UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Walton Westphalia Development Corporation

For the three months ended March 31, 2017 and March 31, 2016

(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

Condensed Interim Consolidated Statements of Financial Position

Unaudited

As at March 31, 2017 and December 31, 2016

(Expressed in Canadian dollars)

	March 31, 2017 $	December 31, 2016 $
ASSETS		
Land development inventory (note 3)	82,980,318	81,695,636
Deferred financing and transaction costs (note 8)	157,322	168,148
Due from related parties (note 4)	303,343	308,423
Prepaid expense (note 5)	69,301	139,697
Restricted cash (note 6)	3,535,096	4,084,068
Account receivables	65,752	66,271
Cash	928,363	1,455,961
TOTAL ASSETS	88,039,495	87,918,204
LIABILITIES		
Debentures payable (note 7)	14,696,335	14,652,591
Interest debentures payable (note 7)	3,866,677	3,866,677
Project debt (note 8)	38,227,314	39,409,584
Deferred income tax liability (note 12)	1,349,760	1,325,787
Interest payable (note 7)	1,488,307	1,114,449
Provision for land development costs (note 9)	2,094,243	1,351,050
Deferred revenue (note 10)	920,127	961,457
Accounts payable and accrued liabilities	2,591,937	2,438,696
Due to related parties (note 4)	5,901,724	5,570,925
TOTAL LIABILITIES	71,136,424	70,691,216
SHAREHOLDERS’ EQUITY		
Share capital (note 11)	13,988,912	13,988,912
(Accumulated deficit)/retained earnings	(655,156)	(466,850)
Accumulated other comprehensive income	3,569,315	3,704,926
TOTAL EQUITY	16,903,071	17,226,988
TOTAL LIABILITIES & EQUITY	88,039,495	87,918,204

Commitments (note 14)
Going Concern (note 1)

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 Comprehensive Loss

Unaudited

For the three months ended March 31, 2017 and March 31, 2016

(Expressed in Canadian dollars)

	Three months ended	
	March 31, 2017	March 31, 2016
	$	$
REVENUE		
Land development sales	2,250,955	-
COST OF SALES		
Land development (note 3 and 9)	(1,965,034)	-
GROSS MARGIN	285,921	-
OTHER INCOME/(EXPENSES)		
Management fees (note 4)	(137,972)	(139,124)
Marketing expense	(18,666)	(41,710)
Servicing fees (note 4)	(34,493)	(34,781)
Professional fees	(45,030)	(22,264)
Directors' fees (note 4)	(25,575)	(25,575)
Office and other expenses	(2,013)	(4,604)
Interest income	471	1,455
TOTAL INCOME/(EXPENSES)	(263,278)	(266,603)
INCOME/(LOSS) BEFORE OTHER ITEMS	22,643	(266,603)
Gain on derivative financial liability revaluation	-	9,622
Loss on interest rate cap revaluation (note 8)	-	(257)
Foreign exchange (loss)/gain	(186,976)	(1,445,666)
TOTAL OTHER ITEMS	(186,976)	(1,436,301)
NET LOSS BEFORE TAXES	(164,333)	(1,702,904)
Deferred tax recovery/(expense) (note 12)	(23,973)	639,438
NET LOSS AFTER TAX	(188,306)	(1,063,466)
OTHER COMPREHENSIVE LOSS		
Cumulative translation loss	(135,611)	(1,103,444)
COMPREHENSIVE LOSS	(323,917)	(2,166,910)
Basic net loss per share (note 11)	(0.11)	(0.35)
Diluted net loss per share (note 11)	(0.011)	(0.35)

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, 2017 and March 31, 2016

(Expressed in Canadian dollars)

	Class A Voting Common Shares		Class B Non-voting Common Shares		Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive (Loss)/Income	Total
	# of Shares	$	# of Shares	$	$	$	$
JANUARY 1, 2016	100	100	3,017,170	13,988,812	927,899	4,363,027	19,279,838
Net loss after tax	-	-	-	-	(1,063,466)	-	(1,063,466)
Other comprehensive loss	-	-	-	-	-	(1,103,444)	(1,103,444)
MARCH 31, 2016	100	100	3,017,170	13,988,812	(135,567)	3,259,583	17,112,928
Net loss after tax	-	-	-	-	(331,283)	-	(331,283)
Other comprehensive income	-	-	-	-	-	445,343	445,343
DECEMBER 31, 2016	100	100	3,017,170	13,988,812	(466,850)	3,704,926	17,226,988
Net loss after tax	-	-	-	-	(188,306)	-	(188,306)
Other comprehensive income	-	-	-	-	-	(135,611)	(135,611)
MARCH 31, 2017	100	100	3,017,170	13,988,812	(655,156)	3,569,315	16,903,071

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 Flow

Unaudited

For the three months ended March 31, 2017 and March 31, 2016

(Expressed in Canadian dollars)

	Three months ended	
	March 31, 2017	March 31, 2016
	$	$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Net (loss)/income for the period:	(188,306)	(1,063,466)
Adjustments for:		
Unrealized foreign exchange loss/(gain)	198,472	1,387,522
Deferred income tax (recovery)/expense	23,973	(661,377)
Loss on interest rate cap revaluation	-	257
Gain on derivative financial liability revaluation	-	(9,622)
Interest income	(471)	(1,455)
Changes in non-cash operating items:		
Increase in due from related parties	-	65,764
Increase/(decrease) in provision for land development costs	749,020	(32,101)
Decrease in deferred revenue	(33,599)	-
(Decrease)/increase in accounts payable and accrued liabilities	170,821	(1,393,543)
Increase/(decrease) in due to related parties	145,837	(207,950)
Increase in land development inventory	(308,127)	(767,369)
Interest paid	(687,146)	(428,725)
Interest received	471	1,456
	70,945	(3,110,609)
INVESTING ACTIVITIES		
Decrease in restricted cash	513,786	855,856
	513,786	855,856
FINANCING ACTIVITIES		
Advances from project debt	769,761	2,002,860
Advances from related parties	104,490	-
Project debt repayment	(1,963,409)	-
	(1,089,158)	2,002,860
Effect of exchange rate on cash	(23,171)	(89,968)
(Decrease)/increase in cash	(527,598)	(341,861)
Cash – Beginning of period	1,455,961	1,786,817
Cash – End of period	928,363	1,444,956

