Unaudited Interim Condensed Consolidated Financial Statements

Walton Westphalia Development Corporation

For the period of January 4, 2012 to March 31, 2012

(expressed in Canadian dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Section 4.3(3) of *National Instrument* 51-102, Continuous Disclosure Obligations, provides that if an auditor has not performed a review of the interim consolidated financial statements, the interim consolidated financial statements must be accompanied by a notice indicating that the consolidated financial statements have not been reviewed by an auditor. The Corporation's external auditors have not performed a review of these interim consolidated financial statements of Walton Westphalia Development Corporation.

Walton Westphalia Development Corporation

Consolidated Statement of Financial Position

UNAUDITED

AS AT MARCH 31, 2012

(expressed in Canadian dollars)

	March 31, 2012 $
ASSETS	
Land development costs (note 4)	438,324
Land held for development (note 5)	25,188,434
Accounts receivable	2,529
Cash	4,169,805
TOTAL ASSETS	29,799,092
LIABILITIES	
Debentures payable (note 6)	6,833,092
Debenture interest payable (note 6)	17,387
Loan payable to related parties (note 8)	15,376,158
Loan interest payable to related parties (note 8)	96,083
Accounts payable and accrued liabilities (note 8)	22,792
Due to related parties (note 8)	867,369
TOTAL LIABILITIES	23,212,881
SHAREHOLDERS' EQUITY	
Share capital (note 9)	6,832,996
Accumulated deficit	(246,785)
TOTAL EQUITY	6,586,211
TOTAL LIABILITIES & EQUITY	29,799,092

The accompanying notes to the interim consolidated financial statements are an integral part of these statements.

Walton Westphalia Development Corporation

Consolidated Statement of Comprehensive Loss

UNAUDITED

FOR THE PERIOD OF JANUARY 4, 2012 TO MARCH 31, 2012

(expressed in Canadian dollars)

	For the period January 4, 2012 to March 31, 2012 $
REVENUE	
Interest Income	2,586
EXPENSES	
Organizational costs	216,345
Director fees (note 8)	13,032
Management fees (note 8)	8,084
Office and other expenses	5,174
Professional fees	4,625
Servicing fees (note 8)	2,021
Unrealized foreign exchange loss	90
	249,371
NET LOSS AND COMPREHENSIVE LOSS	246,785
Basic and diluted net loss per share (note 9)	1.35

The accompanying notes to the interim consolidated financial statements are an integral part of these statements.

Walton Westphalia Development Corporation

Consolidated Statement of Changes in Shareholders' Equity

UNAUDITED

FOR THE PERIOD JANUARY 4, 2012 TO MARCH 31, 2012

(expressed in Canadian dollars)

	Class A Voting Common Shares		Class B Non- voting Common Shares		Accumulated Deficit	Total
	# of Shares	$	# of Shares	$	$	$
Balance – January 4, 2012	100	100	-	-	-	100
Shares issued for cash	-	-	1,442,300	7,211,500	-	7,211,500
Share issuance costs	-	-	-	(378,604)	-	(378,604)
Net loss	-	-	-	-	(246,785)	(246,785)
Balance – March 31, 2012	100	100	1,442,300	6,832,896	(246,785)	6,586,211

The accompanying notes to the interim consolidated financial statements are an integral part of these statements.

Walton Westphalia Development Corporation

Consolidated Statement of Cash Flows

UNAUDITED

FOR THE PERIOD OF JANUARY 4, 2012 TO MARCH 31, 2012

(expressed in Canadian dollars)

	For the period January 4, 2012 to March 31, 2012 $
CASH PROVIDED BY (USED IN)	
OPERATING ACTIVITIES	
Net loss for the period	(246,785)
Items not affecting cash	
Unrealized foreign exchange losses	90
Changes in non-cash working capital items	
Acquisition of land held for development	(25,080,991)
Increase in land development costs	(544,902)
Increase in trade receivables	(2,529)
Increase in interest payable	17,387
Increase in accounts payable and accrued liabilities	22,792
Increase in loan interest payable	96,083
Increase in due to related parties	864,537
	(24,874,318)
FINANCING ACTIVITIES	
Issuance of Class A voting common shares	100
Issuance of Class B non-voting common shares, net of issuance costs	6,832,896
Issuance of debentures, net of issuance costs	6,832,896
Increase in loan payable	15,376,158
	29,042,050
Effect of exchange rate on cash	2,073
Increase in cash	4,169,805
Cash – end of Period	4,169,805
SUPPLEMENTAL INFORMATION	
Cash interest received	57

The accompanying notes to the interim consolidated financial statements are an integral part of these statements.

(expressed in Canadian dollars)

1. Nature of Business

Walton Westphalia Development (the “**Corporation**”) was incorporated under the laws of the province of Alberta on January 4, 2012. The wholly-owned subsidiary of the Corporation, Walton Westphalia Development Corporation (USA), LLC (“**U.S. Subsidiary**”) was incorporated under the laws of the state of Maryland on January 6, 2012.

