

INFORMATION STATEMENT

FOR: **SIENNA RIDGE**
Kamloops, B.C.

ORIGINAL DATE: May 31, 2017

REVISION DATE: **February 5, 2018 (the “Effective Date”)**

DEVELOPER: **SIENNA RIDGE LIMITED PARTNERSHIP**
as represented by its Managing General Partner
SIENNA RIDGE GP LTD.

MAILING ADDRESS:
P.O. Box 2267, Chilliwack BC V2R 1A6

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AND OTHER PROFESSIONAL ADVISORS PRIOR TO MAKING AN INVESTMENT IN THE DEVELOPMENT.

INTRODUCTION

Sienna Ridge is a subdivision of single-family detached homes to be constructed on the Kamloops Indian Reserve No. 1 in Kamloops, British Columbia. It is anticipated that Sienna Ridge will be built in 3 Phases (the entire project is hereinafter referred to as the “Project”). The first phase of the Project will consist of 44 homes, some of which may be reserved as show homes. The total number of homes in the Project in all phases will be approximately 110, some of which may be used as show homes. Common landscape features & facilities will be provided. A limited number of RV Parking sites will also be available for rental on a first come first served basis.

The Project is situated on Tk’emlúps te Secwépemc (Kamloops Indian Band) land. Sienna Ridge Limited Partnership, acting through its Managing General Partner, Sienna Ridge GP Ltd. (the “Developer”) has leased parcels of land required for the Project from Her Majesty the Queen in Right of Canada, as represented by the Minister of Indian Affairs and Northern Development (“Her Majesty”). The Developer has leased property being legally described as Lot HJ-2-1 RSBC2872R from Her Majesty for a term of 99 years ending on May 11, 2116 pursuant to a Head Lease registered May 12, 2017, and modification agreement registered September 5, 2017. The Developer has also leased from Her Majesty property being legally described as Lot 45-1 RSBC 2871R and Lot 44 RSBC 1252 also for a term of 99 years ending on May 15, 2116 pursuant to a lease registered May 16, 2017, and modification agreement registered September 5, 2017.. The above-described leases are hereafter together called the “Head Leases”.

Pursuant to the terms of the Head Leases, the Developer will complete the construction of the homes and then grant subleases for each individual home to each purchaser of a home (a “Purchaser”).

As the Project is situate on Kamloops Indian Band land, the B.C. Strata Property Act does not apply to the Project. The Project has been structured, however, so that it will function in a manner essentially similar to a bare land strata development. When construction of each home has been completed and the sublease for that home is issued to a Purchaser, the Developer will transfer to the Purchaser a share in a British Columbia company called Sienna Ridge Homeowners’ Corporation (the “Homeowners’ Corporation”), which will carry on functions similar to a strata corporation for the Project. There is one Homeowners’ Corporation for the entire Project. The Developer will retain control of the Homeowners’ Corporation until the last home in the Project has been subleased. In brief, the Project will be structured and operate as follows when the Project has been completed and all subleases have been issued by the Developer:

- A. The Homeowners’ Corporation will be granted a sublease of the common areas in the Development, such as roadways, clubhouse, etc. (the “common areas”). All of the shares in the Homeowners’ Corporation will be held by the Purchasers.
- B. The board of directors of the Homeowners’ Corporation will be elected by the Purchasers. A director must be a Purchaser, or a nominee of a corporate owner.

C. The Homeowners' Corporation, through its board of directors, will be responsible for those issues relating to the Project that the strata council would be responsible for under a typical bare land strata situation, including maintenance of the common areas of the Project, placing of insurance on Project, settling of budgets, collection of maintenance and operating fees and enforcement of the bylaws relating to the Project.

D. The Purchasers will be entitled to use the common areas, together with the other holders of subleases. They will have a right to stand for election as a member of the board of directors of the Homeowners' Corporation and will be the parties who will be responsible for electing the board of the Homeowners' Corporation. They will also have a right to vote on any changes in the bylaws which govern use of the Project.