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

1. NATURE OF BUSINESS, GOING CONCERN & BASIS OF PREPARATION

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, USA (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**"), the manager of the Corporation, and (ii) Walton Development & Management (USA), Inc. ("**WDM**"), the project manager (related parties by virtue of the fact that they are controlled by Walton Global Investments Ltd. ("**WGI**")) (including the performance fee), and (iii) 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 25th Floor, 215 – 2nd Street SW, Calgary, Alberta, T2P 1M4.

These consolidated financial statements were authorized for issue by the Board of Directors on May 26, 2017.

Going Concern

These condensed interim consolidated financial statements, including comparatives, have been prepared on a going concern basis in accordance with International Accounting Standard ("**IAS**") 34: Interim Financial Reporting and using accounting policies that are consistent 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 financial statements for the year ended December 31, 2016. Management believes that the going concern basis of presentation continues to be appropriate and assumes the Corporation will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they become due.

For the three months ended, March 31, 2017, the Corporation reported a comprehensive loss of $323,917 (March 31, 2016 – $2,166,910), accumulated deficit of $655,156 (December 31, 2016 – $466,850) and positive operating cash flows of $70,945 (March 31, 2016 – negative operating cash flows of $3,110,609) at that date. In addition to the Corporation's working capital requirements, the Corporation must secure sufficient funding for existing commitments, including the repayment of loan balances outstanding as at March 31, 2017, of $18,250,058 USD on the Senior Loan (defined below) by June 30, 2017, and $9,524,995 USD on the Mezzanine Loan (defined below) by July 6, 2017. The Borrowers (defined below) are in default of both the Senior Loan and the Mezzanine Loan as they have not completed the loan to value ratio ("**LTVR**") test of 40% or less required as of April 30, 2017 and the Borrowers did not deliver the required audited consolidated financial statements of WGI, the guarantor by April 30, 2017. The Senior Lender (defined below) provided the Borrowers with a notice of default on May 10, 2017 (the "**Default Notice**") as a result of the Borrowers' failure to provide the senior lender with sufficient evidence to demonstrate that the Westphalia property has an appraised value which results in a LTVR of less than or equal to 40% for the Property, on or before April 30, 2017 in accordance with the terms of the Senior Loan. The Senior Lender has demanded repayment of $5,012,849 USD and the failure to repay such amount would result in an event of default under the terms of the Senior Loan. The Borrowers have a 30 day cure period following the receipt of the Default Notice. During this cure period, the Corporation and the Borrowers (defined below) will work with the Senior Lender to cure the default through an equity injection, a refinancing, an asset sale, additional debt issuances(s), or a temporary waiver or forbearance agreement. If an event of default was to occur, the lender could begin the process of foreclosure. As of May 26, 2017, the Project has committed sales that are closing in 2017 of approximately $6,475,000 USD. As at May 26, 2017, the Corporation has collected $3,338,467 USD from the sale of single family lots. The proceeds of the lot sales will be applied to the Senior Loan and the Mezzanine Loan. The current committed lot sales is not sufficient to repay the Senior Loan outstanding at March 31, 2017 of $18,250,058 USD due on June 30, 2017 and the Mezzanine Loan outstanding at March 31, 2017 of $9,524,995 USD due on July 6, 2017. In addition to discussing financing options with the current Senior Lender and the Mezzanine Loan Lender (defined below), management has engaged a mortgage broker, to assist in identifying lenders to provide replacement financing. If the mortgage broker is successful in identifying a lender, this would potentially alleviate any significant doubt on the Corporation's ability to continue as a going concern. There is no assurance that the Borrowers will be able to cure the default within 30 days, be able to find a lender, or that the amount a lender is willing to fund will be sufficient or be on terms acceptable to the Corporation, or at all. Without an alternative lender, the Borrowers do not have sufficient working capital to cure the default, make any principal repayment requested or to repay the principal balance on maturity of the Senior and Mezzanine Loans. In addition, the guarantor, Walton Global Investment Ltd, currently does not have sufficient working capital to make the principal repayments on behalf of the Corporation without liquidating assets. If the Corporation is unable to identify a lender by the maturity date of the loans, or receive a forbearance agreement from the lenders, the Corporation may need to file for creditor protection under the Companies' Creditors Arrangement Act (**"CCAA**").

On April 28, 2017, Walton International Group Inc. ("**WIGI**") and certain affiliates, (the "**CCAA Entities**"), including the general partner of WAM voluntarily filed and obtained creditor protection under the CCAA (collectively "**WIGI CCAA Application**") pursuant to an order (the "**Initial Order**") granted by the Court of Queen's Bench of Alberta (the "**Court**"). The Initial Order authorizes the CCAA Entities to begin a court-supervised restructuring and provides for a broad stay of proceedings against the CCAA Entities in order to provide the opportunity to finalize and present a CCAA plan to creditors for approval. While WAM is not a CCAA Entity, it is covered by the stay of proceedings within the CCAA filing. Ernst & Young Inc., will serve as the Court-appointed monitor (the "**Monitor**"). At a follow-up hearing on May 9th, 2017 (the "**May 9 hearing**"), the stay period was extended from May 26, 2017 to August 15, 2017.

As WAM is the manager of the Corporation, it is uncertain as to what impact, if any, the CCAA proceedings will have on the Corporation. WAM will continue to provide management services; however there is no guarantee that WAM will be able to continue to provide management services with the deferral of the payment of the management fees or that WAM will have the ability to accept the deferral of those management fees under the CCAA proceedings. In addition, there is no guarantee that the Corporation will continue to have WAM provide management services.

