UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Walton Westphalia Development Corporation

For the three months ended March 31, 2014 and March 31, 2013

(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED 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 condensed interim consolidated financial statements, the condensed interim consolidated financial statements must be accompanied by a notice indicating that the condensed interim consolidated financial statements have not been reviewed by an auditor. The Corporation's external auditors have not performed a review of these condensed interim consolidated financial statements of Walton Westphalia Development Corporation.

WALTON WESTPHALIA DEVELOPMENT CORPORATION

Consolidated Statements of Financial Position

As at March 31, 2014 and December 31, 2013

(Expressed in Canadian Dollars)

	March 31, 2014 $	December 31, 2013 $
ASSETS		
Land development inventory (note 4)	37,547,132	34,192,040
Interest rate cap (note 8)	101,440	138,317
Deferred financing and transaction costs (note 8)	1,606,578	1,616,216
Prepaid expenses	87,394	170,300
GST recoverable	31	560
Accounts receivable	168	123
Due from related party (note 5)	111,135	95,325
Deposits	-	1,690,509
Restricted cash (note 6)	2,432,835	2,340,564
Cash	2,676,639	1,270,779
TOTAL ASSETS	44,563,352	41,514,733
LIABILITIES		
Debentures payable (note 7)	14,233,437	14,200,426
Project debt (note 8)	12,500,165	10,515,731
Derivative financial liability (note 8)	73,576	8,953
Interest payable (note 7)	1,206,872	909,288
Deferred revenue (note 9)	586,542	564,413
Accounts payable and accrued liabilities	632,198	869,603
Due to related parties (note 5)	41,646	51,379
Deferred income tax liability (note 11)	414,012	419,007
TOTAL LIABILITIES	29,688,448	27,538,800
SHAREHOLDERS' EQUITY		
Share capital	13,988,912	13,988,912
Accumulated deficit	(168,075)	(646,271)
Accumulated other comprehensive income	1,054,067	633,292
TOTAL EQUITY	14,874,904	13,975,933
TOTAL LIABILITIES & EQUITY	44,563,352	41,514,733

Commitments (note 13)

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

WALTON WESTPHALIA DEVELOPMENT CORPORATION

Consolidated Statements of Comprehensive Income

For the three months ended March 31, 2014 and March 31, 2013

(Expressed in Canadian Dollars)

	For the three months ended	
	March 31, 2014	March 31, 2013
	$	$
REVENUE		
Interest income	947	10,871
	947	10,871
EXPENSES		
Management fees (note 5)	137,972	137,972
Amortization	-	55,398
Servicing fees (note 5)	34,493	34,493
Professional fees	10,999	11,886
Directors' fees (note 5)	13,032	13,032
Office and other expenses	14,640	10,350
	211,136	263,131
LOSS BEFORE OTHER ITEMS	(210,189)	(252,260)
Loss on derivative financial liability revaluation	(64,153)	-
Loss on interest rate cap revaluation (note 8)	(42,222)	-
Foreign exchange gain	789,765	319,422
TOTAL OTHER ITEMS	683,390	319,422
NET INCOME BEFORE TAXES	473,201	67,162
Deferred tax recovery (note 11)	4,995	-
NET INCOME AFTER TAX	478,196	67,162
OTHER COMPREHENSIVE INCOME		
Cumulative translation gain	420,775	188,919
COMPREHENSIVE INCOME	898,971	256,081
Basic net income per share (note 10)	0.16	0.02
Diluted net income per share (note 10)	0.08	0.01

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

WALTON WESTPHALIA DEVELOPMENT CORPORATION

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

Unaudited

For the three months ended March 31, 2014 and March 31, 2013

(Expressed in Canadian Dollars)

