

DISCLOSURE STATEMENT

DEVELOPER: SHORTREED JOINT VENTURE LTD.
INCORPORATION NUMBER BC0663277

**REGISTERED AND
RECORDS OFFICE:** 202-2464 CLEARBROOK ROAD
ABBOTSFORD, BRITISH COLUMBIA
V2T 2X8

BUSINESS ADDRESS: 26965 26A AVENUE
ALDERGROVE, BRITISH COLUMBIA
V4W 2Y6

REAL ESTATE BROKERAGE: REMAX TREELAND REALTY
6337-198 STREET
LANGLEY, BRITISH COLUMBIA
V2Y 2E3

DATE OF DISCLOSURE: NOVEMBER 14, 2005

This Disclosure Statement has been filed with the Superintendent of Real Estate, but neither the Superintendent, nor any other authority of the government of the Province of British Columbia, has determined the merits of any statement, or whether the Disclosure Statement contains a misrepresentation or otherwise fails to comply with the requirements of the *Real Estate Development Marketing Act*. It is the responsibility of the developer to disclose plainly all material facts, without misrepresentation.

RIGHT OF RECISSION

Under section 21 of the *Real Estate Development Marketing Act*, the purchaser or lessee of a development unit may rescind (cancel) the contract of purchase and sale or contract to lease by serving written notice on the developer or the developer's brokerage, within 7 days after the later of the date the contract was entered into or the date the purchaser or lessee received a copy of this Disclosure Statement.

The recission notice may be served by delivering or sending by registered mail, a signed copy of the notice to:

- (a) the developer at the address shown in the disclosure statement received by the purchaser;**
- (b) the developer at the address shown in the purchaser's purchase agreement;**
- (c) the developer's brokerage, if any, at the address shown in the disclosure statement received by the purchaser, or**
- (d) the developer's brokerage, if any, at the address shown in the purchaser's purchase agreement.**

The developer must promptly place the purchaser's deposits with a brokerage, lawyer or notary public who must place the deposit in a trust account in a savings institution in British Columbia. If a purchaser rescinds their purchase agreement in accordance with the Act and regulations, the developer or the developer's trustee must promptly return the deposit to the purchaser.

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- L. Township of Langley Zoning Bylaw 402 dealing with Residential Zones R-1B, R-1C, R-1D and R-1E

1. The Developer

1.1 Incorporation

Shortreed Joint Venture Ltd. (the “Developer”) is a British Columbia Company, duly incorporated on the 3rd day of February, 2003, under incorporation number BC0663247.

1.2 Purpose

The Developer was incorporated for purposes of purchasing and developing properties within the Province of British Columbia, and for purposes of purchasing residential lots and the construction of single family residences thereon. The Developer has in the past constructed single family residences and presently owns the following assets, in addition to the development property: Nil.

1.3 Registered and Records Office

The registered and records office of the Developer is 202-2464 Clearbrook Road, Abbotsford, British Columbia, V2T 2X8;

1.4 Directors

The names of all of the Directors of the Developer are:

Hari Bandesha
Gurdeep Singh Sidhu
Agarbir Sivia.

2. General Description

2.1 General Description of the Development

The Development Property is situate at 9395 and 9415 - 208th Street, in the Municipality of Langley, in the Province of British Columbia, legally described as:

Parcel Identifier: 012-317-055
Lot 19 Except: Firstly: Parcel A (Explanatory Plan 38883);
Secondly: Part dedicated Road on Plan LMP12227;
Section 25 Municipality 8
New Westminster District Plan 1697

Parcel Identifier: 017-211-255
Lot 1 Except: Part dedicated Road on Plan LMP11108;
Section 35 Municipality 8
New Westminster District Plan NWP88354

Parcel Identifier: 012-317-039
Parcel A (Explanatory Plan 38883) Lot 19
Except: Part dedicated Road on Plan LMP12228;
Section 35 Municipality 8
New Westminster District Plan 1697

which the Developer intends to subdivide into 29 residential lots in accordance with the Draft Sketch attached hereto as Exhibit "A". The Developer will market all of the 29 lots.