The Corporation and the U.S. Subsidiary were formed to provide subscribers with the opportunity to participate in the development of the approximately 310 acre “Westphalia” property located in Prince George’s County, Maryland, U.S.A. (the “**Property**”) through the purchase of units in the Corporation. Each unit issued by the Corporation (“**Unit**”) through its initial public offering (“**IPO**”) was comprised of a $5.00 principal amount of offering debenture (“**Debenture**”) and one Class B non-voting share (“**Class B Shares**”) at a price of $5.00 per share.

The Corporation intends to preserve the capital investment of the purchasers of Units in the Corporation, and provide cash distributions on the Units by executing the following four step strategy:

a) acquire the Property;
b) obtain letters of intent or expressions of interest from vertical developers and other end users to purchase lots and parcels to be serviced in each of the three planned phases of the development of the Property before construction commences on that phase;
c) construct municipal services infrastructure on the Property in phases to provide a controlled supply of serviced lots to the marketplace; and
d) use the revenue from the sale of the serviced lots and parcels to repay construction loans and other obligations of the Corporation and the US Subsidiary and then pay the remainder to the holders of the Debentures and Class B Shares by paying the interest and principal on the Debentures and by declaring a dividend or dividends on the Class B Shares and/or winding up the Corporation and distributing its assets to the holders of the Class B Shares.

Distributions by the Corporation are neither guaranteed nor will they be paid in a steady or stable stream. The amount and timing of any distributions will be at the sole discretion of the Corporation and only after the Corporation has paid or reserved funds for its expenses, liabilities and commitments (other than with respect to the Debentures), including (i) the fees payable to Walton Asset Management L.P. (“**WAM**”) and Walton Development & Management (USA), Inc. (“**WDM**”) (including the performance fee), and (ii) any amounts outstanding, on a phase by phase basis, under the construction loans required to develop the Property. The performance fee is only payable provided that the unit holders have received distributions equal to their invested capital of $10.00 per unit plus a cumulative compounded priority return thereon equal to 8% per annum.

The address of the registered office is 23rd Floor, 605 – 5th Avenue SW, Calgary, Alberta, T2P 3H5.

These consolidated financial statements were authorized for issue by the board of directors on May 22. 2012. The board of directors have the power to amend and reissue the consolidated financial statements.

(expressed in Canadian dollars)

2. Basis of Preparation

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34: *Interim Financial Reporting* and using accounting policies that are consistent with IFRS as issued by the International Accounting Standards Board ("**IASB**"). As this is the first year of operations of the Corporation, these interim financial statements have also been prepared in accordance with IFRS 1 *First-time Adoption of International Financial Reporting Standards*. They do not include all of the information required for full annual financial statements and should be read in conjunction with the Corporation's audited financial statements as at and for the period ended January 4, 2012, which are included in the Prospectus ("**Prospectus**") of the Corporation dated February 27, 2012.

The Corporation's interim condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are initially measured at fair value as explained in the accounting policies set out in note 3.

The statement of financial position has been prepared using a liquidity based presentation because the operating cycle of the Corporation revolves around the sale of land, the timing of which is uncertain. As a result, presentation based on liquidity is considered by management to provide information that is more reliable and relevant to the users of the consolidated financial statements with the exception of land development costs (note 4), land held for development (note 5) and debentures payable (note 5), all assets and liabilities are current in nature and are expected to be settled in less than twelve months.

3. Accounting Policies

Use of Estimates

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, equity and contingencies at the date of the financial statements, and the reported amounts of revenue and expenses during the period. The estimates and assumptions that have the most significant effect on the amounts recognized in the Corporation's consolidated financial statements are as follows:

Recoverability of land development costs and land held for development

In assessing the recoverability of the land development costs and land held for development, management is required to make estimates and assumptions regarding the sale price for serviced lots, the costs to service the lots, the timing of lot sales, the completion date for the serviced lots and the Corporation's cost of capital. Changes in these estimates and assumptions could cause the amount of the recovery of land development costs and land held for development to differ materially from the carrying amount of those assets.

(expressed in Canadian dollars)

Deferred tax asset

In assessing the amount of deferred tax assets to recognize, significant judgment is required in estimating the likelihood, timing and level of future taxable profits. Changes in the timing and level of future taxable profits could cause the amount of the deferred tax assets to be recovered to differ materially from the carrying amount.

Consolidation

The consolidated condensed interim financial statements include the accounts of the Corporation and its U.S Subsidiary from the date of acquisition of January 6, 2012. The date of acquisition is the date on which the Corporation obtained control of WWLLC through the Corporation's acquisition of all outstanding voting rights of WWLLC. Control exists on this date as the Corporation has the ongoing ability to directly control the operating, investing and financing activities of WWLLC. The consolidation is accounted for in accordance with IAS 27: *Consolidated and Separate Financial Statements* and IFRS 3: *Business Combinations.* All inter-company transactions and balances have been eliminated.