	Class A Voting Common Shares		Class B Non-voting Common Shares		Accumulated Deficit	Accumulated Other Comprehensive Income/(Loss)	Total
	# of Shares	$	# of Shares	$	$	$	$
DECEMBER 31, 2012	100	100	3,017,170	13,988,812	(555,662)	(21,659)	13,411,591
Net income after tax	-	-	-	-	67,162	-	67,162
Other comprehensive income	-	-	-	-	-	188,919	188,919
MARCH 31, 2013	100	100	3,017,170	13,988,812	(488,500)	167,260	13,667,672
Net loss after tax	-	-	-	-	(157,771)	-	(157,771)
Other comprehensive income	-	-	-	-	-	466,032	466,032
DECEMBER 31, 2013	100	100	3,017,170	13,988,812	(646,271)	633,292	13,975,933
Net income after tax	-	-	-	-	478,196	-	478,196
Other comprehensive income	-	-	-	-	-	420,775	420,775
MARCH 31, 2014	100	100	3,017,170	13,988,812	(168,075)	1,054,067	14,874,904

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

WALTON WESTPHALIA DEVELOPMENT CORPORATION

Condensed Interim Consolidated Statements of Cash Flows

Unaudited

For the three months ended March 31, 2014 and March 31, 2013

(Expressed in Canadian Dollars)

	For the three months ended	
	March 31, 2014	March 31, 2013
	$	$
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Net income for the period	478,196	67,162
Adjustments for:		
Unrealized foreign exchange gain	(789,818)	(319,422)
Amortization	-	55,398
Deferred income tax recovery	(4,995)	-
Loss on interest rate cap revaluation	42,222	-
Loss on derivative financial liability revaluation	64,153	-
Interest income	(947)	(10,871)
Changes in non-cash operating items		
Decrease/(increase) in accounts receivable	-	3,871
Decrease GST recoverable	529	608
(Increase)/decrease in due from related party	(12,052)	26,784
Decrease in prepaid expenses	89,416	15,800
Decrease in accounts payable and accrued liabilities	(269,161)	(119,322)
Increase/(decrease) in due to related parties	(11,689)	197,474
Increase in land development inventory	(1,564,586)	(223,132)
Increase in restricted cash	(504)	-
Return of deposits	1,753,540	-
Interest received	902	7,210
	(224,794)	(298,440)
FINANCING ACTIVITIES		
Increase in project debt	1,501,104	-
	1,501,104	-
Effect of exchange rate on cash	129,550	5,091
(Decrease)/increase in cash	1,405,860	(293,349)
Cash – Beginning of period	1,270,779	4,126,027
Cash – End of period	2,676,639	3,832,678
SUPPLEMENTAL NON-CASH INFORMATION		
Accretion relating to debentures payable	33,011	30,053
Accretion on project debt	73,000	-
Non-cash interest capitalized to land development inventory	834,071	327,842

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

1. NATURE OF BUSINESS

Walton Westphalia Development Corporation (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 investors 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**") and private placement ("**Private Placement**") was comprised of a $5.00 principal amount of offering debentures ("**Debentures**") and one Class B non-voting share ("**Class B Shares**") at a price of $5.00 per share.

During 2012, the U.S. Subsidiary sold a 14.4% interest in the Property to Walton Westphalia Europe, LP ("**WWE**"). As a co-owner of the Property, all revenues and expenses incurred for the development of the Property will be allocated proportionately based on each party's ownership interest in the Property.

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:

i. acquire the Property (Acquired on February 15, 2012);
ii. 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;
iii. construct municipal services infrastructure on the Property in phases to provide a controlled supply of serviced lots to the marketplace; and
iv. use the revenue from the sale of the serviced lots and parcels to repay construction loans and other obligations of the Corporation and the U.S. 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**") (related parties by virtue of the fact that they are controlled by Walton Global Investments Ltd. ("**WGIL**") (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 investors of Units in the Corporation 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 27, 2014.

2. BASIS OF PREPARATION

These condensed interim consolidated financial statements including comparatives have been prepared in accordance with International Accounting Standards ("**IAS**") 34: *Interim Financial Reporting* and using accounting policies that are in full compliance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**"). 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 annual consolidated financial statements for the year ended December 31, 2013.

