

INFORMATION STATEMENT

FOR: Hawks Landing
Westbank First Nation, West Kelowna, British Columbia

DATE: May 18, 2018

DEVELOPER: Hawks Landing Developments Ltd

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THIS INFORMATION STATEMENT WAS PREPARED BY THE DEVELOPER FOR THE HAWKS LANDING DEVELOPMENT. EXCEPT AS DISCLOSED HEREIN, THE DEVELOPER DOES NOT MAKE ANY REPRESENTATIONS OR WARRANTIES ABOUT THE PROJECT, AS DEFINED HEREIN. THE DEVELOPER IS NOT REQUIRED TO PREPARE OR FILE A PROSPECTUS OR DISCLOSURE STATEMENT AND WILL NOT FILE THIS INFORMATION STATEMENT WITH ANY GOVERNMENTAL BODY. THIS INFORMATION STATEMENT CONTAINS AN OVERVIEW OF THE HAWKS LANDING DEVELOPMENT ONLY AND DOES NOT AMEND OR MODIFY ANY OF THE AGREEMENTS RELATING TO THE DEVELOPMENT. IN THE EVENT OF ANY CONFLICT BETWEEN THIS INFORMATION STATEMENT AND ANY AGREEMENTS RELATING TO THE DEVELOPMENT, THE AGREEMENTS WILL GOVERN. THE MONETARY VALUES REFERRED TO HEREIN MAY BE MODIFIED AT ANY TIME. INTERESTED PARTIES SHOULD CONSULT WITH THEIR LEGAL AND OTHER PROFESSIONAL ADVISORS PRIOR TO MAKING AN INVESTMENT IN THE DEVELOPMENT.

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INTRODUCTION

Hawks Landing is a proposed 84 lot duplex development to be constructed on the Westbank First Nation Reserve near West Kelowna, British Columbia. Hawks Landing is tentatively planned to be built in two Stages of 44 lots in stage 1 and 40 lots in stage 2 (the entire project is hereinafter referred to as the “**Project**”).

The Project is situated on Westbank First Nation (the “**WFN**”) land. Hawks Landing Developments Ltd (the “**Developer**”) leased the land from Robert and Bernice Ilene Louie for a term of 99 years ending on November 14, 2115 pursuant to a lease registered in the Register of Westbank Lands, Ottawa (the “**Head Lease**”). Pursuant to the Head Lease, the Developer, will complete the development of the lots and then grant subleases for each individual lot.

At this time the Developer is anticipating subleasing Lots only for construction of duplex units by the sublessee. However, the Developer reserves the right to construct units themselves.

As the Project is situated on WFN land, the British Columbia strata legislation, such as the Strata Property Act and Real Estate Development Marketing Act, does not necessarily apply to the Project. The Project has been structured, however, so that it will function in a manner similar to a strata-titled development. When development of each Lot has been completed and the sublease for that Lot issued to a purchaser, each purchaser will become a member of a society registered pursuant to the Societies Act of BC. This society will function as an owner association to be known as Hawks Landing Owner Association (the “**Owner Association**”), which will carry on functions similar to a strata corporation for the Project. There will be one Owner Association for the entire Project. The Developer, and any successor developer, will retain control of the Owner Association during construction and thereafter until completion of the final Stage of the Project and the last Lot is subleased.

1. LOCATION OF THE DEVELOPMENT

1.1 The Lands

The Project is being constructed on approximately 9.8 acres of land legally described as Lot 558 CLSR 105678 Tsinstikeptum No. 9, (the “**Lands**”). Plans indicating the location of the Lands and the general area of the Project are attached as Exhibit A. The exact area and location of the Lands, Project and access may vary from that shown on Exhibit A.

1.2 Street Location

The Project and the Lands are located west of the intersection of Louie Drive and Elk Road behind Walmart, Westbank Kelowna, British Columbia.