2.2 Permitted Use

The zoning for the Development Property is R-1D, and the permitted use for all of the lots in the Development is Single Family Residential. No lot in the Development Property may be used for commercial or other purposes not ancillary to residential purposes. A copy of Township of Langley Zoning Bylaw 402 dealing with Residential Zones R-1B, R-1C, R-1D and R-1E is attached as Exhibit "L".

2.3 Building Construction

The purchaser is responsible for construction of any improvements on the subdivision Lots and building permits are required for each of the subdivision Lots. Each of the Lots will be governed by a building scheme (the "Building Scheme") to be registered against the title of each Lot. A copy of the proposed Building Scheme will be available to purchasers from the Developer. In general terms, the Building Scheme will incorporate applicable portions of the Developer's design guidelines, a copy of which are attached hereto as Exhibit "B", and will contain requirements and restrictions with respect to, among other things, building envelopes, building heights, density, setbacks, fencing, design, materials, construction techniques, landscaping and other approvals. The purchaser of each Lot will be responsible for the compliance with all of the terms of the Building Scheme. The Developer may, in its discretion, amend the Building Scheme.

The Developer is not aware of any zoning or building restrictions imposed or enforced by local authorities except for:

- (a) the building codes, and the requirements for building and other permits referred to below or in the Building Scheme; and
- (b) the building restrictions contained in the encumbrances referred to in this Disclosure Statement.

3. Servicing Information

3.1 Utilities and Services

The Developer will provide services and utilities noted below to a point designated by the Developer on the boundary of each Lot. All connections and extensions of services into each Lot will be at the cost of and the responsibility of the purchaser of a Lot.

Water, solid waste disposal, sanitary sewer and fire protection services will be governed by a local service area bylaw administered by the Municipality of Langley. Individual Lot owners will be assessed for such services directly by the Municipality of Langley as described in more detail below or as otherwise determined by the Municipality of Langley.

(i) Water

The Lots will have access to potable water provided by the Municipality of Langley's community water system. Residential water service lines will be installed at the cost of the Developer to the boundary of each Lot. A standard water supply agreement and connection and usage charges will apply to each Lot. The water system will be owned and operated by the Municipality of Langley.

(ii) Electricity

Underground electrical service ducts will be installed at the cost of the Developer to the boundary of each Lot. Electrical power service will be provided by BC Hydro and Power Authority through agreements with users directly.

(iii) Sewerage

Residential sanitary sewer lines will be installed at the cost of the Developer to the boundary of each Lot. A standard service agreement, connection charges and charges may apply for each Lot serviced. The sanitary sewer and waste water treatment systems will be owned and operated by the Municipality of Langley and the Greater Vancouver Sanitary and Drainage District.

Drainage in the Development will be organized through a combination of storm sewers and natural run-off systems.

(iv) Natural Gas

Natural gas service will be installed at the cost of the Developer to the boundary of each Lot. Natural gas service will be provided by Terasen through agreements with users directly.

(v) Fire Protection

Fire fighting services will be provided by the Municipality of Langley. Fire hall facilities are located at within two blocks of the Lots at the corner of 96th Avenue and 208th Street, Langley, British Columbia . The Developer will, at its cost, install fire hydrants along internal roadways providing access to the Lots and will install waterlines to each Lot.

(vi) Telephone and Cable

Underground telephone ducts will be installed at the cost of the Developer to the boundary of each Lot. Telus will provide telephone services through agreements with the users directly, on application from a purchaser. The Developer is working with Telus to attempt to insure that standard residential ADSL will be available to all of the Lots in the Development.

(vii) Access

Paved roads and street lighting within the Development will be completed by the Developer, at its cost. Road access to all of the Lots will be provided by way of two extended streets into cul de sacs which will connect with 207th Street and 207A Street. Road. Access, drainage, sanitary easements and walkways, etc. over adjoining Lots will be provided where necessary.