The Corporation's condensed interim consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are initially measured at fair value and those measured on a recurring basis at fair value.

The condensed interim consolidated statements of financial position have 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 condensed interim consolidated financial statements.

Change in Presentation

The condensed interim consolidated statement of comprehensive income was changed for March 31, 2013 to present the foreign exchange gain on net investment in foreign operation in net income to be consistent with the current period presentation.

3. ACCOUNTING POLICIES

The accounting policies used in the preparation of these condensed interim consolidated financial statements are consistent with those which were disclosed in the Corporation's audited consolidated financial statements for the year ended December 31, 2013, except for the following accounting standards and interpretations that were adopted on January 1, 2014:

IAS 32 'Financial instruments: Presentation – Offsetting financial instruments' amendment was issued by the IASB in December 2011, for retrospective application in annual periods beginning on or after January 1, 2014. The amendments address inconsistencies in practice when applying the current criteria for offsetting financial instruments by clarifying the meaning of 'currently has a legally enforceable right to set-off', and clarifying that some gross settlement systems may be considered equivalent to net settlement. The amendment did not have an impact on the condensed interim consolidated financial statements of the Corporation.

In May 2013, the IASB issued International Financial Reporting Interpretation Committee ("**IFRIC**") 21 – Levies ("**IFRIC 21**"), which provided guidance on when to recognize a liability for a levy imposed by the government, both for levies that are accounted for in accordance with IAS 37 – Provisions, contingent liabilities and contingent assets, and those where the timing and the amount of the levy is certain. The Corporation has adopted the interpretation effective January 1, 2014. The adoption of IFRIC 21 did not result in any change to the condensed interim consolidated financial statements of the Corporation.

(Expressed in Canadian Dollars)

Estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets, liabilities and equity at the date of the financial statements and the reported amount of revenue and expenses during the year. There have been no significant changes in accounting judgments, estimates and assumptions made by the Corporation in the preparation of these condensed interim consolidated financial statements from those judgments, estimates and assumptions disclosed in the Corporation's audited consolidated financial statements for the year ended December 31, 2013.

4. LAND DEVELOPMENT INVENTORY

	Three months ended March 31, 2014 $	Year ended December 31, 2013 $
BALANCE – BEGINNING OF PERIOD	34,192,040	24,196,279
Acquisition of land	-	881,623
Development costs	1,855,452	7,149,359
Effect of change in foreign exchange rates	1,499,640	1,964,779
BALANCE – END OF PERIOD	37,547,132	34,192,040

During the three months ended March 31, 2014, $834,071 (December 31, 2013 - $1,968,017) of interest relating to Debentures and project debt has been capitalized to development costs.

5. RELATED PARTY TRANSACTIONS

The balances due from related parties as at the date of these consolidated financial statements are outlined in the table below:

	March 31, 2014 $	December 31, 2013 $
WUSF 1 Westphalia, LLC	111,135	95,325
	111,135	95,325

(Expressed in Canadian Dollars)

The balances due to related parties as at the date of these consolidated financial statements are outlined in the table below:

	March 31, 2014 $	December 31, 2013 $
Walton Development & Management (USA), Inc.	18,827	50,410
Walton International Group (USA), Inc.	22,819	-
Walton International Group Inc.	-	969
	41,646	51,379

Walton Development and Management (USA), Inc.

During the three months ended March 31, 2014, and March 31, 2013, the Corporation incurred $36,693 and $3,505, respectively, in relation to the development fees. The development fees are capitalized to land development inventory as incurred. Total development fees paid by the Corporation was $68,276 (March 31, 2013 - $3,185).

No performance fee was incurred by the Corporation during the three months ended March 31, 2014 and March 31, 2013 because the $10 per unit amount and the cumulative priority return have not been received by the investors of the units in the Corporation.

Walton International Group Inc.