Foreign Currency Translation

The Corporation accounts for foreign exchange translation in accordance with IFRS 21: *Effects of Changes in Foreign Exchange Rates*. Items included in the consolidated financial statements of the Corporation and its U.S. Subsidiary are measured using the currency of the primary economic environment in which the individual entity operates (the "**Functional Currency**"). The Corporation's Functional Currency is the Canadian dollar while the U.S. Subsidiary's Functional Currency is the U.S. dollar. Significant judgment was used by management in determining the Functional Currency of the Corporation. Management's selection of a Canadian dollar Functional Currency was based on the currency which influences the costs of the Corporation, the currency of the Corporation's financing and the currency in which dividends are received from the U.S subsidiary. The Corporation has selected a presentation currency of Canadian dollars for the consolidated financial statements.

(a) Foreign Currency Transactions

Transactions completed in a currency other the Functional Currency are translated into the Functional Currency using the foreign currency exchange rate prevailing at the time of the transaction. Each reporting period, monetary assets and liabilities denominated in foreign currencies are translated in the statement of financial position at the at the foreign currency exchange rates prevailing at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the historical foreign currency exchange rate at the date of the transaction. Foreign exchange gains and losses on the translation of monetary assets and liabilities are included in net income as unrealized gains and losses until the item has been settled, at which point the Corporation records them as realized gains and losses.

(b) Translation to the Presentation Currency

The US Subsidiary's Functional Currency is the US dollar, however, the presentation currency for the consolidated financial statements is the Canadian dollar. As a result, the financial statements of the U.S. Subsidiary are required to be translated into the Canadian dollar presentation currency, before they can be consolidated with the Corporation

(expressed in Canadian dollars)

Canadian dollar financial statements. The financial statements of the US Subsidiary are translated into the Canadian dollars using the following procedures:

(i) revenues and expenses for each statement of comprehensive income are translated using the average foreign currency exchange rate for the period;

(ii) assets and liabilities for each statement of financial position are translated using the foreign currency exchange rate prevailing at the reporting date; and

(iii) all resulting exchange differences are recognized in other comprehensive income.

Land Development Costs

Land development costs are allocated to the land to which they relate. The Corporation capitalizes all direct costs related to land development. These costs include borrowing (financing) costs such as interest on debt specifically related to the development and property taxes, but exclude general and administrative overhead expenses. At the time sales are recognized, the Corporation will also capitalize the estimated unexpended portion of costs relating to the lots that are sold. Land development costs are then relieved through cost of land sold on a per acre basis.

Land development costs are assessed for indicators of impairment quarterly. When indicators of impairment exist, the aggregate of the carrying value of land development costs and land held for development is compared against the net realizable value. Where the carrying amount exceeds the net realizable value, the difference is recognized as an impairment loss. If the impairment to the land development costs subsequently decreases, the recovery is capitalized to land held for development to the extent of the improvement.

Land Held for Development

Land held for development has been designated by management as inventory property because it is the intention of the Corporation to service the Property, and to construct municipal services infrastructure on the Property, for eventual sale in the ordinary course of business. As inventory property, land held for development is carried at acquisition cost, which is based on the price paid by the Corporation for the Property plus other direct purchase expenses. Land held for development is relieved through cost of land sold on a per acre basis as sales are recognized.

Land held for development is assessed for indicators of impairment quarterly. When indicators of impairment exist, the aggregate of the carrying value of land development costs and land held for development is compared against the net realizable value. Where the carrying amount exceeds the net realizable value, the difference is recognized as an impairment loss. If the impairment to the land development costs subsequently decreases, the recovery is capitalized to land held for development to the extent of the improvement.

(expressed in Canadian dollars)

Borrowing Costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. The Corporation considers land development costs and land held for development to be qualifying assets. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Financial Instruments

Financial instruments are any contract that gives rise to a financial asset of one party and a financial liability or equity instrument of another party. Financial assets and liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have been transferred and the Corporation has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation specified in the contract is discharged.

Financial instruments are recognized initially at fair value, which is the amount of consideration that would be agreed upon in an arm's length transaction between willing parties. Subsequent measurement depends on how the financial instrument has been classified. Accounts receivable, and cash have been classified as loans and receivables, and are carried at amortized cost using the effective interest rate method. Debentures payable, debenture interest payable, loan payable, loan interest payable, accounts payable and accrued liabilities, and due to related parties have been classified as other financial liabilities, and are carried at amortized cost using the effective interest rate method. The forward contracts entered into and settled by the Corporation during the period were classified by management to be held for trading and as such all gains and losses flow through the statement of comprehensive income.

Debentures Payable

Debentures payable are financial liabilities of the Corporation and are carried at amortized cost using the effective interest rate method. Since the debentures payable were initially recognized at a discount, the effective interest rate on the debentures payable exceeds the stated interest rate on the debentures. Interest is calculated on the carrying amount of the debentures using the effective interest rate and is allocated to interest payable based on the stated interest rate, with the balance being allocated to debentures payable.

The debentures payable issued by the Corporation are extendable at the option of the Corporation for a period of two years. This extension feature is a loan commitment under International Accounting Standard 39: *Recognition and Measurement* ("**IAS 39**"), and, as a result, no asset or liability has been recognized is respect of this option.

Cash

Cash consists of amounts on deposit with banks.