As management has not identified an alternative lender to repay the Senior Loan and the Mezzanine Loan, at the date these financial statements were approved, in conjunction with the Senior Lender providing a Default Notice, there is significant doubt as to the ability of the Corporation to meet its obligations as they become due, and accordingly, the appropriateness of the use of the accounting principles applicable to a going concern.

It is not possible to predict the outcome of the matters described above and there is substantial doubt about the Corporation's ability to continue as a going concern. These Financial Statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses that would be necessary if the Corporation were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. If the Corporation were unable to continue as a going concern, the adjustments required could be material.

Basis of Presentation

The Corporation's condensed interim consolidated financial statements have been prepared on a 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, as explained in the accounting policies set out in note 2.

The condensed interim consolidated 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.

2. ACCOUNTING POLICIES, ESTIMATES & JUDGMENTS

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, 2016.

Use of Estimates and Judgments

The preparation of condensed interim consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and equity at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the period. There have been no significant changes in accounting judgements, estimates and assumptions made by the

(Expressed in Canadian dollars)

Corporation in the preparation of these condensed interim consolidated financial statements from those judgements, estimates and assumptions disclosed in the Corporation's audited consolidated financial statements for the year ended December 31, 2016.

Future Changes in Accounting Policies

Financial instruments

IFRS 9 Financial instruments ("**IFRS 9**") (July 2014) replaces earlier versions of IFRS 9 that had not yet been adopted by the Corporation and supersedes IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 introduces new models for classification and measurement of financial instruments, hedge accounting and impairment of financial assets and is mandatorily effective for periods beginning on or after January 1, 2018. The Corporation continues to review the standard as it is updated and monitor its impact on the Corporation's financial statements.

Revenue from contracts with customers

IFRS 15, Revenue from Contracts with Customers ("**IFRS 15**"), was issued in May 2014 by the IASB and supersedes IAS 18, 'Revenue', IAS 11, 'Construction Contracts' and other interpretive guidance associated with revenue recognition. IFRS 15 provides a single model to determine how and when an entity should recognize revenue, as well as requiring entities to provide more informative, relevant disclosures in respect of its revenue recognition criteria. IFRS 15 is to be applied retrospectively or through the recognition of the cumulative effect to opening retained earnings and is effective for annual periods beginning on or after January 1, 2018, with earlier application permitted. We are currently in the process of evaluating the impact that IFRS 15 may have on our consolidated financial statements.

3. LAND DEVELOPMENT INVENTORY

	Three months ended March 31, 2017 $	Year ended December 31, 2016 $
BALANCE – BEGINNING OF PERIOD	81,695,636	78,252,645
Development costs	3,421,815	10,323,390
Cost of sales	(1,164,757)	(4,400,720)
Effect of change in foreign exchange rates	(972,376)	(2,479,679)
BALANCE – END OF PERIOD	82,980,318	81,695,636

(Expressed in Canadian dollars)

Cost of sales recognized of $1,965,034 (December 31, 2016 - $5,756,046) during the three months ended March 31, 2017 is comprised of $1,164,757 (December 31, 2016 - $4,400,720) allocated to land development inventory and $800,277 (December 31, 2016 - $1,355,326) (note 9) allocated to the provision for land development costs.

Land development inventory is relieved through cost of sales at the time that revenue from lot sales is recognized. It is not possible for management to reasonably estimate the portion of land development inventory that will be realized within the next twelve months, as the timing of lot sales is subject to uncertainty based on market demand.

4. RELATED PARTY TRANSACTIONS

WAM, WIGI, WDM, WWE, Walton International Group (USA), Inc. (“**WUSA**”) and WUSF 1 Westphalia, LLC (“**WUSF**”) are all related to the Corporation by virtue of the fact that they are all controlled by WGI. As noted under note 1, on April 28, 2017, WIGI and the general partner of WAM filed for and was granted protection under the CCAA from the Court.

The balance due from and to a related party as at March 31, 2017, is outlined in the table below:

	March 31, 2017	December 31, 2016
	$	$
WUSF 1 Westphalia, LLC	303,343	308,423
TOTAL DUE FROM RELATED PARTIES	303,343	308,423

WUSF 1 Westphalia, LLC.

On February 27, 2012, WUSF entered into a cost sharing agreement with the U.S. Subsidiary for costs incurred for roadway improvements in accordance with pre-approved plans on both the Property owned by Corporation and property owned by WUSF. Either WUSF or the U.S. Subsidiary may elect to construct any of the required improvements by providing notice to the other party of its intent to do so, and each non-constructing party shall acknowledge receipt of any such commencement notice. Each non-constructing party shall reimburse the constructing party for any costs and expenses related to the non-constructing party’s property via an invoice delivered to the non-constructing party. The proportion of costs for each party to this agreement is determined pro rata in proportion to that party’s property interest in accordance with an allocation of property interest schedule within the cost-sharing agreement.

	March 31, 2017	December 31, 2016
	$	$
BALANCE – BEGINNING OF PERIOD	308,423	220,075
Cost incurred under cost sharing agreement	-	95,539
Effect of change in foreign exchange rate	(5,080)	(7,191)
BALANCE – END OF PERIOD	303,343	308,423

(Expressed in Canadian dollars)

Walton Westphalia Europe, L.P.