During the three months ended March 31, 2014, the Corporation incurred $nil in costs initially funded by WIGI (March 31, 2013 - $2,793). The total costs paid to WIGI for amounts funded on the Corporation's behalf was $969 (March 31, 2013 - $nil).

Walton Asset Management L.P.

During the three months ended March 31, 2014 and March 31, 2013 the Corporation incurred $137,972 and $137,972, respectively, in management fees.

During the three months ended March 31, 2014 and March 31, 2013 the total servicing fees charged to the Corporation was $34,493 and $34,493, respectively, and this was expensed within servicing fees in the statement of comprehensive income/(loss).

The Corporation has paid $172,465 (March 31, 2013 - $172,465) to WAM for the three month period ending March 31, 2014 in relation to the management and servicing fees.

(Expressed in Canadian Dollars)

Walton International Group (USA) Inc.

During the three months ended March 31, 2014, the Corporation incurred $22,819 in costs initially funded by Walton International Group (USA) Inc. (March 31, 2013 - $nil). The total costs paid to WIGI for amounts funded on the Corporation's behalf was $nil (March 31, 2013 - $nil).

Key Management Compensation

Key management personnel are comprised of the Corporation's directors and executive officers. The total compensation expense incurred by the Corporation relating to its independent directors during the period was as follows:

	Three months ended	Three months ended
	March 31, 2014	March 31, 2013
	$	$
Directors' fees	13,032	13,032

All services performed for the Corporation by its executive officers and its non-independent directors are governed by the Management Services Agreement. The quarterly management fee that WAM receives under the Management Services Agreement has been disclosed above.

The compensation of key management does not include the remuneration paid to individuals who are paid directly by WGIL and WIGI. The Officers of the Corporation are also Officers and Directors of numerous entities controlled or managed by WGIL and it is not practicable to make a reasonable apportionment of their compensation in respect of each of those entities.

(Expressed in Canadian Dollars)

6. RESTRICTED CASH

The restricted cash balance at March 31, 2014, is outlined in the table below.

	March 31, 2014 $	December 31, 2013 $
Funds pledged as security for the senior loan	1,846,293	1,776,151
Customer deposits	586,542	564,413
	2,432,835	2,340,564

7. DEBENTURES PAYABLE AND INTEREST PAYABLE

The following table reconciles the change in debentures payable:

	Three months ended March 31, 2014 $	Year ended December 31, 2013 $
BALANCE – BEGINNING OF PERIOD	14,200,426	14,075,864
Debentures issued through the IPO & Private Placement	-	-
Debenture issue costs	-	-
Accretion on Debentures	33,011	124,562
BALANCE – END OF PERIOD	14,233,437	14,200,426

The following table reconciles the change in interest payable:

	Three months ended March 31, 2014 $	Year ended December 31, 2013 $
BALANCE – BEGINNING OF PERIOD	909,288	724,326
Accrued interest on the debentures payable	297,584	1,207,410
Settlement of interest through cash distribution	-	(1,022,448)
BALANCE – END OF PERIOD	1,206,872	909,288

(Expressed in Canadian Dollars)

As at March 31, 2014 and December 31, 2013, WIGI owned approximately 6.3% of the outstanding Units of the Corporation. As a result, WIGI owns approximately 6.3% of the share capital and approximately 6.3% of the balance of debentures payable and interest payable is due to WIGI.

8. PROJECT DEBT

The Project debt balances net of financing and transaction costs at March 31, 2014, are outlined in the table below.

	March 31, 2014 $	December 31, 2013 $
Senior loan principal draws	5,094,858	3,797,805
Accrued interest	98,427	28,803
Deferred financing and transaction costs	(115,250)	(155,701)
Effect of changes in foreign exchange rates	(29,158)	(14,625)
Total – Senior loan	5,048,877	3,656,282
Mezzanine loan principal draws	6,908,948	6,648,292
Accrued interest	872,592	587,225
Deferred financing and transaction costs	(287,220)	(388,031)
Effect of changes in foreign exchange rates	(43,032)	11,963
Total – Mezzanine loan	7,451,288	6,859,449
	12,500,165	10,515,731

Senior Loan

At March 31, 2014, the interest reserve utilized was $98,427 (December 31, 2013 - $28,803) of the $365,400 interest reserve within the senior loan facility.