(expressed in Canadian dollars)

Share Capital

Class A voting common shares (“**Class A shares**”) have been classified as equity because they represent residual assets of the entity after the deduction of all its liabilities, and do not provide the holder of the shares with the right to put the shares back to the Corporation.

Class B Shares issued by the Corporation have been classified as equity because the shares represent a residual interest in the Corporation after the payment of all liabilities of the Corporation, and do not provide the holder of the shares with the right to put the shares back to the Corporation. Costs directly attributable to the issuance of such shares are recognized as a deduction from equity.

Revenue Recognition

Land is sold by way of an agreement of purchase and sale. Revenue is recognized on these sales once the agreement is duly executed and delivered, the collection of sales proceeds is reasonably assured, the purchaser can commence construction, and all other material conditions are met.

Customer deposits received for purchases of lots on which revenue recognition criteria have not been met are recorded as deferred revenue.

The Corporation recognizes interest income on an accrual basis in the period when it is earned.

Organizational costs

Organizational costs represent legal, accounting, audit, printing, filing, transfer agent and other costs incurred by the Corporation associated with the preparation of the IPO. These costs are expensed as incurred.

Current and Deferred Income Tax

Income tax expense for the period comprises current and deferred tax. Income tax is recognized in the statement of income except to the extent that it relates to items recognized directly in other comprehensive income or directly in equity, in which case the income tax is recognized directly in other comprehensive income or equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted, at the end of the reporting period.

(expressed in Canadian dollars)

Deferred income tax is recognized using the liability method, recognized in respect of temporary differences between the tax basis of assets and liabilities and their carrying amounts. Deferred income tax is determined using tax rates that have been enacted, or substantially enacted, by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences and unused tax losses can be utilized.

Comprehensive Loss

Comprehensive loss consists of net loss and other comprehensive loss ("**OCL**"). OCL represents changes in shareholders' equity during a period arising from transactions and other events with non-owner sources, and includes, but is not limited to, exchange differences on the translation of financial statements into the presentation currency, and changes in the fair value of the effective portion of the cash flow hedging instruments.

Future Changes in Accounting Policy

Financial instruments

IFRS 9: Financial Instruments ("**IFRS 9**") was issued in November 2009 and addresses classification and measurement of financial assets. It replaces the multiple category and measurement models in International Accounting Standard 39 ("**IAS 39**") for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. Requirements for financial liabilities were added to IFRS 9 in October 2010 and they largely carried forward existing requirements in IAS 39, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss are generally recorded in other comprehensive income.

IFRS 9 is effective for annual periods beginning after January 1, 2015, with early adoption permitted. The Corporation will adopt IFRS 9 for the annual year beginning on January 1, 2015. The adoption of IFRS 9 will result in a change in the classification of the Corporation's financial assets from amortized cost to fair value through profit or loss, this change is not expected to result in a material change to the carrying amount of these financial assets. IFRS 9 is not expected to result in any changes to the classification or carrying amount the Corporation's financial liabilities.

Consolidated financial statements

IFRS 10: Consolidated Financial Statements ("**IFRS 10**"), requires an entity to consolidate an investee when it has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12: *Consolidation - Special Purpose Entities* and parts of IAS 27: *Consolidated and Separate Financial Statements*.

(expressed in Canadian dollars)

IFRS 10 is effective for annual periods beginning after January 1, 2013, with early adoption permitted. The Corporation will adopt IFRS 13 for the annual year beginning on January 1, 2013. The Corporation has assessed the impact that IFRS 10 will have on the consolidated financial statements of the Corporation, and concluded that the accounting for the Corporation's 100% interest in the US Subsidiary will be unaffected by the adoption of IFRS 10.

Joint Arrangements

IFRS 11: *Joint Arrangements* ("**IFRS 11**"), requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31: *Interests in Joint Ventures*, and SIC-13: *Jointly Controlled Entities—Non-monetary Contributions by Venturers*.

IFRS 11 is effective for annual periods beginning after January 1, 2013, with early adoption permitted. The Corporation will adopt IFRS 11 for the annual year beginning on January 1, 2013. Although the Corporation had not entered into any joint arrangements as at March 31, 2012, the Corporation may enter into such arrangements during the 2012 year. Management will evaluate the implications of IFRS 11 on the financial statements of the Corporation if circumstances change.

Disclosure of interests in other entities

IFRS 12: *Disclosure of Interests in Other Entities* ("**IFRS 12**"), establishes disclosure requirements for interests in other entities, such as subsidiaries, joint arrangements, associates, and unconsolidated structured entities. The standard carries forward existing disclosures and also introduces significant additional disclosure that address the nature of, and risks associated with, an entity's interests in other entities.

IFRS 12 is effective for annual periods beginning after January 1, 2013, with early adoption permitted. The Corporation will adopt IFRS 12 for the annual year beginning on January 1, 2013 and prepare financial statement note disclosures in full compliance with IFRS 12 beginning for the first quarter of 2013.

Fair value measurement

IFRS 13: *Fair Value Measurement* ("**IFRS 13**") is a comprehensive standard for fair value measurement and disclosure for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and does not always reflect a clear measurement basis or consistent disclosures.