On August 20, 2012, U.S. Subsidiary and WWE entered into a co-ownership agreement for the purpose of setting forth their respective rights and obligations in connection with certain matters related to the Property. In accordance with this agreement, U.S. Subsidiary and WWE (a) hold the Property as an investment, develop the Property and sell the Property in lots or parcels; (b) own and sell their respective participating interest; (c) provide for the management of the Property and utilize funds for the benefit of the owners for the purposes of operating, managing, developing and maintaining the Property; and (d) perform other activities as may be incidental or ancillary to or arise from the foregoing purposes as may be reasonably determined by U.S. Subsidiary. Under this agreement, all benefits, advantages, losses and liabilities derived from or incurred in respect of the Property from time to time shall be borne by U.S. Subsidiary and WWE in proportion to their respective participating interests as at the time they were derived or incurred. There were no transactions under this agreement that occurred during the three months ended March 31, 2017 or the year ended December 31, 2016.

DUE TO RELATED PARTIES

The balances due to related parties as at March 31, 2017 are outlined in the table below:

	March 31, 2017	December 31, 2016
	$	$
Walton International Group (USA), Inc.	4,508,491	4,322,745
Walton Asset Management L.P.	1,289,271	1,116,806
Walton Development & Management (USA), Inc.	103,962	127,600
Walton International Group Inc.	-	3,774
TOTAL DUE TO RELATED PARTY	5,901,724	5,570,925

Walton International Group (USA), Inc.

The Corporation has a $4.1 million USD subordinate loan facility with WUSA, bearing interest at 11% per annum, payable semi-annually. Interest is capitalized to land development inventory. The Corporation can elect to defer the payment of interest and add to the principal balance of the loan. The subordinate loan has a 60 month term with a maturity date of February 1, 2020. The Corporation has the right and option to extend the term of the loan for up to two additional one-year terms. The loan is unsecured and subordinate to the Senior Loan and Mezzanine Loan described in note 8. During the three months ended March 31, 2017, WUSA incurred $nil (December 31, 2016 - $362) in costs initially funded by WUSA on the Corporation’s behalf.

(Expressed in Canadian dollars)

	Three months ended March 31, 2017	Year ended December 31, 2016
	$	$
BALANCE – BEGINNING OF PERIOD	4,322,383	3,432,012
Advances	104,490	580,674
Interest incurred	115,241	388,607
Effect of change in foreign exchange rates	(33,623)	(78,910)
BALANCE – END OF PERIOD	4,508,491	4,322,383

The following table provides a summary of the WUSA balances outstanding at March 31, 2017 and December 31, 2016:

	March 31, 2017	December 31, 2016
	$	$
Principal	3,796,256	3,721,772
Interest payable	712,235	600,611
Costs funded by WUSA	-	362
BALANCE	4,508,491	4,322,745

Walton Asset Management L.P.

	For the three months ended	
	March 31, 2017	March 31, 3016
	$	$
Management fees charged	137,972	139,124
Servicing fees charged	34,493	34,781
Payments made	-	(282,076)

The balance payable to WAM as at March 31, 2017 was in respect of the management fees and servicing fees. Notwithstanding the payment terms for such fees, due to cash constraints of the Corporation, management has communicated to WAM that it does not expect to make payments for the management fees and servicing fees until such time that the Corporation has sufficient capital for the payment of such amounts. WAM has continued to provide its services as manager of the Corporation; however, there is no guarantee that WAM will continue to provide management services with the deferral of the management fees, or that it will have the ability to defer those management fees under CCAA proceedings or that the Corporation will continue to have WAM provide management services. All amounts that exceed the regular payment terms are due on demand and bear no interest.

Notes to the Consolidated Financial Statements

For the years ended March 31, 2017 and March 31, 2016

(Expressed in Canadian dollars)

Walton Development & Management (USA), Inc.

	For the three months ended March 31, 2017 $	March 31, 3016 $
Development fees charged	(23,638)	23,852
Development fees paid	-	(67,472)
Other expenses incurred	-	7,355
Other expenses paid	-	(5,879)

Development fees are capitalized to land development inventory as incurred. The refund of development fees charged is for a correction of previous fees which were calculated prior to the cost allocation to WWE being completed.

No performance fee was incurred by the Corporation during the three months ended March 31, 2017 or March 31, 2016 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.

The other expenses incurred by the Corporation were costs initially funding by WIGI on the Corporation's behalf.

	For the three months ended March 31, 2017 $	March 31, 3016 $
Other expenses incurred	239	-
Other expenses paid	(4,013)	-

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:

	For the three months ended March 31, 2017 $	March 31, 3016 $
Directors' fees	25,575	25,575

(Expressed in Canadian dollars)

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 WGI WIGI. The officers of the Corporation are also officers and directors of numerous entities controlled or managed by WGI and it is not practicable to make a reasonable apportionment of their compensation in respect of each of those entities.

5. PREPAID EXPENSE

The amount of prepaid expenses as at March 31, 2017 are as follows:

	Three months ended March 31, 2017 $	Year ended December 31, 2016 $
BALANCE – BEGINNING OF PERIOD	139,697	-
Transaction fees related to the unused loan facility (note 8)	-	491,307
Amortized to land development inventory	(68,865)	(351,017)
Effect of changes in foreign exchange rates	(1,531)	(593)
BALANCE – END OF PERIOD	69,301	139,697

6. RESTRICTED CASH

The restricted cash balance at March 31, 2017, is outlined in the table below.

	Three months ended March 31, 2017 $	Year ended December 31, 2016 $
Funds pledged as security for the senior loan	2,231,171	2,248,475
Cost Overrun	383,797	874,136
Customer deposits (note 10)	920,128	961,457
	3,535,096	4,084,068

The cost overrun contains funds deposited by the Corporation for forecasted project cost overruns to be incurred during the first quarter 2017. The customer deposits consist of deposits received from homebuilders for lots which revenue recognition criteria have not been met. The deposits are being held in trust with a lawyer.