2. THE DEVELOPER

2.1 The Developer

- (a) Name: Hawks Landing Developments Ltd.
- (b) Address for Service in British Columbia: 221-3011 Louie Drive
Westbank, BC. V4T 3E3
- (c) Jurisdiction of Incorporation: British Columbia
- (d) Date of Incorporation of the Company: November 4, 2016

- (e) The sole Director of Hawks Landing Ltd. is: Bernard C. Grenon

3. TITLE AND STRUCTURE OF THE DEVELOPMENT

3.1 Development

WFN has approved the Project.

3.2 Head Lease

The following is a description of some of the terms in the Head Lease. The Landlord under the Head Lease is Bernice Ilene Louie and Robert Louie and the Lessee is Hawks Landing Developments Ltd. The material terms of the Head Lease include the following:

- (a) the term of the Head Lease is 99 years ending on November 14, 2115;
- (b) the rent under the Head Lease has been prepaid in full for the whole term;
- (c) the tenant under the Head Lease has certain ongoing obligations including the obligation to pay all ongoing third party expenses such as taxes and utilities, the obligation to maintain and repair the premises, the obligation to insure and the obligation to ensure compliance by all subtenants with the terms of the Head Lease;
- (d) the Head Lease is registered in the Registry of Westbank Lands, Ottawa (the “**Registry**”). The Head Lease will not be registered under the British Columbia Land Title System; and
- (e) the Head Lease includes a mechanism whereby it can be assigned to the Owner Association if there is a default by the Lessee. This mechanism is a protection to purchasers who have been issued a Sublease.

3.3 Sublease

The Developer will create individual subleases for each residential Lot (a “**Lot**”) in the Project (a “**Sublease**” or “**Subleases**”). The Subleases will be granted to each purchaser. Material terms of each Sublease include the following:

- (a) the term of each Sublease will end one day prior to the termination of the Head Lease (in the year 2115) subject to prior termination in the event of default;
- (b) each purchaser is obligated to maintain, repair and replace his or her Lot and pay their proportionate share of certain ongoing expenses relating to the common areas, during the term of the Sublease (in a similar fashion as an owner of a strata-titled Lot pays strata fees), including costs of insurance, costs of repairs, maintenance and upkeep;
- (c) a Sublease may be assigned or mortgaged but these must be registered in the Registry. Assignments may be subject to an assignment fee to the Developer as described in the Sublease; and,
- (d) the Sublease will be registered in the Registry. The Sublease will not be registered

under the British Columbia Land Title System. The terms of the Sublease may be amended before issuance.

3.4 Owner Association

The Lands are WFN lands which are not registered in the British Columbia Land Title System and therefore the *Strata Property Act* of British Columbia does not necessarily apply. As a result, the following steps have been taken to structure the Project in a manner similar to a strata-titled development:

- (a) the Owner Association has been incorporated as a Society pursuant to the *Societies Act* of British Columbia. The Owner Association will manage the common areas and will perform functions similar to those performed by a strata corporation under provincial strata legislation;
- (b) however, the Developer, and any successor developer, will retain control of the Owner Association until 100% of the Lots have been subleased (in this way, the developer, and any successor Developer, will retain control for a period sufficient to ensure that the Project is completed in an orderly fashion). There is a mechanism to require the Developer, or any successor developer, to relinquish control after 50% of the Lots have been subleased if the Developer, or any successor developer, is in default in the performance of management services;
- (c) the Owner Association will perform similar functions to those performed by a strata corporation under the *Strata Property Act* of British Columbia. In particular, the Owner Association, which will function through its board of directors, will be responsible for maintaining the common areas, placing insurance on the Project, establishing budgets, collecting maintenance and operating fees and enforcing the Subleases and bylaws relating to the Project;
- (d) each holder of a Sublease is entitled to one vote in the Owner Association (one per household). Initially the Owner Association will be controlled by the Developer. After 100% of the Lots have been subleased, the holders of the Subleases will be entitled to elect the board of directors (from their members only) and also to vote on any alteration or amendment of the bylaws which will govern the use of the Project;
- (e) upon the issuance or assignment of a Sublease to a purchaser, they will automatically become members of the Owner Association.

