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For Immediate Release

WALTON WESTPHALIA AND US DEVELOPER ENTER INTO AGREEMENT FOR POTENTIAL VERTICAL DEVELOPMENT OF PHASE 1 RETAIL PORTION OF WESTPHALIA PROPERTY

Calgary – July 19, 2016: Walton Westphalia Development Corporation is pleased to announce that is has, through wholly-owned United States subsidiaries (collectively, "**WWDC**"), entered into an agreement with a United States shopping center developer (the "**Developer**") whereby the Developer has the right to vertically develop the 31 acre retail parcel (the "**Parcel**") from Phase 1 of WWDC's Westphalia Property located in Prince George's County, Maryland, USA (the "**County**") in conjunction with WWDC (the "**Agreement**"). The Developer is an owner and operator of shopping centers in the US. WWDC believes that, by entering into the Agreement, development on the retail parcel will be accelerated and overall returns will be increased.

Under the Agreement, if the Developer determines to proceed with the development, the Parcel is proposed to be contributed to a limited liability company (the "**LLC**") co-owned by WWDC and the Developer (the "**Parties**") and the Developer will manage the development of the Parcel with the intent of building and leasing a grocery-anchored retail center of approximately 190,000 square feet (the "**Project**"). It is proposed that the Parties will own, maintain, operate, lease and, if determined by the Parties, sell the Project. Other than certain major decisions that require the consent of both Parties, the Developer will have exclusive discretion in the management and control of the Project.

A condition to development of the Project is that WWDC will, at its own cost, construct improvements relating to the Woodyard Road interchange and Melwood Road located south of the Westphalia Property. The cost for these improvements is anticipated to be paid from proceeds of public tax increment financing bonds ("**TIF**") issued by the County. Under the terms of the Agreement, WWDC is not required to commence construction of the improvements until the funds from the TIF (the "**TIF Funds**") are available. Prior to contribution of the Parcel as referred to above:

(a) Developer will have 9 months (the "**Development Feasibility Period**") from the date of execution of the Agreement to determine the feasibility of the Project including determining retail tenant interest, provided that if the TIF Funds are not available by the end of that period, the Development Feasibility Period will be extended until such time as the TIF Funds are available, subject to termination rights below.

    Developer may terminate the Agreement at any time during the Development Feasibility Period. WWDC may not terminate the Agreement during that period unless, as a result of delays in availability of the TIF Funds, the Development Feasibility Period extends to a period of 39 months or longer and WWDC repays Developer for its costs during that period (not to exceed US$265,000). In addition, Developer may, prior to the end of the Development Feasibility Period (as extended above), extend the Development Feasibility Period by a further 9 months provided it pays US$100,000 to WWDC, which amount is non-refundable unless WWDC does not comply with certain provisions in the Agreement.

(b) At the end of the Development Feasibility Period, Developer may, by paying US$250,000 into an escrow, proceed with a period of up to 18 months (the "**Land Development Approval Period"**) to, at its cost, obtain development approvals, undertake studies, prepare development plans, budgets and financial pro formas, obtain bids from contractors and apply for construction loans (collectively, the "**Development Package**") within certain required timelines.

    Developer may terminate the Agreement at any time during the Land Development Approval Period upon which the $250,000 will be paid to WWDC, unless WWDC does not comply with certain provisions in the Agreement. WWDC has the right to terminate the Agreement (subject to a 120 day cure period for Developer) if the Development Package does not meet certain conditions relating to the amount of rentable space, the lease terms with an anchor tenant, the budget of the Project and the timing of completion of development hurdles, upon which the $250,000 will be paid to WWDC.

During the Development Feasibility Period and the Land Development Approval Period, WWDC is responsible for the carrying costs associated with the Parcel.

If, after the Land Development Approval Period, the Development Package meets the required conditions or the Parties otherwise agree and Developer determines to proceed with the Project, the Parcel will then be contributed to the LLC at a notional value of more than US$8 million and the US$250,000 held in escrow will be contributed to the LLC on WWDC's behalf. Developer will simultaneously contribute to the LLC an amount of cash equal to the land contribution and the US$250,000 less the amounts expended by Developer during the Land Development Approval Period, which funds will be used to pay for the costs of the LLC, including development costs. Thereafter, subject to adjustment, the Parties will each own a 50% interest in the LLC.

After the contributions referred to in the above paragraph, all Project costs and expenses, including development costs, that are not funded through construction financing, revenues from the Project or other funding sources, are to be paid by Developer by way of capital contributions to the LLC. In addition, instead of obtaining construction financing from third party lenders, Developer may elect to provide development and construction financing for the Project ("**Developer Loans**") on the parameters set out in the Agreement, including at interest rates equal to market rates, in amounts not less than a loan to value ratio of 65% based on valuations agreed to by the Parties and secured by a mortgage and other loan documentation agreed to by the Parties.

Notwithstanding the above, WWDC may, if it wishes, make capital contributions for any of the above amounts up to its percentage interest in the LLC.

Distributions from the LLC will be made in the order of (i) repayment of contributions made by the Parties in certain special circumstances along with preferred returns thereon of up to 18% per annum, (ii) repayment of Developer Loans, (iii) repayment of contributions made by any Party on the default of the other Party along with preferred returns thereon of 18% per annum, (iv) repayment of contributions made by Developer to pay costs overruns on the Project, and (v) the remainder to be paid to the Parties based on their ownership interest in the JV.

Each of Parties will share, in accordance with their percentage interest in the LLC, a fee equal to an aggregate 4% of all costs of development of the Project payable monthly. It is proposed that an affiliate of Developer will be the property manager for the Project and will receive a property management fee of 4% of the gross rental revenues from the Project and leasing commissions as approved by the Parties. In addition, Developer will be paid a guarantee fee of 1% of any amounts it guarantees in favor of the LLC.

Subject to certain stated exceptions, including transfers to certain affiliates, the interest of a Party in the LLC may not be transferred, pledged or encumbered without the prior consent of the other Party.

Developer has the option, exercisable any time after the 61st month after "stabilization", to acquire WWDC's interest in the LLC for the appraised value thereof, subject to certain adjustments. In addition, if Developer has not exercised such option prior to the 84th month following "stabilization", WWDC has the right thereafter to advise Developer that Walton is selling its interest at a price indicated by WWDC upon which Developer has the right to acquire WWDC's interest at that price. If Developer does not so acquire the interest, WWDC has the right to sell its interest to a third party at such price or higher for a period of a year thereafter. "Stabilization" means the construction of shell buildings on the Project and at least 75% of the gross leasable square footage in the Project being occupied by tenants that are open for business.

The Agreement restricts the ability of WWDC from leasing or selling certain other portions (approximately 12 acres) of the Westphalia Property to full line supermarket/grocery stores in the event that Developer arranges a lease with a similar tenant on the Parcel.

There is no guarantee that the TIF referred to above will be approved or that it will not take materially longer for TIF Funds to be available. Also, there is no guarantee that Developer or WWDC will not terminate the Agreement under the terms thereof prior to commencement of development, that there will not be material delays to the Project or that the development will not proceed in a manner that is satisfactory to investors, including because satisfactory returns do not result from the development of the Project.

Additional Information

WWDC 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 (the "**Walton Group**") 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.

The Walton Group has been in business for over 35 years and takes a long-term approach to land planning and development. The Walton Group's industry-leading expertise in real estate investment, land planning and development uniquely positions the Walton Group to responsibly transition land into sustainable communities where people live, work and play.

The Walton Group manages 21 active developments and administers or manages over 108,000 acres of land in North America.

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 the Walton Group, visit Walton.com.

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