

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,

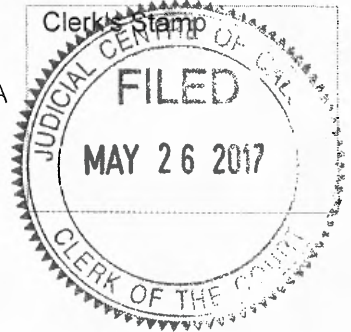
DELOITTE RESTRUCTURING INC.

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

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
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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.