1. LOCATION OF THE DEVELOPMENT

1.1 The Lands

The Project is being constructed on approximately 20 acres of land being legally described as Lot HJ-2-1 RSBC2872R, Lot 45-1 RSBC 2871R and Lot 44 RSBC 1252 all in the Kamloops Indian Reserve No. 1, in Kamloops, British Columbia (collectively, the "Lands").

1.2 Access

Access to the Lands is via Shuswap Road through Kamloops Indian Reserve No. 1 lands.

2. THE DEVELOPER

- 2.1 (a) Name: The Developer is a limited partnership called Sienna Ridge Limited Partnership. The General Partners of the Limited Partnership are Sienna Ridge GP Ltd. and Gregory Robinson. Sienna Ridge GP Ltd. is the Managing General Partner. Sienna Ridge GP Ltd. is a British Columbia company.
- (b) Address for Service in British Columbia: Suite 201 45793 Luckakuck Way, Chilliwack, B.C. V2R 5S3
- (c) Jurisdiction of Formation of the Partnership: British Columbia
- (d) Date of Creation of the Limited Partnership: November 30, 2016
- (e) The Directors of the Managing General Partner are:
Cody Les
Larry Les

3. TITLE AND STRUCTURE OF THE DEVELOPMENT

3.1 Development

The Chief and Council for the Kamloops Indian Band have approved the Project.

3.2 Head Leases

The landlord under the each Head Lease is Her Majesty. Kamloops Indian Band members Helen Vivian Jules, Clayton Rayburn Peters and Sherry Lynn Peters, respectively hold Certificates of Possession for the Lands and are parties to the respective Head Leases as “Landholders”. The tenants under each Head Lease are the Developer and the Homeowners’ Corporation. The material terms of the Head Leases include the following:

- (a) the terms of each of the Head Leases is 99 years ending May 11, 2116 and May 15, 2116, respectively.
- (b) prepaid rent payable under each Head Lease set out in Section 3.1 of each Head Lease;
- (c) the Developer and the Homeowners Corporation have certain additional ongoing obligations under each Head Lease, including the obligation to pay all ongoing third party expenses such as taxes and utilities, the obligation to keep the Lands and the homes in good repair, the obligation to insure and the obligation to ensure compliance by all Purchasers with the terms of the Head Leases;
- (d) both Head Leases are registered in the Indian Lands Registry in Ottawa. . The Head Leases will not be registered under the British Columbia Land Title System; and
- (e) both of the Head Leases include a mechanism protecting Purchasers in the event there is a default by the Developer.

3.3 Subleases

The Developer will create individual subleases for each home (a “Home”) in the Project (a “Sublease” or “Subleases”). A Sublease will be granted to each Purchaser. Material terms of each Sublease include the following:

- (a) the term of each Sublease will end May 10, 2116, subject to prior termination in the event of default (and on May 10, 2116 if the aforementioned lease extensions are granted by Her Majesty);
- (b) each Purchaser is obligated to pay his or her proportionate share of certain ongoing expenses to the Homeowners’ Corporation relating to the common areas, during the term of the Sublease (in the same fashion as an owner of an apartment strata pays similar costs);

- (c) a Sublease may be assigned or mortgaged provided the Purchaser is not in default. All assignments will be subject to an administration fee to cover the Developer's legal and administrative costs related to the assignment. The administration fee is equal to .4% of the greater of the sale price or the most recent tax assessed value of the Home;
- (d) each Sublease will be registered in the Indian Lands Registry in Ottawa. The Subleases will not be registered under the British Columbia Land Title System;
- (e) the Developer's solicitors will prepare each Sublease for execution by the Developer and the Purchaser. On the closing date, the Purchaser will be required to contribute \$200, plus GST and PST towards the cost of the Sublease preparation; and
- (f) each Sublease will provide that the Purchaser must pay monthly sublease payments to the Developer in accordance with the agreement between the Developer and the Purchaser. As of the Effective Date the monthly sublease payment amount is \$200. The monthly sublease payment will be adjusted on May 1st of each year based on the greater of 3% and the change in the Consumer Price Index, for the past year, as provided for in the Sublease.