3.5 Encumbrances

The encumbrances appearing on the Parcel Abstract for the Lands issued by the Registry, indicates the following registrations:

Easement 5021621 for adjacent Lot 178-2, RSBC 234312;

The following encumbrances may be registered:

- (a) Restrictive Covenant in favour of the Developer with respect to construction guidelines, architectural guidelines and other related matters;

- (b) Statutory Rights of Way or Easements in favour of utility companies for the purpose of allowing the transferees access over the Lands to install and maintain water works, sewage works, gas works, hydro and/or telecommunication works and other utility works; and
- (c) Statutory Rights of Way, easements, covenants or other instruments as may be required by the approving authorities to grant preliminary and final approval to the Development.

THE DEVELOPER will retain the right to use the common areas and one or more Lots for marketing purposes.

3.6 Mineral Rights

The Head Lease does not grant any interest in minerals under the Lands.

4. **THE PROJECT**

4.1 General Description of the Project

The total Project is comprised of approximately 84 Lots. The Developer will attempt to minimize disruption while Stages are constructed, however some disruption is unavoidable. The Developer reserves the right to change the configuration, phasing, number of Lots that may be constructed in the Project. The timing and specifications for remaining construction will be determined from time to time by the Developer. The Developer reserves the right to not proceed with any further Stages or to sell to a third party developer the leasehold interest in all or a portion of the Lands designated for the remaining Stages.

4.2 Use

All Lots are intended for residential use only, which may include office or home occupation uses. Office or home occupation uses must be ancillary to dwelling in the Lot, must not cause noise or nuisance to other owners, and must be operated in accordance with the Bylaws and WFN Laws. The Developer and builders may use Lots and the common areas for marketing purposes.

4.3 Plans

Exhibit A to this Information Statement is the proposed plan of Hawks Landing. The final plan and Lot dimensions may vary from those set out in Exhibit A.

4.4 Common Areas

The common areas of Hawks Landing consist of the, roads, curbs, sidewalks, surface, landscape/park areas, entrance features and utilities outside of the Lots. The landscaped areas adjacent to each lot extending to the road are the responsibility of the adjacent Lot owner. Common areas are defined in the Sublease. Common areas within the Project are available for the use and enjoyment of all occupants of Lots in the Project and their invitees.

4.5 Lot Entitlement

The unit entitlement (“Unit Entitlement”) of each Lot is the figure indicating its owner’s contribution to the expenses of the Owner Association. The Unit Entitlement of each Lot is set out in Exhibit

C, which may be amended when other Stages are complete. Each sublessee will be required to contribute their proportionate share of common expenses based upon their Unit Entitlement.

4.6 Voting Rights

Each Lot shall have one vote in the Owner Association.

4.7 Construction Completion

The estimated date for completion of Stage 1(44 Lots) is June 2018 and for Stage 2 (40 Lots), September 2019. These are estimates only.

4.8 Development Particulars

4.8.1 Development Approval

The Developer has received all necessary approvals from the WFN.

4.8.2 Inspections

The Project will comply with all requirements of all applicable building codes and of the WFN.

4.8.3 Utilities and Other Services

4.10.3.1 Services - The Project will be provided with the following services, namely domestic water, sanitary sewer, storm sewer, street access and fire and police protection. Services are provided by the WFN in many areas and are contracted out to 3rd party suppliers in others. WFN services include water, sanitary and storm sewer, public works, recreation areas, bylaw enforcement and administration. The RCMP enforces provincial and federal laws. Through contract the Regional District supplies some 18 services such as rescue, 911, crimestoppers, Transit, sanitary landfill, regional hospital, Johnson Bentley pool, dog control, etc. Westside Fire Protection provides contract fire protection.

