For Immediate Release

WALTON WESTPHALIA DEVELOPMENT CORPORATION REPORTS SECOND QUARTER 2016 FISCAL RESULTS AND ANNOUNCES LOAN AGREEMENT FOR EB-5 LOAN FINANCING

Calgary – August 26, 2016: Walton Westphalia Development Corporation (the **"Corporation"**) announced today its results for the second quarter of 2016. Launched in March 2012, the Corporation was formed to provide investors with the opportunity to participate in the acquisition and development of the 310-acre Westphalia Property (the "**Property**") located in Prince George's County, Maryland, United States of America.

Photo: Looking north up Woodyard Rd; NVR townhomes on the left, and Haverford townhomes on the right.

Second Quarter Highlights

During the period ended June 30, 2016, the primary focus of the Corporation was to continue construction and financing activities, including:

Construction Activities

- started the construction of the second stormwater management pond,
- completed the grading for the Westphalia Green (circle Phase 1 park amenity); the overall plan for the Green has been submitted to the County and is under review,
- continued grading the northern section of the Phase 1 residential lots,
- installed the dry utility crossings within the alleys and internal streets,
- with approximately 65% of the storm sewer and 60% of the water lines having been installed, now that the Mid-Atlantic Builders detailed site plan has been approved by the County, the remainder of the wet utility installation can be completed, and
- continued the design of the Pennsylvania Ave / Woodyard Road interchange.

Financing Activities

- continued to garner support from the County officials for the tax increment financing (TIF) package,
- continued preparation of EB-5 immigrant investor visa program documents,
- continued to prepare the retail partner joint venture agreement, and
- finalized the negotiations of the sale of the sewer and water charges resulting from the sale of the lots in the Property (front foot benefits).

The single family market continues to get stronger. To date, NVR has closed on 25 lots, Haverford has closed on 17 lots, and Mid-Atlantic has closed on 4 lots. As of August 17, 2016, NVR is reporting 26 home sales and Haverford is reporting 17 home sales. There have been 8 occupancies; 6 for NVR and 2 for Haverford.

Management continues to believe that by pursuing vertical development joint ventures and less expensive financing strategies as discussed herein, the Corporation can potentially achieve a higher Internal rate of return ("**IRR**"). These IRRs are based on, among other things, achieving certain revenue targets, maintaining construction schedules and costs, the timely receipt of recoveries, third-party sales and commitments for additional lots from the builders. Further material changes to IRR projections and the projected hold period could occur due to changes in the aforementioned and other factors.

The financing strategies include pursuing programs such as the EB-5 Immigrant Investor Visa Program as discussed in more detail below ("**EB-5 Program**") (which has to be done in conjunction with vertical development) that could allow for lower cost financing with better flexibility and working to secure Tax Increment Financing ("**TIF**") for transportation infrastructure.

In connection with the EB-5 Program, as discussed in more detail below, the Corporation announces that its U.S. subsidiary and Walton Westphalia Europe, LP (an affiliate of the Corporation and the other co-owner of the Property)("**WWE**") have entered into an agreement (the "**Loan Agreement**") with MCFI Global Fund Westphalia, LLC ("**MCFI**"). Under the Loan Agreement, MCFI proposes to loan (the "**Loan**") to the Corporation and WWE, collectively up to US$58 million for the primary purposes of repaying the Senior Loan, Mezzanine Loan and the Walton loan and funding certain qualifying hard and soft costs for Phases 1 and 1A. Subject to MCFI raising EB-5 funds, we anticipate that the first proceeds under this loan will be provided to the U.S. Subsidiary in October 2016. Currently, the blended interest rate on our Phase 1 construction debt is above 9%. If we are successful with the EB-5 program, we anticipate that blended interest rate will be lowered to 5.25%.

A precondition to funding on the Loan is the approval of the Senior and Mezzanine lenders in regards to an inter creditor agreement. There is no guarantee that the Senior lender or the Mezzanine lender will approve the inter creditor agreement or that MCFI will be able to raise all, or any, of the $58 million under the MCFI EB-5 Offering. If sufficient funds are not raised to permit the Borrowers to repay the Senior, Mezzanine and Walton-loaned facilities, the Corporation will have to source lending from other lenders to (i) obtain extensions to, or repay, those loans including the Senior loan facility (due October 15, 2016) and the Mezzanine loan facility (due October 21, 2016), and (ii) fund the remainder of its Phase 1 and 1A development costs, which it may not be able to do.