(Expressed in Canadian dollars)

7. DEBENTURES PAYABLE, INTEREST DEBENTURES PAYABLE AND INTEREST PAYABLE

The following table reconciles the change in Debentures payable:

	Three months ended March 31, 2017	Year ended December 31, 2016
	$	$
BALANCE – BEGINNING OF PERIOD	14,652,591	14,487,525
Accretion on debentures	43,744	165,066
BALANCE – END OF PERIOD	14,696,335	14,652,591

The following table reconciles the change in Interest Debentures payable:

	Three months ended March 31, 2017	Year ended December 31, 2016
	$	$
BALANCE – BEGINNING OF PERIOD	3,866,677	2,486,218
Interest Debentures issued	-	1,380,459
BALANCE – END OF PERIOD	3,866,677	3,866,677

Interest payable is comprised of accrued interest on the Debentures and Interest Debentures payable. The following table reconciles the change in interest payable:

	Three months ended March 31, 2017	Year ended December 31, 2016
	$	$
BALANCE – BEGINNING OF PERIOD	1,114,449	1,033,622
Accrued interest on the Debentures	297,584	1,206,869
Accrued interest on the Interest Debentures	76,274	254,417
Settlement of interest through issuance of Interest Debentures	-	(1,380,459)
BALANCE – END OF PERIOD	1,488,307	1,114,449

As at March 31, 2017 and December 31, 2016, WIGI owned approximately 6.3% of the outstanding Units of the Corporation. As a result, approximately 6.3% of the share capital and approximately 6.3% of the balance of Debentures payable, Interest Debentures and interest payable is payable to WIGI.

(Expressed in Canadian dollars)

8. PROJECT DEBT

The following table provides a continuity of the project debt:

	Senior Loan	Mezzanine Loan	German Loan	Total
	$	$	$	$
BALANCE – JANUARY 1, 2016	26,281,222	12,358,661	-	38,639,883
Advances	6,950,556	-	1,138,700	8,089,256
Transaction costs	(459,888)	(126,189)	-	(586,077)
Payment on loan	(7,183,494)	(629,283)	-	(7,812,777)
Interest incurred	1,658,382	1,882,577	41,650	3,582,609
Interest paid	(1,658,382)	(535,288)	-	(2,193,670)
Accretion	828,260	122,824	-	951,084
Effect of changes in foreign exchange rates	(903,464)	(367,810)	10,550	(1,260,724)
BALANCE – DECEMBER 31, 2016	25,513,192	12,705,492	1,190,900	39,409,584
Advances	769,761	-	-	769,761
Transaction costs	(9,515)	-	-	(9,515)
Payment on loan	(1,784,613)	(178,796)	-	(1,963,409)
Interest incurred	419,788	475,455	43,389	938,632
Interest paid	(419,788)	(267,357)	-	(687,145)
Accretion	20,242	49,999	-	70,241
Effect of changes in foreign exchange rates	(196,340)	(95,597)	(8,898)	(300,835)
BALANCE – MARCH 31, 2017	24,312,727	12,689,196	1,225,391	38,227,314

The following table provides a summary of the project debt balances outstanding as at March 31, 2017 and December 31, 2016:

	Senior Loan	Mezzanine Loan	German Loan	Total
	$	$	$	$
Principal, net of transaction costs	25,513,192	7,513,979	1,149,228	34,176,399
Interest payable	-	5,191,513	41,672	5,233,185
BALANCE – DECEMBER 31, 2016	25,513,192	12,705,492	1,190,900	39,409,584
Principal, net of transaction costs	24,312,727	7,326,868	1,181,588	32,821,183
Interest payable	-	5,362,328	43,803	5,406,131
BALANCE – MARCH 31, 2017	24,312,727	12,689,196	1,225,391	38,227,314

Senior Loan

The Senior Loan is a secured loan for up to $43.01 million USD with an interest rate of LIBOR plus 5.1% with a minimum interest rate floor of 6.7% per annum entered collectively by the Borrowers. Interest is capitalized to land development inventory. The Senior Loan is being used to fund the first phase of construction on the Property.

As part of the facility, a cost overrun bank account was established with the Senior Lender in which $500,000 USD was deposited as a reserve. Subsequently, at the end of each following quarter, the Borrowers collectively deposit funds in the amount of projected cost over runs to be incurred during the next 3 month period.

During 2016, the Borrowers collectively amended the facility amount downwards from $43.01 million USD to $39.36 million USD and extended the maturity date from May 31, 2016 to June 30, 2017. The amended Senior Loan includes a performance covenant with a loan to value test to be completed by the lender on or before April 30, 2017 that requires an LTVR to be at or less than 40% Loan to Value. On May 10, 2017, the Borrowers received a notice of default from the senior lender as the Borrowers failed to provide an appraisal evidencing an appraised value resulting in a Loan to Value Ratio less than 40%. The lender completed a valuation based on the most recent appraisal of the Property available and concluded that the value exceeds the LTVR by $5,012,849 USD and has demanded repayment of this amount. Under the terms of the Senior Loan, the Borrowers have a 30-day cure period, during which the Corporation and the Borrowers will work with the 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. If the Borrowers are unable to cure the default, the lender may foreclose on the assets or the Corporation may file for creditor protection if they are unable to cure the default in the required timeline.

The Senior Loan is secured by, among other things, a first priority deed of trust lien on the Property. As at March 31, 2017, the interest rate floor is in effect since LIBOR plus 5.10% was less than 6.7% per annum.
WGI also provided a limited guarantee of $19.5 million USD and a completion guarantee that the Borrowers will complete the development of the project in accordance with the plans and on a lien-free basis. The lender has the obligation to continue making advances to facilitate the completion, but WGI is obligated to cover cost overruns. WGI also guarantees any losses incurred by the lender in connection with certain events under the Senior Loan, including, but not limited to, waste or intentional/grossly negligent damage to the Property, and the misappropriation of funds. WGI becomes fully liable for the Senior Loan if WWE or the U.S. Subsidiary files for bankruptcy or takes advantage of other laws protecting debtors. The Chief Executive Officer of WGI has also provided a personal guarantee for the Senior Loan in certain limited circumstances.