IFRS 13 is effective for annual periods beginning after January 1, 2013, with early adoption permitted. The Corporation will adopt IFRS 13 for the annual year beginning on January 1, 2013. As outlined in note 3, all financial instruments of the Corporation are initially recognized at fair value and subsequently carried at amortized cost. The Corporation also discloses the fair value of land and financial instruments in the notes to the financial statements. The adoption of IFRS 13 is not expected to result in any changes to the measurement and disclosure of the fair value of land or its financial instruments.

(expressed in Canadian dollars)

Presentation of other comprehensive income

IAS 1: Presentation of Financial Statements ("**IAS 1**"), has been amended to require entities to separate items presented in OCL into two groups, based on whether or not items may be recycled in the future. Entities that choose to present OCL items before tax will be required to show the amount of tax related to the two groups separately.

The amendment is effective for annual periods beginning after July 1, 2012, with early adoption permitted. The Corporation will adopt IAS 1 for the annual year beginning on January 1, 2013. The Corporation has assessed the impact that IAS 1 will have on the consolidated financial statements of the Corporation. The amendments to IAS 1 will result in the disclosure of other comprehensive loss generated on the foreign currency translation of the US Subsidiary as an item which may be recycled into net income in the future.

4. Land Development Costs

The following table provides a breakdown of costs capitalized to land development costs by nature as at March 31, 2012:

	January 4, 2012 to March 31, 2012 $
BALANCE – BEGINNING OF PERIOD	-
Financing	244,862
Planning	134,626
Effect of changes in foreign exchange rates	58,836
BALANCE – END OF PERIOD	438,324

The timing of sales is uncertain because it is dictated by the timing of cash receipts by the Corporation, which is influenced by factors that are beyond the control of management, such as market demand and the cash flows of our customers. As a result, while a portion of land development costs could be current in nature, it is not possible for management to reasonably estimate the portion that will be realized within the next twelve months.

(expressed in Canadian dollars)

5. Land Held for Development

Land held for development consists of the U.S. Subsidiary's 100% interest in the Property which was acquired on February 14, 2012. The carrying amount of land held for development as at March 31, 2012 was comprised of the following:

	January 4, 2012 to March 31, 2012 $
BALANCE – BEGINNING OF PERIOD	-
Purchase of land	23,692,806
Closing costs	1,496,963
Effect of changes in foreign exchange rates	(1,335)
BALANCE – END OF PERIOD	25,188,434

The timing of lot sales is uncertain because it is dictated by the timing of cash receipts by the Corporation, which is influenced by factors that are beyond the control of management, such as market demand and the cash flows of our customers. As a result, while a portion of land held for development could be current in nature, it is not possible for management to reasonably estimate the portion that will be realized within the next twelve months.

6. Debentures Payable and Interest Payable

On March 20, 2012, the Corporation issued 1,442,300 debentures as part of its IPO. The debentures are unsecured and bear interest at a rate of 8%. Interest on the debentures is calculated based on the face value of the debentures on March 31, and is payable annually on June 30. The debentures mature on March 31, 2019 at a face value of $5.00, although the maturity date can be extended by the Corporation at its sole discretion until March 31, 2021. The Corporation may also, in its sole discretion, (i) repay all or any portion of the principal amount of, or interest under, the debentures payable through the issuance of Class B shares, (ii) evidence its obligation to pay all or any portion of the interest under the debentures through the issuance of Interest debentures, and/or (iii) convert all or any principal amount of the offering debentures into Class B shares.

(expressed in Canadian dollars)

The following table reconciles the change in debentures payable during the period:

	January 4, 2012 to March 31, 2012 $
BALANCE – BEGINNING OF PERIOD	-
Debentures issued through the IPO	7,211,500
Debenture issue costs	(378,604)
Non-cash interest on the debentures	196
BALANCE – END OF PERIOD	6,833,092

The debentures payable that were issued by the Corporation bear interest at a rate of 8% per annum. Interest is calculated based on the face value of the debentures payable as at March 31 of each year, and is payable on June 30. The following table reconciles the change in interest payable during the period:

	January 4, 2012 to March 31, 2012 $
BALANCE – BEGINNING OF PERIOD	-
Accrued interest on the debentures payable	17,387
BALANCE – END OF PERIOD	17,387

(expressed in Canadian dollars)

7. Financial Instruments

The Corporation's financial instruments consist of accounts receivable, cash, debentures payable, debenture interest payable, loan payable, loan interest payable, accounts payable and accrued liabilities and amounts due to related parties. Accounts receivable and cash are classified as loans and receivables, and are carried at amortized cost using the effective interest rate method. Debentures payable, debenture interest payable, loan payable, loan interest payable, accounts payable and accrued liabilities and amounts due to related have been classified as other financial liabilities, and are carried at amortized cost using the effective interest rate method. With the exception of debentures payable and the loan payable, the fair value of these financial instruments approximate their carrying value due to the short-term nature of these items. The fair value of debentures payable and loan payable approximates the carrying amount of these liabilities because the interest rate on these liabilities approximates the interest rate on debt issued by comparable entities.

a.) Risk – overview

The Corporation's financial instruments and the nature of the risks to which they may be subject are as set out in the following table.