On January 14, 2014, the facility under the senior loan was increased from USD $40.95 million to USD $43.01 million. The loan agreement was also amended to allow for up to $6.15 million in letters of credit to Prince George's County, Maryland for purposes of providing required credit assurances with respect to the Corporation's performance bond facility agreement.

The Senior Loan matures May 31, 2016, but may be extended, subject to the satisfaction of certain conditions for two additional 12 month-terms. The Senior Loan is secured by, among other things, a first priority deed of trust lien on the Property. The Senior Loan is being used to fund the first phase of construction on the Property. As at December 31, 2013, the interest rate floor is in effect since LIBOR plus 5.1% was less than 6.2% per annum.

(Expressed in Canadian Dollars)

On June 6, 2013, an interest rate cap was purchased to mitigate the interest rate risk on the Senior Loan. The Corporation has purchased an interest rate cap which caps the LIBOR on the notional amount of $39,000,000 as follows:

From:	To:	Rate:
June 6, 2013	But excluding July 1, 2015	1.2000%
July 1, 2015	July 1, 2016	1.6000%

The balance on the interest rate cap as at March 31, 2014 is outlined in the table below.

	March 31, 2014 $	December 31, 2013 $
Interest rate cap purchase price	182,527	182,527
Interest rate cap revaluation	(93,908)	(51,608)
Effect of change in foreign exchange rates	12,821	7,398
	101,440	138,317

The Senior Loan contains an interest rate floor of 6.2%. At the time that the first draw was made on the Senior loan, the floor rate of 6.2% exceeded the Senior loan's rate of LIBOR plus 5.1%. Therefore, an embedded derivative resulted which requires that the value of the interest rate floor be separated from the carrying value of project debt. The interest rate floor is accounted for as a separate derivative financial liability measured at fair value with gains and losses on re-measurement included in profit and loss in the period in which they arise. As of March 31, 2014, the fair value of the interest rate floor value has been recorded at $73,576 (December 31, 2013 - $8,953).

The balance on the derivative financial liability as at March 31, 2014 is outlined in the table below.

	March 31, 2014 $	December 31, 2013 $
Derivative financial liability initial measurement	34,268	17,019
Derivative financial liability revaluation	38,636	(8,387)
Effect of change in foreign exchange rates	672	321
	73,576	8,953

Mezzanine Loan

At March 31, 2014 the interest reserve utilized was $872,592 (December 31, 2013 - $587,225).

(Expressed in Canadian Dollars)

During the year ended December 31, 2013, the Corporation incurred financing and transaction costs of $388,031 on the origination of the Mezzanine Loan and $1,771,917 on the origination of the Senior Loan. As the Mezzanine is fully drawn, all financing and transaction costs have been netted against the principal and are amortized using the effective interest rate into land development inventory. As only 12.75% (December 31, 2013 - 8.79%) of the Senior Loan has been drawn upon, the Corporation has netted a pro rata share of the financing and transaction costs incurred against the loan and has deferred the remaining portion as an asset on the balance sheet to be netted against future draws. The amount of deferred financing and transaction costs as at March 31, 2014 are as follows:

	Three months ended March 31, 2014 $	Year ended December 31, 2013 $
BALANCE – BEGINNING OF PERIOD	1,616,216	-
Deferred financing and transaction costs	-	2,159,948
Transfer to Senior loan	(73,000)	(155,701)
Transfer to Mezzanine loan	-	(388,031)
Effect of changes in foreign exchange rates	63,362	-
BALANCE – END OF PERIOD	1,606,578	1,616,216

9. DEFERRED REVENUE

Deferred revenue is comprised of deposits received from homebuilders for lots, for which revenue recognition criteria have not been met. The deposits are non-refundable and are paid in accordance with the terms of the purchase and sales agreements between the Corporation and the homebuilders. On March 4, 2014, in lieu of the deposit, an irrevocable letter of credit in the amount of USD $367,200 has been received from the second homebuilder. The letter of credit will be reduced proportionately as gross proceeds are received from the sale of lots in accordance with the purchase and sale agreement with this builder.