Mezzanine Loan

On June 6, 2013, the Borrowers collectively entered into the Mezzanine Loan (subordinate financing). The Mezzanine Loan is a second priority secured loan for up to $7,285,850 USD with interest accruing at 15% per annum. Interest is capitalized to land development inventory. Repayment of the Mezzanine Loan is to be repaid with 100% of the Corporation’s proceeds from the sale of the Property and other assets of the Corporation after payment to the Senior Loan as described above. The Mezzanine Loan matures on July 6, 2017.

The Mezzanine Loan is subordinate to the terms of the Senior Loan and is secured by, among other things, a second-priority deed of trust lien on the Property. The Mezzanine Loan was used to fund the first phase of purchase and construction on the Property.

WGI has provided a guarantee with the lenders of the Mezzanine Loan that the U.S. Subsidiary will complete the development of the Project and fund all cost overruns. WGI also guarantees any losses incurred by the lender in connection with certain bad acts or particular events under the Mezzanine Loan, including, but not limited to, waste or intentional/grossly negligent damage to the Property, and misappropriation of funds. WGI becomes fully liable for the loan if either of the Borrowers file for bankruptcy or take advantage of other laws protecting debtors.

The Senior Loan and Mezzanine Loan required delivery of audited consolidated financial statements of WGI by April 30, 2017, which were not delivered as of that date and therefore the Borrowers are not in compliance with the loan agreements. As noted above, the senior lender has provided a notice of default on the LTVR to be cured within 30 days. If the defaults are not cured in such 30 day period, the Senior Lender may exercise its remedies under the loan document, which could include acceleration of the maturity date and foreclosure proceedings.

If the Corporation is unable to identify a lender by the maturity date of the loans, receive a waiver or a forbearance agreement from the lenders, the Corporation may need to file for creditor protection under the CCAA. These conditions raise significant doubt as to the ability of the Corporation to meet its obligations as they become due, and accordingly, the appropriateness of the use of the accounting principles applicable to a going concern (note 1).

German Loan

On October 7, 2016, the Borrowers collectively entered into an agreement for an unsecured note with a lender for a principal amount of $1,000,000 USD. The loan is subordinated to both the Senior Loan and the Mezzanine Loan. The interest rate for the loan is 15% per annum and shall accrue quarterly in arrears. Accrued interest is added to the outstanding principal on the date of each quarterly accrual. Interest is capitalized to land development inventory. The loan will mature and be payable on December 31, 2020 and may be extended for two additional one-year terms.

MCFI Global Fund

On August 26, 2016, the Borrowers entered into an agreement (the "**Loan Agreement**") with MCFI Global Fund Westphalia, LLC ("**MCFI**"). Under the Loan Agreement, MCFI proposes to loan (the "**Loan**") to the Borrowers jointly, up to $58 million USD for the primary purposes of repaying the Senior Loan, Mezzanine Loan and the WUSA loan and funding certain qualifying hard and soft costs for Phases 1 and 1A. MCFI is currently raising funds for this purpose. As of the date of these consolidated financial statements, MCFI has not raised the proposed funding. Until MCFI has raised the full amount to repay the Senior Loan, no amounts will be funded under this agreement. At March 31, 2017 no amounts have been advanced to the Borrowers.

Once funding has been provided to the Borrowers, the term of the loan will be for six years, subject to a one year extension at MCFI's election or, if it elects not to extend, up to one year at the Borrowers' election. Loan advances will mature six years from the end of the quarter in which the loan advance was made. Subject to minor exceptions, the loan cannot be repaid prior to its maturity. In addition, once funding has been provided, this will trigger the obligation for the U.S. Subsidiary to produce jobs, which is part of the underlying funding agreement.

Interest is calculated at the simple, non-compounded annual interest rate of 5.25% and is payable quarterly, with the first payment being payable in the quarter in which the final loan draw occurs. Interest paid will be capitalized to land development inventory.

The Loan will be secured by the Borrowers' assets including the Property.

A precondition to the funding on the Loan is the approval of the senior and mezzanine lenders in regards to an inter-creditor agreement or MCFI has raised enough capital to preclude the need for an inter creditor agreement. There is no guarantee that the senior lender or the mezzanine lender will approve the inter creditor agreement or that MCFI will be able to raise all, or any, of the $58 million USD under the MCFI and EB-5 Immigrant Investor Visa Program Offering ("**EB-5**"). If sufficient EB-5 funds are not raised to permit the Borrowers to repay the Senior Loan, Mezzanine Loan and Walton-loaned facilities, the Corporation will have to source lending from other lenders to (i) repay those loans including the Senior Loan facility and the Mezzanine Loan, (ii) fund the remainder of its Phase 1 and 1A development costs, or (iii) obtain extensions. The Corporation is working to identify potential sources of financing in the case that enough EB-5 funds are not raised.

(Expressed in Canadian dollars)

Deferred finance and transaction costs

The amount of deferred financing and transaction costs as at March 31, 2017 and December 31, 2016 are as follows:

	March 31, 2017 $	December 31, 2016 $
BALANCE – BEGINNING OF PERIOD	168,148	1,271,131
Reclass to prepaid for portion relating to unused facility (note 5)	-	(491,307)
Write off of transaction fees related to the reduced loan facility	-	(187,495)
Transaction costs incurred	-	99,635
Transfer to Senior loan	(9,515)	(459,888)
Effect of changes in foreign exchange rates	(1,311)	(63,928)
BALANCE – END OF PERIOD	157,322	168,148

Interest Costs Incurred

The following table provides a breakdown of interest costs incurred for the year ended March 31, 2017:

	Interest Capitalized $	Interest Through Provision $	Total $
Interest			
Senior Loan	387,619	32,169	419,788
Mezzanine Loan	439,020	36,435	475,455
German Loan	40,064	3,325	43,389
WUSA Loan (note 4)	106,410	8,831	115,241
Debentures (note 7)	294,039	3,545	297,584
Interest Debentures (note 7)	75,365	909	76,274
TOTAL INTEREST	1,342,517	85,214	1,427,731
Accretion			
Senior Loan	18,691	1,551	20,242
Mezzanine Loan	46,168	3,831	49,999
Debentures	43,223	521	43,744
Amortization of transaction costs on unused facility	63,588	5,277	68,865
TOTAL FINANCING COSTS	171,670	11,180	182,850
TOTAL INTEREST AND FINANCING COSTS	1,514,187	96,394	1,610,581

(Expressed in Canadian dollars)

The following table provides a breakdown of interest costs incurred for the year ended December 31, 2016:

	Interest Capitalized $	Interest Through Provision $	Total $
Interest			
Senior Loan	1,518,538	139,844	1,658,382
Mezzanine Loan	1,723,827	158,750	1,882,577
German Loan	38,138	3,512	41,650
WUSA Loan (note 4)	355,837	32,770	388,607
Debentures (note 7)	1,197,096	9,773	1,206,869
Interest Debentures (note 7)	252,357	2,060	254,417
TOTAL INTEREST	5,085,793	346,709	5,432,502
Accretion			
Senior Loan	758,416	69,844	828,260
Mezzanine Loan	112,466	10,358	122,824
Debentures	163,729	1,337	165,066
Amortization of transaction costs on unused facility	321,417	29,600	351,017
TOTAL FINANCING COSTS	1,356,028	111,139	1,467,167
TOTAL INTEREST AND FINANCING COSTS	6,441,821	457,848	6,899,669

9. PROVISION FOR LAND DEVELOPMENT COSTS

The following table reconciles the change of the provision for land development costs:

	Three months ended March 31, 2017 $	Year ended December 31, 2016 $
BALANCE – BEGINNING OF PERIOD	1,351,050	344,744
Additional provisions	800,277	1,355,326
Less actual costs incurred during the period	(46,518)	(425,301)
Effect of changes in foreign exchange rates	(10,566)	76,281
BALANCE – END OF PERIOD	2,094,243	1,351,050

The provision for land development costs includes accrued costs based on the estimated cost to complete for the land development projects for which revenue has been recognized. These amounts have not been discounted as the majority are expected to be incurred within one year.

(Expressed in Canadian dollars)

10. 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. In addition to cash deposits received from builders, on March 4, 2014, in lieu of a deposit, an irrevocable letter of credit in the amount of $367,200 USD 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.

11. SHARE CAPITAL

Per Share Amount

Basic net income per share ("**EPS**") is calculated by dividing the Corporation's net income (prior to other comprehensive income) by the weighted average number of shares outstanding. The 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 Class B Shares outstanding for the three months ended March 31, 2017 and December 31, 2016 was 3,017,170.

As the Corporation has the right to convert any portion of the Debentures and Interest Debentures 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 three months ended March 31, 2017 and March 31, 2016, the potentially dilutive shares were $nil because the Corporation generated losses during the period.

Share Issuance Price

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

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

12. INCOME TAXES

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

	Three months ended March 31, 2017	Three months ended March 31, 2016
	$	$
Consolidated net loss before tax	(164,333)	(1,702,904)
Applicable tax rate	27%	27%
EXPECTED TAX (RECOVERY) EXPENSE	(44,370)	(459,784)
Increase/(decrease) in income taxes resulting from:		
Impact of tax rate in foreign jurisdiction	7,791	(231,084)
Change in deferred tax asset not recognized	60,552	51,430
INCOME TAX (RECOVERY) EXPENSE	23,973	(639,438)

(Expressed in Canadian dollars)

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

	March 31, 2017 $	December 31, 2016 $
Share issuance costs	488	647
Non-capital loss carry forward	1,210,965	1,159,632
Timing difference on interest expense	419,403	451,647
Timing difference on accretion of debentures	169,991	160,704
Unrealized gain on foreign exchange	(2,272,958)	(2,355,034)
Debenture issuance costs	(295,712)	(295,553)
Other	33,014	114,035
Excess development costs for tax vs accounting	404,918	397,452
Unrecognized deferred tax asset	(1,019,869)	(959,317)
NET DEFERRED TAX LIABILITY	(1,349,760)	(1,325,787)

Deferred income tax assets and liabilities are a result of temporary differences between the carrying amount of assets and liabilities in the financial statements and their carrying amount for income tax purposes, as well as recognition of tax losses.

The unused non-capital losses of $4,485,057 will expire as follows:

	$
2032	847,219
2033	647,600
2034	711,846
2035	955,466
2036	1,132,801
2037	190,125
	4,485,057

13. FINANCIAL INSTRUMENTS

The Corporation’s financial instruments consist of due from related parties, restricted cash, accounts receivable, cash, Debentures payable, Interest Debentures payable, project debt, interest payable, accounts payable and accrued liabilities and amounts due to related parties.

With the exception of the Debentures payable, Interest Debentures payable, and project debt, 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, Interest Debentures payable, and project debt are determined using the income approach, primarily making use of level 3 (unobservable) inputs. Using the income approach, the expected future cash commitments arising from these financial liabilities are discounted by the Corporation’s market rate. As at March 31, 2017, the fair value of Debentures payable and Interest Debentures payable approximate the carrying amount because there have been no significant changes in the Corporation's risk premium or to market interest rates, since the issuance of these financial liabilities.