4.8.3.2 Hydro - The Project is provided with electricity by British Columbia Hydro.

4.8.3.3 Gas - The Project is provided with natural gas by Fortis BC.

4.8.3.4 Telephone - The Project is provided with telephone service by Shaw Cable.

4.8.3.5 Television - The Project is provided with television service by Shaw Cable.

4.8.3.6 Water - The Project is provided with water by the WFN Water Utility.

4.8.3.7 Sewer - The Project is provided with sewer service by the WFN Sewer Utility.

There will be one service to each Lot for water, sanitary and storm. There will be one service for every two Lots (one per duplex building) for Hydro, Gas, Telephone and Television.

As with a strata-titled development, the day-to-day charges for the above utilities and services will be charged directly to the holders of the Subleases or determined by sub-metering, proration or Unit Entitlement, as the case may be. Service providers may change from time to time.

4.9 Environmental Matters

The Developer is not aware of any environmental hazards or dangers to the Lands.

4.10 Access

Access to the Project is by way of the road off Louie Drive.

4.11 Soils

The soils onsite are high plastic clay which are suitable for residential development, but certain construction methods and requirements are recommended due to the nature of this soil. Purchasers are required to engage a qualified geotechnical engineer to ensure they build accordingly to the soil conditions. Refer to the Beacon Geotechnical report for the Lands and the Architectural Design Guidelines for more details.

4.12 Architectural Design Guidelines

The construction of new homes within this Project will be subject to an architectural approval process and requirements further outlined in the architectural design guideline document, refer to this document for more information. At the discretion of the Developer these guidelines may be registered against each Lot in the Project.

5. THE OFFERING

5.1 Terms of Offering

5.1.1 Offering

Purchasers will be granted a sublease of their Lot and will become members of the Owner Association.

5.1.2 Leasing of Lots

The Developer does not presently intend to retain the Subleases for any Lots in the Project for rental but reserves the right to retain Subleases for Lots and to lease those Lots on terms and conditions determined by the Developer. The Developer may retain one or more Lots for use as display suites as part of the Developer's marketing activities in the Project, or for marketing Lots in projects in the vicinity of the Project.

5.1.3 Assignment of Subleases

An administration fee established by the Developer, may be charged for each Sublease assignment, as described in the Sublease. If the Sublease is in good standing, without default, it may be assigned without Lessor's consent.

5.2 Deposits

All deposits and other monies received from a purchaser shall be held in accordance with the rules set out by the *Real Estate Services Act* of British Columbia.

5.3 Property Taxes and Utility Rates

5.3.1 Lot Taxes

Each Lot holder shall be responsible for property taxes for his or her Lot. The WFN has enacted a taxation and assessment bylaw as authorized by federal law. Property taxes will be collected by the WFN. The Sublease requires each Lot holder to abide by the laws of the WFN. Further information on taxes is available at www.WFN.ca.

5.3.2 Expenses

The following utilities will be separately metered or assessed to each Lot and are the responsibility of each Lot owner:

Electricity;
Cable;
Telephone;
Internet;
Sewer;
Water;
Gas.

5.3.3 Other Expenses

The Owner Association will pay the costs and expenses related to common areas as set out in Schedule B. The costs will be prorated to the sublessees of the Lots and included in monthly assessments.

5.4 Common Expenses

5.4.1 Exhibit B to this Information Statement is a pro forma budget as prepared by the Developer, for a typical full year of operating expenses of Hawks Landing Owners Association. The budget is subject to variation and will change. The pro forma budget is in respect of the current Stage only, and does not reflect the costs of the Project as fully completed.

5.4.2 The estimated costs are based on costs experienced by existing comparable projects.

5.4.3 Exhibit C to this Information Statement is the schedule of the anticipated monthly assessment for each Lot when units are completed. This is an estimate only as prepared by the Developer.

5.4.4 As additional Stages of the Project are completed common costs for all completed Stages of the Project will be allocated among the owners of completed Stages.