	RISK			
	CREDIT	LIQUIDITY	INTEREST RATE	CURRENCY
MEASURED AT COST OR AMORTIZED COST				
Cash	X		X	X
Accounts receivable	X			
Debentures payable		X		
Debenture interest payable		X	X	
Accounts payable and accrued liabilities		X		
Due to related parties		X		X
Loan payable		X		
Loan interest payable		X	X	

b.) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from cash held with banks and financial institutions. While the maximum exposure to credit risk is equal to the carrying value of these financial instruments, management believes the Corporation's exposure to credit risk is minimal for the following reasons:

(expressed in Canadian dollars)

Cash and accounts receivable - Cash is on deposit with a major financial institution which substantially minimizes the exposure of cash to credit risk. The receivable is the accrued portion of interest which relates to the cash on deposit with the bank. The interest is received within a week after the quarter end which reduces the credit risk significantly.

c.) Liquidity risk

Liquidity risk arises from the possibility that the Corporation will encounter difficulties in meeting its financial obligations as they become due. The Corporation manages its liquidity risk by continuously monitoring the adequacy of its capital resources (see note 12) and by managing cash receipts and payments. The liabilities which expose the Corporation to liquidity risk are as follows:

Trade payables and accrued liabilities, and due to related parties - These liabilities are a result of the normal operations of the Corporation and are current in nature. Management considers exposure to liquidity risk from these financial instruments to be minimal because the balances owing at March 31, 2012 will be funded by cash held by the Corporation. The obligations relating to such future commitments will be funded through a combination of future revenues generated by the Corporation, and the capital resources available to the Corporation, as disclosed in note 12.

Debentures payable and debenture interest payable - The Corporation manages the liquidity risk associated with the debentures payable by continuously monitoring its working capital to ensure it has sufficient capital to fund the annual interest payments due on the debentures payable. Such capital is derived from a combination of future revenues generated by the Corporation, and the capital resources available to the Corporation. The Corporation intends to repay the debentures payable through future revenues generated by the Corporation.

Loan payable and loan interest payable - The Corporation manages the liquidity risk connected with its loan from WIGI (note 7) through corporate planning and cash flow management. The loan matures on October 31, 2012, however the Corporation anticipates that it will repay its note payable to WIGI through the proceeds raised from a private placement (the “Private Placement”) of up to 2,007,700 Units from proceeds of up to $20,077,000.

Maturity Analysis of liabilities – As at March 31, 2012

	< 90 days ($)	Between 91 days and 1 year ($)	> 1 year ($)	Total ($)
Debentures payable	-	-	6,833,092	6,833,092
Debenture interest payable	-	17,387	-	17,387
Loan payable	-	15,376,158	-	15,376,158
Loan interest payable	-	96,083	-	96,083
Trade payables and accrued liabilities	13,032	9,760	-	22,792
Due to related party	867,369	-	-	867,369

(expressed in Canadian dollars)

d.) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. The financial instruments of the Corporation which give rise to interest rate risk are as follows:

Cash - Changes in market interest rates will cause fluctuations in the future interest earned on cash balances. Any resulting impact on the Corporation's financial results would not be considered material.

Debentures interest payable - The debentures payable have a fixed 8% interest rate and, as a result, do not expose the Corporation to any interest rate risk.

Loan interest payable – The loan interest is calculated based on the principal amount of the loan outstanding during the year at a U.S. base rate plus a 1.75% fixed rate. The U.S. base rate is subject to change which exposes the Corporation interest risk. As the U.S. base rate is not expected to fluctuate significantly in the short term period, it is difficult to predict changes in the long term. Assuming that the balance of the loan payable remains unchanged from March 31, 2012, and that the change in the interest rate was effective from January 4, 2012, a change in the U.S. base rate would have impacted the total interest capitalized as follows:

	Rate Analysis – January 4, 2012 to March 31, 2012			
	+ 0.5 %	+ 1.0 %	- 0.5 %	- 1.0 %
Capitalized interest on loan	18,275	36,550	(18,275)	(36,550)

e.) Foreign Currency risk

Foreign exchange risk arises when future recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.

The Corporation is exposed to foreign exchange risk because the operations, development expenditures and construction loans are denominated in currencies other than in the Canadian dollar, primarily being the U.S. dollar. To manage this risk, the Corporation monitors changes in foreign exchange rates to determine if and when U.S. dollars should be converted to Canadian dollars. During the period of January 4, 2012 to March 31, 2012, the Corporation entered into foreign exchange forward contracts to fix the purchase price of the Property.

As at March 31, 2012, the Corporation does not have any outstanding foreign currency forward contracts.

(expressed in Canadian dollars)

8. Related Party Transactions

WAM, Walton International Group Inc. ("**WIGI**"), WDM, 1389211 Alberta Ltd., Walton Maryland, LLC ("**Walton Maryland**"), and Walton Asset Management LP ("**WAM**") are all related to the Corporation by virtue of common management.
All transactions entered into between the related parties during the period of January 4, 2012 to March 31, 2012 were under terms and conditions agreed upon between the parties. With the exception of the loan due to WIGI and the amounts payable to WAM for the management fee and servicing fee, these amounts are unsecured, due on demand, bear no interest and have no fixed terms of repayment.