We also have submitted an application to Prince George's County, Maryland officials for approximately $65 million in tax increment financing (TIF) bonds. These two alternative financing mechanisms, if successfully implemented, have the potential to decrease costs and increase the project's IRR from the current 5.26% to the low teens. This however, cannot be assured. See above for certain factors that may impact the IRR on this project.

In addition to new financing strategies, management is considering new development strategies. These development strategies include accelerating the development of Phase 1A, re-planning of Phases 2 and 3, including a town center re-design (to capitalize on current market opportunities such as a senior living component and/or flex industrial within Phases 2 and 3), and potentially undertaking vertical development joint venture participation with other development partners.

Photos: left, NVR model home and new construction; right, Haverford model and new construction.

Second Quarter Financial Results

During the three and six months ended June 30, 2016, the Corporation recognized revenue of $1,787,476 (June 30, 2015 - $1,183,930) from lot sales related to Phase 1 single family. The cost of sales relating to the lot sales was $1,619,934 (June 30, 2015 - $1,023,407), resulting in a gross margin of $167,542 (June 30, 2015 - $160,523).

Total other expenses increased by $114,515 from $220,799 for the three months ended June 30, 2015 to $335,314 for the three months ended June 30, 2016. The increase is primarily due to an increase of $69,039 in marketing expenses and news release/client communications costs and an increase in professional fees of $33,612 relating to additional legal costs in Q2 2016 with the builders' lot takedowns. There was also an increase of $13,045 in director's fees due to the entity having only one independent director during the second quarter of 2015, compared to having two independent directors in the second quarter of 2016.

Total other expenses increased by $95,700 from $506,217 for the six months ended June 30, 2015 to $601,917 for the six months ended June 30, 2016. The increase is primarily due to an increase of $47,523 in marketing expenses and news release/client communications costs and an increase in professional fees of $28,306 relating to additional costs in Q2 2016 with the builders' lot takedowns. There was also an increase of $25,849 in director's fees due to increased compensation paid to each independent board member for the six months ended June 30, 2016. In addition, during the second quarter of 2015, there was only one independent director compared to two in 2016.

Total other items decreased by $203,491 from $247,886 for the three months ended June 30, 2015 to $44,395 for the three months ended June 30, 2016. The decrease is primarily due to loss on the reduction of the Senior Loan Facility of $187,972.

Total other items decreased by $3,141,236 from a gain of $1,660,540 for the six months ended June 30, 2015 to a $1,480,696 loss for the six months ended June 30, 2016. The decrease is primarily due to decreases in unrealized foreign exchange gains of $1,708,561 to a foreign exchange loss of $1,333,662, which is a result of the translation of the Canadian dollar loan to the U.S. Subsidiary from the Corporation. The U.S. dollar weakened against the Canadian dollar for the period ending June 30, 2016 compared to the U.S. Dollar strengthening for the period ending June 30, 2015.

For the six months ended June 30, 2016, comprehensive income has decreased due to a decrease in other comprehensive income of $2,062,871 relating to cumulative translation loss recorded from translation of the U.S. entity's accounts from a functional currency of U.S. dollars to Canadian dollars for reporting purposes. The U.S. dollar has weakened against the Canadian dollar in the six month period in 2016 compared to the U.S. dollar strengthened against the Canadian dollar in the six month period in 2015.

The Corporation has entered into a Loan Agreement for EB-5 Loan Financing

The Corporation announces that its wholly-owned US subsidiary ("**US Sub**") and WWE have entered into the Loan Agreement with MCFI. Under the Loan Agreement, MCFI proposes to loan to the Borrowers up to US$58 million for the primary purposes of repaying the Borrowers' Senior, Mezzanine and Walton-loaned facilities and funding certain qualifying hard and soft costs for phases 1 and 1A of the Westphalia project (the "**Project**"). WWE is an affiliate of the Corporation and is the other co-owner of the Westphalia property. The US Sub and WWE are collectively referred herein to as the "**Borrowers**".