4. Title and Legal Matters

4.1 Legal Description

The Development will be created on lands in the Municipality of Langley legally described as:

Parcel Identifier: 012-317-055

Lot 19 Except: Firstly: Parcel A (Explanatory Plan 38883);

Secondly: Part dedicated Road on Plan LMP12227;

Section 25 Municipality 8

New Westminster District Plan 1697

Parcel Identifier: 017-211-255

Lot 1 Except: Part dedicated road on Plan LMP11108;

Section 35 Municipality 8

New Westminster District Plan NWP88354

Parcel Identifier: 012-317-039
Parcel A (Explanatory Plan 38883)
Lot 19 Except: Part dedicated Road on Plan LMP12228;
Section 35 Municipality 8
New Westminster District Plan 1697

(the “Lands”)

as shown on the proposed subdivision plan attached as Exhibit “A”;

4.2 Ownership

Title to the Development Property is issued in the name of :

Shortreed Joint Venture Ltd.
(Inc. No. BC0663247)
36965 - 26th Avenue
Aldergrove, British Columbia, V4W 2Y6

4.3 Existing Encumbrances and Legal Notations

The existing encumbrances and legal notations are set out and briefly described in Exhibit “C” to this Disclosure Statement.

4.4 Proposed Encumbrances

The proposed encumbrances are listed and briefly described in Exhibit “C” to this Disclosure Statement.

4.5 Outstanding or Contingent Litigation Liabilities

At the date of this Disclosure Statement there is no outstanding or contingent litigation or liability in respect of the Lands or against the Developer that may affect the Lots or the Lot owners.

The Developer is not aware of any dangers connected with the Development in respect of the condition of the soil or subsoil or any other environmental conditions except as set out and provided for to the satisfaction of the relevant authorities in the encumbrances or proposed encumbrances described in Exhibit “B”.

4.6 Environmental Matters

Prior to final subdivision approval, the Developer will obtain from the Municipality of Langley a development permit which will, in addition to protecting the fisheries resource, provide for the protection of the aquifer and the maintenance of surface and ground water quality and quantity to the Lots and adjacent lands.

Efforts have been made and will be made to minimize changes from the natural state in the Lots, other than clearing for access, construction and servicing purposes. Each purchaser of a Lot will be responsible for identifying and effectively mitigating the effects of any changes from the natural state, terrain, and drainage within the Lot.

Federal legislation may require the installation of fencing on lands bordering sensitive environmental areas or natural parkland areas with warning notices and each purchaser of a lot shall be aware that said fences cannot be removed or adjusted in any way and all warnings must be strictly adhered to.

Depending upon tree location, species, age, condition and availability of lateral and root support, it is possible that some trees in the Development may be or may become unstable and thereby present a hazard at some time to one or more of the Lots. Prospective purchasers are advised to retain a landscape architect or arborist for a report on the nature of this risk with respect to each Lot.

5. Construction and Warranties

5.1 Construction Dates

Construction of servicing and utilities has not yet commenced. The Developer estimates that construction of the servicing and utilities will be completed on or before November 15, 2006, and that the subdivision plan creating the Lots will be registered on or before approximately March 15, 2006, subject to receipt of all necessary approvals from the jurisdictions having authority and completion of the registration process at the Land Title Office.

5.2 Warranties

The Developer will not provide any construction or other warranties in connection with the Development. The Developer will not have the obligation to construct any buildings or improvements on any of the Lots, or perform any work or services, except as may be set out in the applicable contract of purchase and sale or in this Disclosure Statement.

6. Approvals and Finances

6.1 Development Approval

Preliminary layout approval (“PLA”) of those Lots in the Development offered pursuant to this Disclosure Statement was issued by the Municipality of Langley by letter dated June 24, 2005, and amended by Municipality of Langley letter dated August 23, 2005, copies of which are attached as Exhibits “F” and “G”, respectively.

6.2 Construction Financing

The Developer has obtained financing to finance the construction of all required servicing and utilities, secured by, *inter alia*, a Mortgage charging the Lands and will be partially discharged from title to each of the Lots upon the completion of the sale of such Lot to a purchaser and delivery of the net sales proceeds to the lender.

