2)(a) of the Companies' Creditors Arrangement Act ("CCAA"). It is being filed specifically for the purposes contemplated in that section and readers are cautioned that it may not be appropriate for other purposes. The Cash Flow has been prepared based on the hypothetical and probable assumptions described in the general and specific notes. In addition the Cash Flow has been prepared based on assumptions regarding future events, therefore actual results may vary from the estimates presented herein and those variances may be material.

Enchirle Community Housing and Services

Per:  Cameron Stewart, CHIF
 Restructuring Officer

- Notes & Assumptions - General:**
1. All amounts are in Canadian dollars and are based on historical data and management estimates.
 2. All amounts include applicable GST.
 3. ECHS' plan of compromise and arrangement (the "ECHS Plan") was approved by the Court of Queen's Bench of Alberta on January 20, 2016.
 4. The Lutheran Church - Canada, the Alberta - British Columbia District (the "District") plan of compromise and arrangement (the "District Plan") was approved by the Court of Queen's Bench of Alberta on August 2, 2016. ECHS operations and assets were transferred to a new company effective Oct. 31, 2016.

- Notes & Assumptions - Specific:**
1. Includes year end fees for audit and tax services, and insurance premiums.
 2. Represents anticipated amounts payable to ECHS' legal counsel, the CCAA Monitor and the CCAA Monitor's legal counsel.
 3. Includes amounts payable to Kwanan Partners as the Chief Restructuring Officer.

Schedule 4

Disbursements	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1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Schedule 5

The Lutheran Church - Canada, The Alberta - British Columbia District (the "District") including the Church Extension Fund ("CEF")

Variance Analysis

For the period from February 12, 2017 to May 13, 2017

	Total Forecast	Total Actual	Variance (A-F)	Notes
Cash flow from CEF operations				
Receipts				
Bank Interest Income	\$ 900	\$ 370	\$ (530)	1
Management fees from DIL	9,067	(36,821)	(45,888)	2
Total Receipts	<u>9,967</u>	<u>(36,451)</u>	<u>(46,418)</u>	
Disbursements				
Distributions Pursuant to the District Plan	(161,960)	(23,232)	138,728	2
CEF salaries and benefits	(57,600)	(72,600)	(15,000)	2
Operating expenses	(5,700)	1,856	7,556	1
Restructuring fees	(75,000)	(109,199)	(34,199)	1
CRO fees	(20,580)	(20,580)	-	
Total disbursements	<u>(320,840)</u>	<u>(223,755)</u>	<u>97,085</u>	
Net cash flow from CEF operations	<u>(310,873)</u>	<u>(260,206)</u>	<u>50,667</u>	
Cash flow from other District operations				
Receipts				
Donations	-	16,722	16,722	3
Miscellaneous	-	1,159	1,159	1
Mission remittances	117,000	108,963	(8,037)	4
Total receipts	<u>117,000</u>	<u>126,844</u>	<u>9,844</u>	
Disbursements				
Salaries and benefits	(21,300)	(24,505)	(3,205)	1
Agency Funds/Restricted Funds	-	10,455	10,455	2
Administrative expenses, travel and utilities	(17,250)	(18,158)	(908)	1
Outreach operating expenses	(28,000)	(22,667)	5,333	1
Parish and school services operating expenses	-	(500)	(500)	1
Department of Stewardship and Financial Ministries operating expenses	(10,500)	(555)	9,945	2
President's expenses	(6,500)	(8,075)	(1,575)	1
Mission remittances to LCC	(26,000)	-	26,000	2, 4
Contingency	(1,500)	(4,000)	(2,500)	1
Total disbursements	<u>(111,050)</u>	<u>(68,004)</u>	<u>43,046</u>	
Net cash flow from other District operations	<u>5,950</u>	<u>58,840</u>	<u>52,890</u>	

Total net cash flow	\$ (304,923)	\$ (201,366)	\$ 103,557
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Cash and marketable securities on hand

Beginning balance as per Bank & FI Cap	\$ 2,252,565	\$ 2,252,565	\$ -
Total net cash flow	(304,923)	(201,366)	103,557
Net Change in value of marketable securities/ adjustment to exchange rate	-	(10,305)	(10,305)
Ending Balance as per bank & FI Capital	\$ 1,947,642	\$ 2,040,894	\$ 93,252

Notes:

-
1. Permanent variances as a result of receipts/ disbursements being higher/ lower than originally forecast.
 2. Timing related variances, which are expected to reverse themselves in future weeks.
 3. Permanent variances as a result of donations being received from congregations, which were not originally forecast.
 4. Permanent variance due to mission remittances being higher than forecast. A portion of mission remittances are to be forwarded to Lutheran Church Canada.

