



February 5, 2018

Dear Shareholder,

On behalf of Board of Directors (“Directors”) and staff, we’d like to take this time provide you with an update on Sage Properties Corp (“Sage”).

### **SAGE OPERATIONS UPDATE**

The Board and Management have been working diligently towards accomplishing the mandate approved by our shareholders at the May 31, 2017 special meeting to liquidate Sage’s assets after the subdivision and emancipation of shared services. Our progress since the September 2017 update is as follows:

#### **Subdivision**

Management has been working closely with Sage’s urban planner, IBI Group, analysing Sage’s real estate, and determining subdivision plans that align properly with our assets in a way that will maximize value upon a future sale. Sage has obtained an estimate of infrastructure requirements that will satisfy Rocky View County for subdivision approval. Sage will be working to finalize the subdivision plan and finalize the application for subdivision in the Spring of 2018.

#### **Phase II Environmental Assessment**

A Phase II Environmental Site Assessment was completed in the Fall 2017 and management is working with the environmental consultant to ensure that environmental risks have been properly quantified for the future sale of the property and to ensure that Sage is in compliance with our environmental responsibilities.

#### **Prince of Peace Lutheran School**

Discussions regarding the sale of the school are currently in-progress and we hope to have a further update on this issue soon.

## SHAREHOLDER CONSULTATION GROUP

As you may recall, in the spring of 2017 Sage engaged a compensation consultant (“Consultant”) to provide recommendations for the compensation of the Directors of Sage. The model was to consist of two components: a base retainer and a performance based component, the latter of which would ensure that Director compensation was aligned to Shareholder value and interests. While the initial report issued by the consultant made recommendations for the base retainer of the Chair and the Directors, the board deferred the review of the performance based component until after the selection of Sage’s mandate at the May 2017 shareholder meeting.

Sage has now re-engaged the Consultant to provide recommendations on a compensation model that will include both a base retainer and a performance-based incentive component for the CEO and Directors of Sage. The board would like to create a compensation plan that provides fair compensation and motivates the board and CEO of Sage by aligning their interests with those of its shareholders (i.e. maximizing the value of Sage).

To ensure the compensation review includes the Shareholder’s perspective, Sage is forming a Shareholder Consultation Group (“SCG”), who will participate in the compensation review process and provide feedback. This group will consist of 3 to 5 major shareholders who will participate in this exercise over the next few months. The commitment is expected to be 2 to 3 phone conversations or in-person meetings (for those in the Calgary area) in addition to exchange of emails and potential review of some documents.

This letter is your invitation to express interest in participating on the SCG. Please be mindful of the following when considering whether you would like to participate:

1. Your motivation for participating;
2. The relevant experience you have that would add value; and
3. Your availability to participate and contribute over the next 2-3 months.

If you’d like to be considered, we ask that you contact Sage expressing interest by either e-mailing [info@sageproperties.ca](mailto:info@sageproperties.ca), or by phoning our office at 403-478-9661 with your name and contact information. Please ensure your response is submitted to Sage by February 12, 2018.

## GETTING TO KNOW YOUR DIRECTORS

At our Annual General Meeting held on September 29, 2017, the following directors were elected:

Irfhan Rawji	Sandra Jory*
Scott McCorquodale, CEO	Murray Warnke*
Ralph Huizinga	Stephen Nielsen*

To learn more about the SAGE directors please go to our website [www.sageproperties.ca](http://www.sageproperties.ca) and view individual profiles that outline each directors background and reasons for serving on the SAGE board.

\*Denotes that a Director is a District Depositor or District Depositor Nominee.

## CCAA COMMUNICATIONS RECEIVED FROM DELOITTE (“MONITOR”)

It has come to our attention that there has been some confusion surrounding recent communication received from the Monitor as it relates to your SAGE shareholdings.

On January 5, 2018, the Monitor sent out a letter outlining the Second Cash Distribution to creditors of the District (“District Creditors”). You may have noticed that the Share Distribution figure provided by Deloitte on this letter is different than the original Share Distribution figure provided by Deloitte on October 31, 2016. This new figure reflects the cancellation of the LCC shares in August 2017 and overall decrease in the total number of SAGE shares outstanding. **To clear up any ambiguity, this is NOT an increase in the number of shares you hold with Sage and this amount has not changed since the initial distribution of shares on October 31, 2016.**

For further information regarding the share value increase please refer to the Monitor’s letter dated August 29, 201, or contact the Monitor, Vanessa Allen at (403) 298-5955 or Joseph Sithole at (587) 293-3203

## SHAREHOLDER WEBSITE

As a reminder, Sage has created a website that provides a listing of shareholders who are interested in selling their shares. It also provides a listing of those individuals who are interested in purchasing shares.

To access the website and create an account, please visit [www.sagedatabase.ca](http://www.sagedatabase.ca). You can also download a user guide to familiarize yourself with how the website works and instructions on how to create an account.

If you do not have access to the internet and are interested either getting information from the website or listing yourself as an interested buyer or purchaser, please contact Sage Properties Corp. at (403) 478-9661 and Laura Hristow will assist you.

Thank you for your continued patience as we work towards achieving Sage's mandate. If you have any questions pertaining to any of the above information relayed in this letter, please contact the Sage office either by email at [info@sageproperties.ca](mailto:info@sageproperties.ca) or phoning (403) 478-9661.

Sincerely yours,

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