7. Miscellaneous

7.1 Deposits

All deposits and other monies received shall be held in trust in accordance with the terms of the contract of purchase and sale and the manner required by the *Real Estate Development Marking Act* (the “Act”) until such time as the subdivision plan is deposited for registration in the appropriate Land title Office, the Lot purchased is capable of being transferred, and an instrument evidencing the interest of the purchaser or lessee in the Lot has been filed for registration in the appropriate Land Title Office, or the contract has been earlier terminated.

If the Developer elects to enter into a deposit protection contract, an amendment to this Disclosure Statement describing the subject matter and terms of the insurance allowing the Developer to use the deposit money to develop and market the Development, including details of the aggregate and per claim limits of the insurance will be filed with the Superintendent of Real Estate and a copy will be provided to each purchaser. In accordance with Section 10 of the Regulations to the *Act*, the amendment will state the name and business address of the insurer, the name of the developer who entered into the deposit protection contract, and the date on which the insurance takes effect.

7.2 Purchase Agreement

A copy of the contract of purchase and sale to be used by the Developer is attached as Exhibit “D” to this Disclosure Statement.

7.3 Developer's Commitments

The Developer has not made any commitment which must be met after completion of the

sale of a Lot, except as set out elsewhere in this Disclosure Statement.

7.4 Other Material Facts

(a) Property taxes

Each owner will be responsible for the real property taxes applicable to his or her Lot. Property taxes are assessed by the Provincial Assessment Authority, and payable to The Township of Langley.

(b) Insurance

Each purchaser will be responsible for insuring all risks and property within the Lot when the transfer of title from the Developer is completed.

(c) Geotechnical Assessment Report

Levelton Consultants Ltd. have prepared a geotechnical report on the lands which is dated July 19, 2005, and is appended as Exhibit "E".

(d) Schools

Parents may not be able to enroll their children in those schools that are the closest geographically. Langley School District No. 35 is redrawing catchment boundaries. Some schools do not use location of the student's residence as a selection criteria and some schools may not have available space due to over-enrollment.

(e) Adjacent Land Uses

The lands north and northwest of the Development are park land. The lands south and southwest of the Development are existing residential.

(f) Right of Access by Developer after completion

The Buyer agrees to provide the Developer access onto and over their Lot after the transfer of title is complete, in order to install, maintain and/or replace any of the landscaping and fencing components as required by the Township of Langley. Said access is to include access to the water and electricity services and shall be permitted up until the date the Township of Langley provides a written final acceptance

certificate for all subdivision works. The Developer agrees to provide advance notice of said access (a minimum of 24 hours) and access shall be during normal business hours from Monday through Saturday.

Section 22 of the *Real Estate Development Marketing Act* provides that every purchaser who is entitled to receive this Disclosure Statement is deemed to have relied on any false or misleading statement of material fact contained in this Disclosure Statement, if any, and any omission to state a material fact. The developer, its directors and any person who has signed or authorized the filing of this Disclosure Statement are liable to compensate the purchaser for any misrepresentation, subject to any defences available under section 22 of the Act.

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DECLARATION

The foregoing statements disclose, without misrepresentation, all material facts relating to the Development referred to above, as required by the *Real Estate Development Marketing Act* of

British Columbia, as of November 14, 2005.

SHORTREED JOINT VENTURE LTD.

Per:

Agarbir Sivia

Directors of
SHORTREED JOINT VENTURE LTD.