10. SHARE CAPITAL

Basic net loss per share is calculated by dividing the Corporation’s net loss (prior to OCI) 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 was 3,017,170 (December 31, 2013 - 3,017,170).

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. If all of the debentures were converted to non-voting common shares, an additional 3,304,811 shares would be issued.

(Expressed in Canadian Dollars)

11. INCOME TAXES

The following table reconciles the tax recovery calculated on the Corporation's consolidated net loss before tax using the weighted average tax rate to the income tax recovery recognized:

	Three months ended March 31, 2014 $	Three months ended March 31, 2013 $
Consolidated net income before tax	473,201	67,162
Applicable tax rate	25%	25%
Expected tax expense	118,300	16,791
Increase/(decrease) in income taxes resulting from:		
Impact of tax rate in foreign jurisdiction	4,995	-
Change in deferred tax asset not recognized	(118,300)	(16,791)
DEFERRED TAX RECOVERY	4,995	-

The components of the deferred tax assets (liabilities) are as follows:

	Three months ended March 31, 2014 $	Year ended December 31, 2013 $
Share issuance costs	151,630	165,155
Non-capital losses	411,897	373,705
Timing difference on interest expense	265,748	132,800
Timing difference on accretion of debentures	58,356	50,103
Unrealized (gain)/loss on foreign exchange	(770,979)	(454,447)
Debenture issuance costs	(122,629)	(109,104)
Other	63,497	21,150
Unrecognized deferred tax asset	(471,532)	(598,369)
NET DEFERRED TAX LIABILITY	(414,012)	(419,007)

(Expressed in Canadian Dollars)

Deferred income tax assets and liabilities are a result of temporary differences between the carrying amount of assets and liabilities in the consolidated financial statements and their carrying amount for income tax purposes, as well as recognition of tax losses. Deferred income tax expense is a result of a foreign exchange gain in the US Subsidiary, resulting in a deferred tax expense. Temporary differences in Canada result in a future income tax asset of $471,532 (December 31, 2013 - $598,369) which has not been recognized.

The unused non-capital losses of $1,647,588 will expire as follows:

	$
2032	847,219
2033	647,600
2034	152,769
	1,647,588

(Expressed in Canadian Dollars)

12. FINANCIAL INSTRUMENTS

The Corporation's financial instruments consist of interest rate cap, accounts receivable, due from related party, deposits, restricted cash, cash, debentures payable, project debt, interest payable, accounts payable and accrued liabilities, derivative financial liability, and amounts due to related parties. The following tables set out the Corporation's classification and carrying amount of the financial instruments along with the fair value as at March 31, 2014 and December 31, 2013:

MARCH 31, 2014	Fair Value		Amortized Cost		Totals	
	Through profit and loss	Derivatives	Loans and receivables	Other financial liabilities	Carrying amount	Fair Value
Asset (liability):						
Interest rate cap	101,440	-	-	-	101,440	101,440
Accounts receivable	-	-	168	-	168	168
Due from related party	-	-	111,135	-	111,135	111,135
Restricted cash	-	-	2,432,835	-	2,432,835	2,432,835
Cash	-	-	2,676,639	-	2,676,639	2,676,639
Debentures payable	-	-	-	(14,233,437)	(14,233,437)	(14,233,437)[1]
Project debt	-	-	-	(12,500,165)	(12,500,165)	(12,500,165)[1]
Interest payable	-	-	-	(1,206,872)	(1,206,872)	(1,206,872)
Accounts payable and accrued liabilities	-	-	-	(632,198)	(632,198)	(632,198)
Derivative financial liability	-	(73,576)	-	-	(73,576)	(73,576)
Due to related parties	-	-	-	(41,646)	(41,646)	(41,646)
	101,440	(73,576)	5,220,777	(28,614,318)	(23,365,677)	(23,365,677)