MCFI is a fund formed in relation to the US federal "EB-5" program. The EB-5 program is administered by the U.S. Citizenship and Immigration Service ("**USCIS**"). Under this program, non-US citizen entrepreneurs investing US$500,000 each are eligible to apply for a US green card (a "**Visa**") for permanent residence if they meet specific investment criteria. MCFI proposes to raise funds under an offering (the "**MCFI EB-5 Offering**") to non-US citizens and then loan, subject to certain minimum amounts, any such funds to the Borrowers under the Loan Agreement. Visa applications are reviewed by the US government to determine if they will be granted. Visa applications can take several years to process. If an application is rejected at any time during the term of the Loan, the Loan proceeds received by the Borrowers as a result of that particular investment must be repaid by the Borrowers.

The Corporation currently anticipates that funds will be available for borrowing under the Loan Agreement in October 2016, however the timing of that borrowing could be materially later.

Some of the material terms of the Loan Agreement are:

- The borrowing will be at a simple, non-compounded annual interest rate of 5.25%. The blended interest rate to the US Sub of the current Senior, Mezzanine and Walton-loaned facilities is above 9%. The interest will be payable quarterly, with the first payment being payable in the quarter in which the final draw occurs.
- MCFI has 16 months from the first borrowing to the raise the funds under its MCFI EB-5 Offering (the "**Commitment Period**"). The Borrowers will be required to borrow all funds raised by MCFI under the MCFI EB-5 Offering.
- The Loan term will be 6 years, subject to a 1 year extension at MCFI's election or, if it elects not to extend, up to 1 year at the Borrowers' election. Loan advances made in each calendar quarter will mature 6 years from the end of that quarter. If any Visa application remains in process as of the applicable maturity date, that maturity date will be extended for the amount related to that petition until it is fully adjudicated.
- The Loan cannot be repaid prior to its maturity. If any Visa is denied, the Borrowers must repay, within 60 days, the amount applicable to that denied Visa. If MCFI extends the maturity date of the Loan, MCFI may require repayment of loan amounts that relate to issued Visas.
- Advances under the Loan will be used (i) first, to repay the Senior Facility and fund a working capital reserve of up to US$2 million, (ii) second, to repay the Mezzanine Facility and to replenish the working capital reserve, (iii) third, to repay the Walton junior loans and any additional subordinate debt incurred during the Commitment Period and to replenish the working capital reserve, and (iv) fourth, for any other permitted uses under the Loan. Advances not deployed into the Project within 2 years of the earlier of (i)

the final loan advance or (ii) the end of the Commitment Period, cannot be deployed and must be held by the Borrowers.

- A loan to value ("**LTV**") ratio of not more than 75% is a condition for incurring certain additional subordinated debt and/or making certain restricted payments ("**Triggering Events**"). After any Triggering Event, the Borrowers must maintain an LTV of not more than 75%. Breaching such LTV is not an event of default, but cash proceeds from sales of lots from the Westphalia Property will be held in an escrow account as collateral unless MCFI permits them to be redeployed. If the LTV test is again satisfied, those amounts will be released and can be redeployed into the Project.
- The Loan will be secured by the Borrowers' assets (including the Westphalia property) which will start in 3rd position and, as the Senior and Mezzanine Facilities are repaid, move to a first secured position.
- As long as no event of default exists, cash proceeds received by the Borrowers can be re-deployed for use in their ordinary course of business or used in any other manner not expressly restricted.
- Additional debt (other than performance or repayment bonds and trade debt in the ordinary course of business) is generally prohibited without MCFI approval, except for:
  - Up to $4,000,000 of subordinated debt if incurred during the Commitment Period;
  - Financing to make up for shortfalls in MCFI's capital raising (i) if needed to repay the Senior or Mezzanine Facilities as of their maturity, or (ii) generally, if MCFI raises less than the full $58 million;
  - Certain debt under the current Walton loan agreements with the Borrowers;
  - Any additional subordinated debt, so long as the LTV ratio remains below 75%; and
  - Debt in connection with approved joint ventures (which are subject to MCFI's approval).
- The Borrowers (subject to the exception below) cannot make any of the following "Restricted Payments":
  - cash dividends or distributions to equity holders of the Borrowers, or
  - redemptions or other repurchases of equity interests, options, warrants, etc. of the Borrowers.