Hari Bandesha

Gurdeep Singh Sidhu

Agarbir Sivia

EXHIBIT "A"
PROPOSED SUBDIVISION PLAN

EXHIBIT "B"
BUILDING DESIGN GUIDELINES

EXHIBIT “C”

ENCUMBRANCES AND PROPOSED ENCUMBRANCES

1. Existing Legal Notations and Encumbrances

(a) Legal Notations

none

(b) Encumbrances

As to Parcel Identifier: 012-317-039

Parcel "A" (Explanatory Plan 38883) Lot 19 Except: Part Dedicated Road on Plan LMP12228; Section 35 Township 8 New Westminster District Plan 1697

- (i) Statutory Right of Way BE211235 in favor of Township of Langley. This Statutory Right of Way provides The Township of Langley the full, free and unrestricted right and liberty to enter in, over and upon a portion of Parcel "A" for the purpose of constructing, maintaining, repairing, cleaning, protecting, enlarging, reconstructing and otherwise servicing sanitary sewer works;

As to Parcel Identifier: 017-211-255

Lot 1 Except: Part Dedicated Road on Plan LMP11108, Section 35 Township 8 New Westminster District Plan NWP88354

- (i) Statutory Right of Way BE169906 in favor of The Corporation of the Township of Langley. This Statutory Right of Way provides The Corporation of The Township of Langley the full, free and unrestricted right and liberty to enter in, over and upon a portion of Lot 1 for the purpose of constructing, maintaining, repairing, cleaning, protecting, enlarging, reconstructing and otherwise servicing sanitary sewer works;

As to Parcel Identifier 012-317-055

Lot 19 Except: Firstly: Parcel A (Explanatory Plan 38883); Secondly: Part Dedicated Road on Plan LMP12227; Section 35 Township 8 New Westminster District Plan 1697

- (i) Statutory Right of Way BE199367 in favor of the Township of Langley. This Statutory Right of Way provides The Township of Langley the full, free and unrestricted right and liberty to enter in, over and upon a portion of Lot 1 for the purpose of constructing, maintaining, repairing, cleaning, protecting, enlarging, reconstructing and otherwise servicing sanitary sewer works;

As to all of the Lands:

- (i) Subsisting conditions, provisos, restrictions, exceptions and reservations, including royalties, contained in the original grant or contained in any other grant or disposition from the Crown;
- (ii) Mortgage BX8008 in favor of Royal Bank of Canada. This Mortgage will be partially discharged from title to each of the Lots upon the completion of the sale of such Lot to a purchaser and delivery of the net sales proceeds to the lender.

2. Proposed Legal Notations and Encumbrances

- (a) Legal Notations

- (i) Nil

- (b) Encumbrances

- (i) Restrictive Covenant with the Municipality of Langley to prohibit on-street parking on 208 Street;
- (ii) Restrictive Covenant with the Municipality of Langley to prohibit vehicular access onto 208 Street from individual lots abutting 208 Street;
- (iii) Restrictive Covenant with the Municipality of Langley requiring the provision of an exterior design control agreement to be entered into at the subdivision approval stage.

EXHIBIT "D"
CONTRACT OF PURCHASE AND SALE

EXHIBIT "E"
GEOTECHNICAL ASSESSMENT REPORT

EXHIBIT "F"
TOWNSHIP OF LANGLEY PRELIMINARY APPROVAL LETTER
JUNE 24, 2005

EXHIBIT "G"
TOWNSHIP OF LANGLEY PRELIMINARY APPROVAL AMENDMENT LETTER
AUGUST 23, 2005

EXHIBIT "H"
TOWNSHIP OF LANGLEY LETTER OF JUNE 14, 2005
TO H.Y. ENGINEERING LIMITED
WITH ATTACHED PLANS PREPARED BY MGF HORTICULTURAL INC.

EXHIBIT "F"
MGF HORTICULTURAL INC. TREE PROTECTION SUMMARY

EXHIBIT "J"
TREE ASSESSMENT FOR 9395-208 STREET, TOWNSHIP OF LANGLEY
PREPARED FOR H.Y. ENGINEERING LTD.
BY MGF HORTICULTURAL INC.

EXHIBIT "K"
MGF HORTICULTURAL INC.
REVISED TREE PROTECTION SUMMARY

EXHIBIT “L”
TOWNSHIP OF LANGLEY ZONING BYLAW 402
DEALING WITH RESIDENTIAL ZONES R-1B, R-1C, R-1D AND R-1E