5.5 Fire and Liability Insurance

5.5.1 Course of construction insurance at least equal to the costs of improvements and general liability insurance on the Lands in the amount of \$5,000,000 has been obtained in respect of

the Lots.

5.5.2 The Developer caused the Owner Association to arrange insurance coverage to replace the insurance coverage set out above with an all risk, all property insurance for full replacement value of the Project, including general liability of at least \$2,000,000. Terms of the insurance are described in the Sublease.

6. FINANCING

Currently there is no financing on the Project and financing is not required for the Developer to complete the Project. The Developer does reserve the right to obtain financing in which case a mortgage would be registered over the Lands and discharged from a Lot upon transfer.

7. RESTRICTIONS ON USAGE OF DEVELOPMENT

7.1 Use of the Lots

No Lots will be retained or alienated for non-residential purposes, except for use of certain Lots by the Developer for marketing purposes for the Project. Owners may use Lots for Lot office uses in accordance with Section 4.2 of this Information Statement.

7.2 Sublease, Bylaws

The form of Sublease and bylaws will be made available for review by prospective Purchasers.

8. MISCELLANEOUS

8.1 Material Contracts

No material contracts are in existence affecting the Project which would bind the Developer and/or the Owner Association, or a purchaser except those disclosed herein.

The Developer has copies of relevant documents such as the Head Lease, Constitution and Bylaws of the Owner Association, form of Sublease and bylaws, which can be made available for inspection upon request.

8.2 Management

The Developer may cause the Owner Association to enter into a management agreement with a property manager and such agreement will provide that it can be terminated on six months' notice.