Loan and Interest Payable

The Corporation entered into a loan agreement dated February 6, 2012, as amended February 27, 2012, with WIGI whereunder WIGI agreed to provide the Corporation with a loan in the maximum amount of Cdn $23,100,000 bearing an interest rate of the U.S. "base rate" of HSBC Bank of Canada, from time to time, plus 1.75%. The loan will be repaid from funds raised through the IPO and follow-up private placement.

The loan is secured by security over the assets of the Corporation and the U.S. Subsidiary, including over the Property.
All available funds from the IPO and Private Placement, other than amounts placed into working capital, will be utilized by the Corporation to pay down the amounts owing under the loan within ten business days of receipt of the available funds.
Any outstanding principle balance and accrued interest on the loan must be repaid by the Corporation to WIGI on, or before October 31, 2012.

As at March 31, 2012, the total amount owing under this loan was $15,376,158. For the period of January 4, 2012 to March 31, 2012, $96,083 in interest has been accrued on the loan. This interest has been capitalized to land development costs because the proceeds of the loan were used to finance the acquisition of the Property.

Due to Related Parties

The balance due to the related parties as at March 31, 2012 is outlined in the table below. These amounts are unsecured, due on demand, bear no interest and have no fixed terms of repayment.

	March 31, 2012 $
Walton Maryland, LLC	640,920
Walton Asset Management L.P.	226,449
Total	867,369

(expressed in Canadian dollars)

Walton Maryland, LLC

On February 6, 2012, Walton Maryland, the U.S. Subsidiary and the Corporation entered into a loan agreement whereunder Walton Maryland agreed to loan the amount of U.S. $12,000,000 to the U.S. Subsidiary at an interest rate of the U.S. "base rate" of HSBC Bank Canada, from time to time, plus 1.75%. The purpose of the loan was to provide the U.S. Subsidiary with cash to acquire an interest in the Property. On March 23, 2012, the U.S. Subsidiary repaid the full amount of its loan plus accrued interest through the U.S. dollars provided to the U.S. Subsidiary from the Corporation. The funds were provided to the U.S. Subsidiary from the net proceeds received from the initial public offering. The interest which was calculated on the loan has been capitalized into land development costs (note 4) as the loan was entered into for the purpose of acquiring the Property.

As at March 31, 2012, the amount $640,920 was outstanding to Walton Maryland for land closing costs which Walton Maryland paid on behalf of the U.S. Subsidiary, but are reimbursable by the Corporation.

Walton Development and Management L.P.

On February 14, 2012, WWLLC, WDM, Walton Maryland and the Corporation entered into a Project Management Agreement. In accordance with the terms of the Project Management Agreement, the fees and costs for services provided by WDM are divided into the following two categories:

i. WDM will receive a development fee, plus applicable taxes, equal to 2% of certain development costs incurred in the calendar quarter, payable within 60-days of the end of such quarter.

ii. WDM will receive a performance fee, plus applicable taxes, equal to 25% of cash distributions after all investors of Units in the Corporation have received an cash payments or other distributions equal to $10.00 per Unit, plus an 8% priority return. The priority return is calculated on that $10.00 amount, reduced by any cash payments or distributions by the Corporation.

As at March 31, 2012, the Corporation had incurred $nil costs in relation to the development fees and performance fee.

Walton Asset Management LP

On February 27, 2012, the Corporation and WAM entered into a Management Services Agreement whereunder WAM will provide certain management related services to the Corporation in return for a management fee. The fee shall consist of the following:

i. from March 20, 2012 until the earlier of the date of termination of the Management Services Agreement and March 31, 2019, an amount equal to 2% annually of the aggregate of the net proceeds raised from the IPO, and any subsequent offering, paid quarterly at the end of each fiscal calendar quarter; and

(expressed in Canadian dollars)

ii. for each calendar quarter after April 1, 2019 until the date of the termination of the Management Services Agreement, an amount to be paid on the last day of the quarter equal to 0.5% of the book value of the Property at the end of the previous fiscal quarter:

Also in accordance with the Management Services Agreement, commencing on June 30, 2012 and continuing until the earlier of the dissolution of the Corporation and December 31, 2018, the Corporation will pay to WAM a servicing fee equal to 0.50% annually of the net proceeds for each Unit sold under the IPO and Private Placement. WAM is then responsible for paying the servicing fee to the Corporation’s agents. The servicing fee is calculated from the date of the applicable closing, calculated semi-annually and paid as soon as practicable after that date.

For the period of January 4, 2012 to March 31, 2012, the Corporation incurred $8,084 in management fees, and $2,021 in service fees. These fees are included in due to related parties as at March 31, 2012.

In accordance with the Prospectus, the Corporation incurred $216,345 in organization costs which were paid on behalf of the Corporation by WAM. As at March 31, 2012, these costs have been included in due to related parties (note 7)

1389211 Alberta Ltd.

On January 4, 2012, the Corporation issued 100 Class A shares to 1389211 Alberta Ltd. for total consideration of $100.

