



For Immediate Release

WALTON WESTPHALIA DEVELOPMENT CORPORATION ANNOUNCES RECEIPT OF NOTICE OF DEFAULT AND DEMAND UNDER ITS SENIOR LOAN

Calgary, Alberta – May 11, 2017: Walton Westphalia Development Corporation (the “**Corporation**”) announced today that its wholly-owned United States subsidiary (the “**US Sub**”) and Walton Westphalia Europe, LP, an affiliate of the Corporation and the other co-owner of the Westphalia property (“**WWE**” and, together with the US Sub, the “**Borrowers**”) received a notice of default (the “**Default Notice**”) from its senior lender (the “**Senior Lender**”) under its senior loan (the “**Senior Loan**”) as a result of the Borrowers’ failure to provide an appraisal evidencing an appraised value of the Westphalia property resulting in a Loan to Value Ratio less than or equal to 40% (the “**LTVR**”) on or before April 30, 2017 in accordance with the Senior Loan. The slower than expected capital raise from the EB-5 program financing, and delays in finalizing the Tax Increment Financing Bond (“**TIF**”) issuance legislation with Prince George’s County officials resulted in the project not obtaining an LTVR below the 40% threshold.

As a result of the default, the Senior Lender has completed a valuation based on the most recent appraisal of the Westphalia property available and concluded that the value exceeds the LTVR by \$5,012,849. The Senior Lender has made a demand to the Borrowers for this amount, which the failure of payment would result in an “event of default” under the Senior Loan. Under the terms of the Senior Loan, the Borrowers assert that they have a 30-day cure period following the receipt of the Default Notice before this default becomes an “event of default”. During this cure period, the Corporation and the Borrowers will work with the Senior Lender to cure the default through an equity injection, a refinancing, an asset sale, additional debt issuance(s), a temporary waiver or a forbearance agreement. The Senior Loan matures on June 30, 2017 and the Corporation is not confident it will be able to refinance with traditional bank lending at that time. While the Corporation is working through solutions, it does not currently have sufficient cash resources pay the amount demanded which will result in the Corporation being in default on the Senior Loan at the end of the 30-day cure period. Such default would entitle the Senior Lender to, among other things, enforce their security on, and take possession of, the assets of the Corporation, including the Westphalia property. Any failure by the Corporation to repay the indebtedness under the Senior Loan referred to above could result in the acceleration of the maturity date of the Corporation’s debentures under the terms thereof. An event of default under the Senior Loan would, by reason of cross-default provisions, constitute an event of default under the Borrowers’ mezzanine loan (the “**Mezzanine Loan**”), and under the terms of certain of the Borrowers’ other indebtedness, including the loans from Walton International Group (USA), Inc., as a result of which such other lenders could, subject to the terms of the applicable intercreditor agreements, demand payment under such loans.

Walton Global Investments Ltd. (“**WGI**”), an affiliate of the Corporation, has guaranteed to the Senior Lender the repayment of up to U.S.\$19.5 million under the Senior Loan plus the amount of any outstanding letters of credit provided under the Senior Loan. In addition, WGI has provided completion guarantees to the Senior Lender and the mezzanine lender under the Mezzanine Loan. In the event that the Borrowers default under the above loans, the lenders may be entitled to enforce those guarantees.

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 35 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.

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 Walton, visit Walton.com.

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For media inquiries, please contact: Bill Doherty

Office: 1.866.925.8668

Email: info@walton.com

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