  As long as there is no "Event of Default", the Borrowers may (i) make certain tax distributions to its equity members, or (ii) make principal and/or interest payments on the intercompany debt outstanding between WWDC and the US Sub and/or pay cash dividends or other cash distributions, provided that after making such payments or distributions, the LTV ratio is less than 75%.
- The Project must be developed to support EB-5 job creation and create 10 new jobs for each $500,000 advanced under the Loan. The jobs must have been or must be created between June 2013 and February 1, 2020. All Phase 1 infrastructure is to be completed by February 1, 2020.
- MCFI will have limited "oversight" rights and generally consent is required from MCFI for changes to the Borrowers' business plans/budgets that would have a material adverse effect on the Project
- The Corporation is required to provide on behalf of the Borrowers (including WWE which is not a subsidiary of the Corporation or the US Sub) (i) a repayment guarantee, (ii) a completion guarantee, and (iii) a guarantee for the repayment of any amounts for rejected Visa applications.
- A 2% origination fee will be paid to MCFI within 90 days of the final advance under the Loan.
- The Borrowers will pay lender costs of up to US$150,000.

A precondition to funding on the Loan is the approval of the Senior and Mezzanine lenders in regards to an inter creditor agreement. There is no guarantee that Senior lender or the Mezzanine lender will approve the inter creditor agreement or that MCFI will be able to raise all, or any, of the $58 million under the MCFI EB-5 Offering. If sufficient funds are not raised to permit the Borrowers to repay the Senior, Mezzanine and Walton-loaned facilities, the Corporation will have to source lending from other lenders to (i) obtain extensions to, or repay, those loans including the Senior loan facility (due October 15, 2016) and the Mezzanine loan facility (due October 21, 2016), and (ii) fund the remainder of its phase 1 and 1A development costs, which it may not be able to do.

Additional Information

The Corporation is managed by Walton Asset Management L.P. and the development of the project is managed by Walton Development & Management (USA), Inc., both of which are members of the Walton Group of Companies.

The Walton Group of Companies ("**Walton**") is a multinational real estate investment, planning, and development group concentrating on the research, acquisition, administration, planning and development of strategically located land in major North American growth corridors.

Walton has been in business for over 30 years and takes a long-term approach to land planning and development. Walton's industry-leading expertise in real estate investment, land planning and development uniquely positions Walton to responsibly transition land into sustainable communities where people live, work and play.

Its communities are comprehensively designed in collaboration with local residents for the benefit of community stakeholders. Its goal is to build communities that will stand the test of time: hometowns for present and future generations.

For more information about Walton Westphalia Development Corporation, please visit www.sedar.com. For more information about Walton, visit www.Walton.com.

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This news release, required by Canadian laws, does not constitute an offer of securities, and is not for distribution or dissemination outside Canada. This news release contains forward looking information, and actual future results may differ from what is disclosed in this news release. Forward-looking information is based on the current expectations, estimates and projections of the Corporation at the time the statements are made. They involve a number of known and unknown risks and uncertainties which would cause actual results or events to differ materially from those presently anticipated. The risks, uncertainties and other factors that could cause the Corporation's actual results and performance in future periods to differ materially from the forward looking information contained in this news release include, among other things, the receipt of financing under the Loan including the amount and timing of the financing received, the amount of, timing and terms of any tax increment financing that may be received by the Corporation, the length of time it takes to develop and sell the Property, the ability of the Corporation to enter into joint ventures relating to, or to otherwise, vertically develop portions of the Property, the availability and terms of other construction financing required by the Corporation, the costs involved in the horizontal and/or vertical development of the Property, the prices at which the serviced lots and parcels from, or vertically developed structures on, the Property can be sold, the rate at which serviced lots and parcels from, or vertically developed structures on, the Property are purchased in the marketplace, general economic and market factors, including interest rates, a decline in the real estate market, changes in government policies and regulations or in tax laws, changes in municipal planning strategies and whether certain development approvals are obtained and changes in the Canadian/U.S. dollar exchange rate, in addition to those factors discussed or referenced in the prospectus and other documents filed with Canadian securities regulatory authorities and available online at www.sedar.com.

Except as otherwise noted, all amounts are in Canadian dollars, and are based on unaudited financial statements for the three and six months ended June 30, 2016 and related notes, prepared in accordance with International Financial Reporting Standards.