3.4 **Homeowners' Corporation**

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

- (a) the Sublease provides that the Homeowners' Corporation will operate in a manner essentially similar to a strata corporation under the *Strata Property Act*. The Homeowners' Corporation will be granted a sublease of the common areas and will perform functions similar to those performed by a strata corporation under *Strata Property Act* of British Columbia;
- (b) the Developer will retain control of the Homeowners' Corporation until a time shortly after the last home has been subleased (in this way, the Developer will retain control for a period sufficient to ensure that the Project is completed in an orderly fashion). The Articles of the Homeowners' Corporation and the initial shares issued by the Homeowners' Corporation will permit the Developer to retain such control. Once the Developer has relinquished control of the Homeowners' Corporation the number of issued shares of the Homeowners' Corporation will be equal to the total number of Homes in the Project and each Purchaser will own 1 share;
- (c) the Homeowners' Corporation will perform functions that are essentially similar to those performed by a strata corporation under the *Strata Property Act* of British Columbia. In particular, the Homeowners' Corporation (which will function

through its board of directors) will be responsible for maintaining the common areas, placing insurance on the common areas, establishing budgets, collecting maintenance and operating fees and enforcing the bylaws relating to the Project;

- (d) each Purchaser is entitled to one share in the Homeowners' Corporation. The only shareholders of the Homeowners' Corporation will be the Developer and the Purchasers. Prior to relinquishing control of the Homeowners' Corporation the Purchasers will elect directors of the Homeowners' Corporation, which directors will be Purchasers;
- (e) upon the subsequent sale of a Home by a Purchaser to a new purchaser (by way of assignment of the Purchaser's Sublease), the share in the capital of the Homeowners' Corporation relating to that Sublease must be assigned to the new purchaser of the Sublease;
- (f) the Homeowners' Corporation may enter into a management contract for management and other services; and
- (g) as each Home is completed the owners of that Home will become shareholders of the Homeowners' Corporation, there being one Homeowners' Corporation for the entire Project.

3.5 **Encumbrances**

As of the Effective Date, there are no encumbrances appearing on the Parcel Abstract Reports for the Lands other than the Head Leases.

The Developer may grant mortgages against its interest in the Lands as collateral security for financing and easements for utilities such as water/sewer, hydro, telephone and natural gas. The Developer may itself, or it may cause the Homeowners' Corporation to, grant permits or easements over the Lands in favour of other phases of the Project to permit access over and use of common areas (such as roadways, clubhouse, walkways, utilities, water lines, sewer lines, etc.) by other buildings of the Development. As each Phase of the Project is sold, common areas of that phase are available for use by all owners and occupiers of previous Phases, and the owners and occupiers of the completed Phase may use all common areas in the Project. The common areas will be for the use of all owners and occupiers of the Project and will be administered by the Homeowners' Corporation.

3.6 **Mineral Rights**

Both Head Leases reserve the right for the Landlord to extract minerals from the Lands.

3.7 **Litigation**

There is no outstanding or anticipated litigation in respect of the Project or against the Developer which may affect the Project.

4. THE PROJECT

4.1 General Description of the Project

The total Project is comprised of approximately 105 Homes to be built in 3 Phases. The Developer will attempt to minimize disruption to completed Phases in the Project while subsequent Phases are constructed, however some disruption is unavoidable. The Developer reserves the right to change the configuration, number and type of homes that may be constructed in the Project. The timing and specifications for construction will be determined from time to time by the Developer.

4.2 Use

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

4.3 Plans

Exhibit A to this Information Statement is the site plan of Sienna Ridge and Exhibit B to this Information Statement contains plans of the types of homes that may be constructed.