EXHIBIT A

PROPOSED SITE PLAN

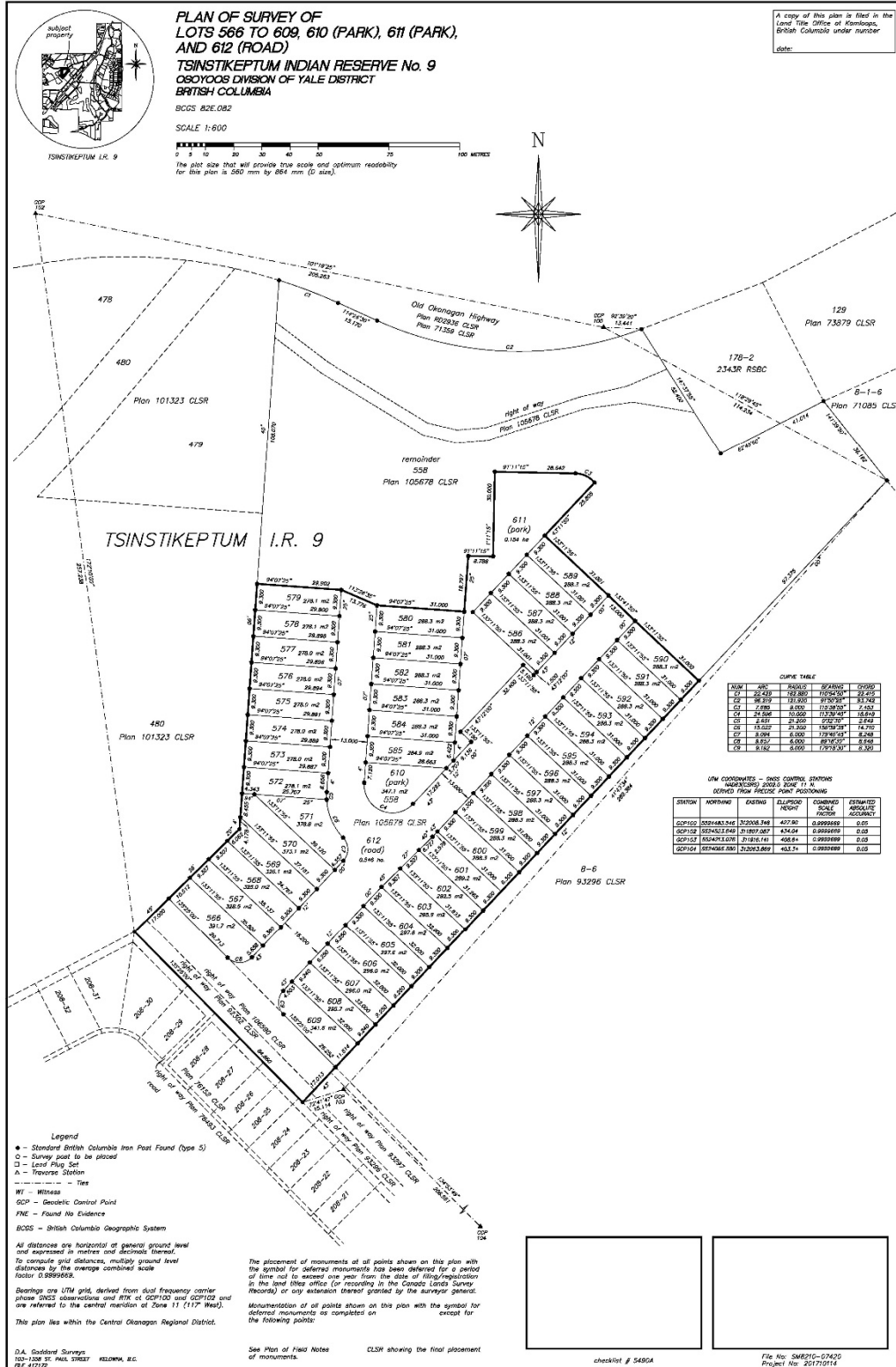


EXHIBIT B

PRO FORMA BUDGET PRELIMINARY

Hawks Landing		
Proposed Interim Budget		
	Phase 1	Phase 1 & 2
	SL 1 - 44	SL 1 - 84
Revenue		
Strata Fees	\$68,125.00	\$105,285.00
TOTAL	\$68,125.00	\$105,285.00
Repair & Maintenance		
Repairs & Maintenance	\$2,000.00	\$4,000.00
Landscaping	\$22,000.00	\$25,000.00
Irrigation	\$1,000.00	\$2,000.00
Snow Removal	\$6,000.00	\$10,000.00
Street Sweeping	\$1,000.00	\$2,000.00
Flushing Utilities	\$1,000.00	\$2,000.00
Miscellaneous	\$1,000.00	\$2,000.00
TOTAL	\$34,000.00	\$47,000.00
Utilities		
Garbage/Recycling (for units)	\$9,000.00	\$18,000.00
Electricity	\$1,000.00	\$1,500.00
Water	\$2,000.00	\$2,000.00
Sewer	\$0.00	\$0.00
Telephone	\$0.00	\$0.00
TOTAL	\$12,000.00	\$21,500.00
Administration		
Admin/Bank Charges	\$600.00	\$600.00
Postage/Copies/Long Dist.	\$150.00	\$250.00
Insurance	\$3,000.00	\$6,000.00
Management Fees	\$9,500.00	\$18,000.00
Accounting	\$3,000.00	\$3,000.00
Legal	\$500.00	\$1,000.00
TOTAL	\$16,750.00	\$28,850.00
Total Operating Expenses	\$62,750.00	\$97,350.00
CRF Contribution	\$5,375.00	\$7,935.00
Total Expenses	\$68,125.00	\$105,285.00
	\$129	\$104

All costs above are related to common property only with the exception of garbage/recycling which is for each unit
 Although sufficient historical data on this project is not yet available, contracts that will be in place, have indicated some of the funds required
 while other areas are based on the experience of the owner/developer, and of Associated Property Management Ltd. in operating similar projects.

EXHIBIT C

ANTICIPATED MONTHLY ASSESSMENT

Based on the Preliminary Proforma Budget in Exhibit C the anticipated monthly assessment for each Lot in Stage 1 is \$129.00 Canadian Dollars. This is subject to change as costs become more known.