Key Management Compensation

Key management personnel are comprised of the Corporation’s directors and executive officers.

Total compensation expense incurred by the Corporation relating to its directors during the period of January 4, 2012 to March 31, 2012 was as follows:

	March 31,2012 $
Director fees	13,032

All services performed for the Corporation by its executive officers is governed by the Management Services Agreement. The annual management fee that WAM receives under the Management Services Agreement has been disclosed above. As at March 31, 2012, the directors’ fees remain payable to the directors of the Corporation.

(expressed in Canadian dollars)

9. Share Capital

Authorized
Unlimited Class A voting common shares
Unlimited Class B non-voting common shares

Outstanding

	March 31, 2012	
	Number of shares	Amount $
BALANCE – BEGINNING OF PERIOD	-	-
Class A voting common shares	100	100
Class B non-voting common shares	1,442,300	7,211,500
Share issuance costs	-	(378,604)
BALANCE – END OF PERIOD	1,442,400	6,832,996

During the period of January 4, 2012 to March 31, 2012, the Corporation issued 100 Class A voting common shares for gross proceeds of $100, and 1,442,300 Class B non-voting common shares were issued for gross proceeds of $7,211,500, less issuance costs of $378,604.
All Class A shares of the Corporation are held by 1389211 Alberta Ltd., which is a related party of the Corporation by virtue of common management.

Initial Public Offering and Private Placement

On February 27, 2012, the Corporation filed the Prospectus for the IPO of its Units. This was followed by the Private Placement of Units under an offering memorandum dated on March 26, 2012. The IPO was successfully completed on March 20, 2012 resulting in the issuance of 1,442,300 Class B shares for gross proceeds of $7,211,500, and the issuance of 1,442,300 debentures for gross proceeds of $7,211,500. The issuance costs associated with the share component and debenture component were $378,604 each and were comprised of commission fees to agents. The Corporation also incurred $216,345 in offering costs which are currently in due to related parties.

Per Share Amount

Basic net loss per share is calculated by dividing the Corporation's net loss by the weighted average number of shares outstanding. Class A shares outstanding have not been included in the weighted average shares outstanding because the Class A shares do not participate in the profits or losses of the Corporation. The weighted average number of shares outstanding during the period ended January 4, 2012 to March 31, 2012 was 182,360.

(expressed in Canadian dollars)

As the Corporation has the right to convert any portion of the debentures payable into Class B shares, this conversion feature could result in potentially dilutive shares in the determination of the weighted average diluted shares outstanding. For the period of January 4, 2012 to March 31, 2012, the potentially dilutive shares were nil because the Corporation generated a net loss during the period.

Share Issuance Price

The Class A shares issued and outstanding of the Corporation were issued at a price of $1.00/share.

The Class B shares issued and outstanding of the Corporation were issued at a price of $5.00/share.

10. Income Taxes

The Corporation's deductible temporary differences include $76,329 in non-capital loss carry forwards and $566,861 in share issuance costs. A taxable temporary difference in the amount of $108,582 has arisen as result of intercompany debt interest. These temporary differences have resulted in a deferred income tax asset of $129,202 which has been offset fully offset by a valuation allowance based on management's assessment of the probability of realizing such loss carry forwards.

Although management believes the Corporation will utilize these non-capital losses as it generates positive net income from the sale of land, since the Project is still in its early stages, insufficient evidence exists to support the recognition of a future income tax asset at March 31, 2012. The unused non-capital losses of $76,329 expire in the year 2031.

(expressed in Canadian dollars)

11. Commitments

The following table presents future commitments of the Corporation under the Management Services Agreement. It does not include the performance fee payable to WAM under the Management Services Agreement, which is determined at the time land sales are completed.

	Servicing fee $	Management fee $	Total $
2012	50,527	202,109	252,636
2013	67,247	268,989	336,236
2014	67,247	268,989	336,236
2015	67,247	268,989	336,236
2016, thereafter	201,742	874,030	1,075,772
	454,010	1,883,106	2,337,116

The commitment for the management fee will extend for the length of the project, however, after April 1, 2019, it is calculated based on the book value of the Property at the end of the previous calendar quarter, which cannot be reasonably estimated at this time.

12. Capital Management

As at March 31, 2012, the Corporation's capital resources consisted of cash which the Corporation raised through the IPO. Out of the net proceeds of $13.4 million raised through the IPO, approximately $4.1 million remains. On March 26, 2012, the Corporation commenced a Private Placement, offering a maximum of 2,007,700 units for gross consideration of up to $20,077,000. The cash on hand, as well as any proceeds raised from the Private placement, will be used by the Corporation to pay for its ongoing administrative and operating expenses, management fee, development fee, pre-development costs, grading costs, construction costs and other expenses of the Corporation.

Management regularly reviews the levels of its capital resources to determine if sufficient capital is available to fund the ongoing costs of the Corporation over the next twelve months. As at March 31, 2012, sufficient capital exists to fund the Corporation's activities for at least the next 12 months.