(Expressed in Canadian Dollars)

DECEMBER 31, 2013	Fair Value		Amortized Cost		Totals	
	Through profit and loss	Derivatives	Loans and receivables	Other financial liabilities	Carrying amount	Fair Value
Asset (liability):						
Interest rate cap	138,317	-	-	-	138,317	138,317
Accounts receivable	-	-	123	-	123	123
Deposits	-	-	1,690,509	-	1,690,509	1,690,509
Due from related party	-	-	95,325	-	95,325	95,325
Restricted cash	-	-	2,340,564	-	2,340,564	2,340,564
Cash	-	-	1,270,779	-	1,270,779	1,270,779
Debentures payable	-	-	-	(14,200,426)	(14,200,426)	(14,200,426)[1]
Project debt	-	-	-	(10,515,731)	(10,515,731)	(10,515,731)[1]
Interest payable	-	-	-	(909,288)	(909,288)	(909,288)
Accounts payable and accrued liabilities	-	-	-	(869,603)	(869,603)	(869,603)
Derivative financial liability	-	(8,953)	-	-	(8,953)	(8,953)
Due to related parties	-	-	-	(51,379)	(51,379)	(51,379)
	138,317	(8,953)	5,397,300	(26,546,427)	(21,019,763)	(21,019,763)

[1] – Note that sensitivity table below shows that the carrying value approximates fair value

The interest rate cap (note 8) was purchased to mitigate the interest rate risk on the senior loan. The following table shows the impact on the fair value assigned to debentures payable and Mezzanine loan (note 8) included in project debt if the market interest rate were to change.

	Sensitivity Analysis		
Change in market interest rate	+/- 1%	+/- 3%	+/- 5%
Debentures payable (8% interest per annum)	+/- $54,508	+/- $162,803	+/- $270,142
Mezzanine loan (15% interest per annum)	+/- $22,497	+/- $67,236	+/- $111,639

(Expressed in Canadian Dollars)

The future undiscounted obligations of the Corporation as at December 31, 2013 are as follows:

	Debentures payable	Interest payable	Project debt	Accounts payables and accrued liabilities	Due to related party	Total
	$	$	$	$	$	$
2014	-	1,206,868	-	632,198	41,646	1,880,712
2015	-	1,206,868	-	-	-	1,206,868
2016	-	5,207,041	11,931,616	-	-	17,138,657
2017	-	1,204,383	-	-	-	1,204,383
2018 and thereafter	15,085,850	2,413,736	-	-	-	17,499,586

In addition to these items in the table, based on the current loan amount outstanding and as a result of the joint and several nature of the Senior Loan and Mezzanine Loan, the U.S. Subsidiary may be liable for WWE's portion of these loans. As at March 31, 2014 this amount is $2,172,298.

13. 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
	$	$	$
2014	105,395	421,580	526,975
2015	139,888	559,552	699,440
2016	139,888	559,552	699,440
2017	139,888	559,552	699,440
2018 and thereafter	139,888	697,524	837,412
	664,947	2,797,760	3,462,707

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.

14. SUBSEQUENT EVENT

On April 1, 2014, the Corporation received its water and sewer permit for the construction of onsite water and sewer lines, as well as the construction of an offsite sewer outfall. The Corporation provided Washington Suburban Sanitary Commission ("**WSSC**") with two bonds totaling USD $7,583,558 which will be used as construction guarantees and will be replaced by a maintenance bond once WSSC is satisfied with the work requirements. The two bonds are expected to be replaced by the maintenance bond in July 2015. The maintenance bond has a term of two years, in the amount of $1.90 million in the first year and $0.95 million in the second year, and is a guarantee of work against defective workmanship, equipment and materials.