4.4 Common Areas

The common property of Sienna Ridge consists of roads, parking areas, garden areas, boulevards and utilities outside of Homes. The Developer also intends to provide RV storage parking. RV storage parking will be available for rent to Purchasers on a first come first served basis. The Common property within the Project is available for the use and enjoyment of all occupants of Homes in the Project and their guests provided that the Developer may designate limited common areas for the exclusive use of a Purchaser or group of Purchasers.

4.5 Equal Contribution

Each Purchaser will contribute equally to the expenses of the Homeowners' Corporation.

4.6 Construction Commencement

Construction of Sienna Ridge commenced in May, 2017.

4.7 Construction Completion

The estimated date of completion of Sienna Ridge is dependent on market conditions. The Developer estimates that it could take 3-5 years from the Effective Date before both Phases of the Project have been completed.

4.8 Development Particulars

- (a) Development Approval

The overall development plan for the Project has been approved by the Band and by the Landholders

(b) Construction Approvals and Standards

The Head Leases require the Developer to obtain all required approvals and permits from the appropriate authorities prior to commencement of construction.

(c) Building Inspections

Building Inspection services will be provided by Triggs Engineering Ltd.

(d) Utilities and Other Services

- (i) Services – The Project will be serviced with the following services, namely domestic water, sanitary sewer, street access and fire and police protection. These services will be provided by the City of Kamloops, which has entered into a servicing agreement with the Band.
- (ii) Hydro - The Project will be serviced with electricity by British Columbia Hydro.
- (iii) Natural Gas - The Project will be serviced with natural gas by Fortis B.C.
- (iv) Telephone - The Project will be serviced with telephone service by Telus and Shaw Cable.
- (v) Television/Internet - The Project will be serviced with television and internet service by Telus and Shaw Cable.

The Developer may change the service providers at any time.

The day-to-day charges for the above utilities and services will be charged directly to the Purchasers. All utilities consumed for common areas and common facilities will be paid for by the Homeowners Corporation and will form part of its annual budget payable by Purchasers.

4.9 Changes from Natural State

There have been no changes from the natural state of the Lands other than normal clearing, foundation excavation and landscaping.

4.10 Soil Conditions and Flooding Dangers

5. BASED ON A PHYSICAL EXAMINATION OF THE LANDS, THE DEVELOPER IS NOT AWARE OF ANY HAZARDS OR DANGERS TO THE LAND WITH REGARD TO SOIL CONDITIONS. THE MAIN LIVING FLOOR ELEVATION OF ALL OF THE HOMES IS DESIGNED ABOVE THE 200 YEAR FLOOD

CONSTRUCTION LEVEL (FCL). SPACE BELOW THE FCL IS NON-HABITABLE AREA. THE DEVELOPER DOES NOT OFFER BASEMENT FINISHING. ANY BASEMENT FINISHING IS CONSTRUCTED AT THE OWNER'S RISK. THE OFFERING

5.1 Terms of Offering

(a) Offering

Purchasers will be granted a Sublease of their Home and will acquire one share in the capital of the Homeowners' Corporation.

(b) Parking

Each Home will have 2 enclosed parking spaces, plus 2 surface parking spaces on their lot. No parking will be allowed on the common roads. Some Homes may have RV parking adjacent to the Home on an exception basis. A limited number of RV parking sites will be available on common or adjacent property area to be rented on a first come, first served basis.

(c) Warranties

The Developer will provide new home warranty as described in Exhibit C.

(d) Purchase Financing

Subject to the Purchasers meeting specified qualifications, the Developer is advised that several financial institutions are prepared to provide first mortgage financing to approved Purchasers.

(e) Leasing of Homes

The Developer does not presently intend to retain the Subleases for any Homes in the Project for leasing but reserves the right to retain Subleases for Homes and to lease those Homes on terms and conditions determined by the Developer. The Developer may retain one or more Homes for use as display suites as part of the Developer's marketing activities in the Project and the Developer may construct one or more Homes for "spec" sale purposes.