Schedule 6

The Lutheran Church - Canada, The Alberta - British Columbia District Investments Ltd. ("DIL")

Variance Analysis

For the period from February 12, 2017 to May 13, 2017

	<u>Total Forecast</u>	<u>Total Actual</u>	<u>Variance (A-F)</u>	<u>Notes</u>
Receipts				
Bank interest income	\$ 300	\$ 151	\$ (149)	1
Total receipts	300	151	(149)	
Disbursements				
Management fee	(9,067)	36,821	45,888	2
Restructuring fees	(40,275)	(30,857)	9,418	1
Operating expenses	-	(6,175)	(6,175)	1
CRO fees	(20,580)	(20,580)	-	
GWL distribution	(69,161)	(21,078)	48,083	2
Annual minimum RRIF payments	(117,423)	-	117,423	3
Total disbursements	(256,506)	(41,869)	214,637	
Net cash flow	\$ (256,206)	\$ (41,717)	\$ 214,489	
Cash and marketable securities on hand				
Beginning balance as per Bank & FI Capital	\$ 399,230	\$ 399,230	\$ -	
Total net cash flow	(256,206)	(41,717)	214,489	
Ending Balance as per bank & FI Capital	\$ 143,024	\$ 357,513	\$ 214,489	

Notes:

1. Permanent variances as a result of receipts/ disbursements being higher/ lower than originally forecast.
2. Timing related variances, which are expected to reverse themselves in future weeks.
3. Permanent variances due to error in original forecast. Annual minimum RRIF payments were disbursed in prior period.

Schedule 7

Encharis Community Housing and Services ("ECHS")
 Variance Analysis
 For the period from February 12, 2017 to May 13, 2017

	Total Forecast	Total Actual	Variance (F-A)	Notes
Disbursements				
Operating expenses	(4,965)	(4,660)	305	1
Restructuring fees	(45,000)	(10,177)	34,823	1
CRO fees	(8,820)	(4,410)	4,410	2
Contingency	(3,000)	-	3,000	2
Total disbursements	(61,785)	(19,246)	42,539	
Net cash flow	\$ (61,785)	\$ (19,246)	\$ 42,539	

Cash on hand						
Beginning balance	\$	148,535	\$	148,535	\$	-
Net cash flow		(61,785)		(19,246)		42,539
Ending balance	\$	86,750	\$	129,288	\$	42,539

Notes:

1. Permanent variances as a result of receipts/ disbursements being higher/ lower than originally forecast.
2. Timing related variances, which are expected to reverse themselves in future weeks.

Schedule 8

Encharis Management and Support Services ("EMSS")
Variance Analysis
For the period from February 12, 2017 to May 13, 2017

	Total Forecast	Total Actual	Variance (A-F)	Notes
Disbursements				
Transfer to Sage	\$ (135,000)	\$ (137,285)	\$ (2,285)	1
Misc operating expenses	-	20	20	1
D&O insurance	(26,589)	(10,142)	16,447	1
Restructuring fees	(45,000)	(3,581)	41,419	1
CRO fees	(8,820)	(4,410)	4,410	2
Contingency	(30,000)	-	30,000	2
Total disbursements	(245,409)	(155,399)	90,010	
Net cash flow	\$ (245,409)	\$ (155,399)	\$ 90,010	
Cash on hand				
Beginning Balance	\$ 570,197	\$ 570,197	\$ -	
Net cash flow	(245,409)	(155,399)	90,010	
Ending Balance	\$ 324,788	\$ 414,798	\$ 90,010	

Notes:

1. Permanent variances as a result of receipts/ disbursements being higher/ lower than originally forecast.
2. Timing related variances, which are expected to reverse themselves in future weeks.