(Expressed in Canadian dollars)

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, 2017:

MARCH 31, 2017	Fair Value		Amortized Cost		Totals	
	Through profit and loss	Derivatives	Loans and receivables	Other financial liabilities	Carrying amount	Fair Value
Asset (liability):	$	$	$	$	$	$
Due from related parties	-	-	303,343	-	303,343	303,343
Restricted cash	-	-	3,535,096	-	3,535,096	3,535,096
Accounts receivables	-	-	65,752	-	65,752	65,752
Cash	-	-	928,363	-	928,363	928,363
Debentures payable	-	-	-	(14,696,335)	(14,696,335)	(14,696,335)[1]
Interest Debentures payable	-	-	-	(3,866,677)	(3,866,677)	(3,866,677)[1]
Project debt	-	-	-	(38,227,314)	(38,227,314)	(38,227,314)
Interest payable	-	-	-	(1,488,307)	(1,488,307)	(1,488,307)
Accounts payable and accrued liabilities	-	-	-	(2,591,937)	(2,591,937)	(2,591,937)
Due to related parties	-	-	-	(5,901,724)	(5,901,724)	(5,901,724)
	-	-	4,832,554	(66,772,294)	(61,939,740)	(61,939,740)

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

The following tables set out the Corporation's classification and carrying amount of the financial instruments along with the fair value as at December 31, 2016:

DECEMBER 31, 2016	Fair Value		Amortized Cost		Totals	
	Through profit and loss	Derivatives	Loans and receivables	Other financial liabilities	Carrying amount	Fair Value
Asset (liability):	$	$	$	$	$	$
Due from related parties	-	-	308,423	-	308,423	308,423
Restricted cash	-	-	4,084,068	-	4,084,068	4,084,068
Accounts receivable	-	-	66,271	-	66,271	66,271
Cash	-	-	1,455,961	-	1,455,961	1,455,961
Debentures payable	-	-	-	(14,652,591)	(14,652,591)	(14,652,591)[1]
Interest Debentures payable	-	-	-	(3,866,677)	(3,866,677)	(3,866,677)[1]
Project debt	-	-	-	(39,409,584)	(39,409,584)	(39,409,584)
Interest payable	-	-	-	(1,114,449)	(1,114,449)	(1,114,449)
Accounts payable and accrued liabilities	-	-	-	(2,438,696)	(2,438,696)	(2,438,696)
Due to related parties	-	-	-	(5,570,925)	(5,570,925)	(5,570,925)
	-	-	5,914,723	(67,052,922)	(61,138,199)	(61,138,199)

(Expressed in Canadian dollars)

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

The following table shows the impact on the fair value to Debentures payable, Interest 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)	25,425	76,129	126,642
Interest Debentures payable (8% interest per annum)	5,695	17,058	28,383
Mezzanine Loan (15% interest per annum)	3,952	11,836	19,692
German Loan (15% interest per annum)	3,357	10,030	16,652

The future undiscounted obligations of the Corporation as at March 31, 2017, are as follows:

	2017	2018	2019	2020	2021 and thereafter
	$	$	$	$	$
Debentures payable	-	-	15,085,850	-	-
Interest Debentures payable	-	-	3,866,677	-	-
Interest payable	1,516,202	1,516,202	377,991	-	-
Project debt	37,883,568	-	-	-	-
Accounts payable and accrued liabilities	2,591,937	-	-	-	-
Due to related parties	588,795	475,462	475,462	4,362,005	-
Total	42,580,502	1,991,664	19,805,980	4,362,005	-

In addition to these items in the table, based on the current loan amounts outstanding and as a result of the joint and several nature of the Senior Loan, Mezzanine Loan, and the German Loan, the U.S. Subsidiary may be liable for WWE's portion of these loans. As at March 31, 2017, this amount is $6,422,671 (December 31, 2016 - $6,639,185).

Management is in the process of identifying an alternative lender to provide funding to cure the default on the LTVR, repay the principal balances on the Senior Loan and the Mezzanine Loan by the maturity dates of June 30, 2017 and July 6, 2017, respectively, or to extend of the terms of the existing loans. There is no assurance that the Borrowers will be able to cure the default, be able to find a lender, or that the amount a lender was willing to fund would be sufficient or be on terms acceptable to the Corporation, or at all. Without an alternative lender, the Corporation currently does not have sufficient working capital to make any principal repayment requested or to repay the principal balance on maturity of the Senior and Mezzanine Loans. If the Corporation is unable to identify a lender by the maturity date of the loans, or receive a forbearance agreement from the lenders, the Corporation may need to file for creditor protection under the CCAA. These conditions raise significant doubt as to the ability of the Corporation to meet its obligations as they become due, and accordingly, the appropriateness of the use of the accounting principles applicable to a going concern (note 1).

(Expressed in Canadian dollars)

14. COMMITMENTS

The following table presents future commitments of the Corporation under the Management Services Agreement (note 4). It does not include the development fee or the performance fee payable to WDM under the Project Management Agreement, which cannot be reasonably estimated at this time.

	Servicing fee	Management fee	Total
	$	$	$
2017	105,395	421,581	526,976
2018	139,888	559,552	699,440
2019	-	137,972	137,972
	245,283	1,119,105	1,364,388

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.

The Corporation also has a commitment to complete the construction of onsite water and sewer and lines, as well as the construction of an offsite sewer outfall as part of the permits issued by Prince George's County, Maryland. The Corporation has provided the Washington Suburban Sanitary Commission, Prince George's County and the Maryland National Park and Planning Commission with bonds which are used as construction guarantees. As at March 31, 2017, the outstanding value of these bonds total $16,100,505 USD.

16. SUPPLEMENTAL INFORMATION TO THE STATEMENTS OF CASH FLOWS

	March 31, 2017	March 31, 2016
Accretion related to Debentures payable capitalized to land development inventory	43,223	39,825
Accretion related to Debentures payable and applied to provision	521	-
Deferred financing and transaction costs transferred to project debt	-	73,122
Non-cash interest capitalized to land development inventory	708,029	903,512
Non-cash interest applied to provision	32,557	-
Interest paid capitalized to land development inventory	634,488	428,725
Interest paid and applied to provision	52,657	-
Accretion on project debt capitalized to land development inventory	64,859	336,412
Accretion on project debt applied to provision	5,382	-