(f) Assignment of Subleases

An administration fee, to cover legal and administrative expenses, established by the Developer, will be charged for each Sublease assignment, as described in the Sublease. For such fee the Developer will provide a statement certifying the status of the Sublease. If the Sublease is in good standing, without default, it may be assigned without the Developer's consent.

5.2 **Deposits**

All deposits payable by a Purchaser shall be payable to the Developer's solicitors, Waterstone Law Group LLP, in trust.

5.3 **Property Taxes and Utility Rates**

(a) Property Taxes

The Band has enacted assessment and property taxation bylaws and such bylaws are applicable to this Development. The Band will administer and collect property taxes on this Development. Each Purchaser shall be responsible for property taxes for his or her Home as well as their proportionate share of property taxes assessed on common property.

(b) Expenses

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

- Electricity
- Cablevision/Internet
- Natural Gas
- Telephone

(c) Other Expenses

The Homeowners' Corporation will pay the costs and expenses related to common areas including, but not limited to, the following:

- Water and Sewer for the common areas and the homes (these are bulk metered)
- Electricity for common areas
- Sewer for common areas
- Repair and maintenance for common areas in the Project, including the Clubhouse
- Property Management for the Project
- Landscape maintenance for the entire Project
- Snow Removal

The costs will be prorated to the owners of the Homes and included in monthly assessments.

5.4 **Common Expenses**

- (a) Exhibit D to this Information Statement is the pro forma initial annual budget for operating expenses of Sienna Ridge. The budget is subject to variation by the Developer and will change. The pro forma budget is in respect of Phase 1 only, and does not reflect the costs of the Project as fully completed.

- (b) As of the Effective Date, the monthly assessment for each Home is budgeted at \$135.00.
- (c) The Developer shall not be obligated to pay operating expenses for any Homes constructed by it but not yet leased to Purchasers or on any bare land inventory.
- (d) As additional Phases of the Project are completed common costs for all completed Phases of the Project will be allocated among the owners of completed Phases.

5.5 Fire and Liability Insurance

- (a) The Developer will obtain course of construction insurance at least equal to the costs of improvements and general liability insurance on the Development in the amount of \$5,000,000.
- (b) Each Purchaser will be responsible for insuring his or her Home, with all risk, all property insurance for full replacement value, including public liability insurance in an amount not less than \$2,000,000 per occurrence and for insuring the contents of his or her Home. The public liability insurance policy must name as insureds the Purchaser, the Developer and the Landlords.
- (c) Each Purchaser will be required to obtain the insurance from a broker selected by the Homeowners' Corporation. The Homeowners' Corporation may change the broker from time to time, on the vote passed by a majority of at least 75%. The process of using a common broker simplifies the administration of insurance and compliance with the insurance requirements of subleases and the respective Head Leases.

6. RESTRICTIONS ON USE IN THE DEVELOPMENT

6.1 Use of the Homes

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

6.2 Sublease, Bylaws

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

7. MISCELLANEOUS

7.1 Material Contracts

No material contracts are in existence or contemplated affecting the Project which would bind the Developer and/or the Homeowners' Corporation, or Purchaser except those disclosed herein and those that will be required in the maintenance and operation of the Project in respect of:

Property Management;
Common area maintenance;
Landscape Maintenance;
Waste collection;
Utilities;

The Developer has binders containing copies of relevant documents such as the Head Leases, the Sublease and the Articles and Bylaws of the Homeowners' Corporation, all which will be made available for inspection at locations designated by the Developer.

7.2 **Management**

The Developer will cause the Homeowners Corporation to enter into a management agreement with a reputable property management company and such agreement will provide that it can be terminated on not more than 6 months' notice.

EXHIBIT “A”

Site Plan

EXHIBIT "B"

Home Plans

EXHIBIT “C”

Home Warranty Particulars

EXHIBIT "D"

Pro forma Budget for the Homeowners Corporation

