MANAGEMENT’S DISCUSSION & ANALYSIS

For the years ended December 31, 2014 and December 31, 2013

April 8, 2015

The following management’s discussion and analysis (“**MD&A**”) is a review of the consolidated financial condition and consolidated results of operations of Walton Westphalia Development Corporation (the “**Corporation**”) for the years ended December 31, 2014 and December 31, 2013. The MD&A should be read in conjunction with the Corporation’s audited consolidated financial statements for the years ended December 31, 2014 and December 31, 2013.

All financial information is reported in Canadian dollars and has been prepared in accordance with International Financial Reporting Standards ("**IFRS**”) as issued by the International Accounting Standards Board ("**IASB**"). In limited situations, IFRS has not issued rules and guidance applicable to the real estate investment and development industry. In such instances, the Corporation has followed guidance issued by the Real Property Association of Canada to the extent that such guidance does not conflict with the requirements under IFRS or the definitions, recognition criteria and measurement concepts for assets, liabilities, income and expenses in the IFRS framework.

Additional information about the Corporation is available on SEDAR at **www.sedar.com**.

FORWARD-LOOKING STATEMENTS

Certain information set forth in this MD&A, including the disclosure of the anticipated completion dates of key project milestones, are based on the Corporation’s current expectations, intentions, plans and beliefs, which are based on experience and the Corporation’s assessment of historical and future trends. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, many of which are beyond management’s control. These risks and uncertainties include, but are not limited to, the timing of approval by municipalities, the estimated time required for construction and the business and general economic environment. These uncertainties may cause the Corporation’s actual performance, as well as financial results in future periods, to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. Investors are cautioned against attributing undue certainty to forward-looking statements as actual results could differ materially from management’s targets, expectations or estimates. See also "Risk Factors" in this MD&A.

The forward-looking statements contained in this MD&A are given as of the date hereof. Except as otherwise required by law, the Corporation does not intend to, and assumes no obligation to, update or revise these or other forward-looking statements it may provide, whether as a result of new information, plans or events or otherwise.

RESPONSIBILITY OF MANAGEMENT

This MD&A has been prepared by, and is the responsibility of, the management of the Corporation.

The registered office and principal place of business of the Corporation is 23rd floor, 605 – 5th Avenue SW, Calgary, Alberta, T2P 3H5.

APPROVAL BY THE BOARD OF DIRECTORS

This MD&A was authorized for issue by the Board of Directors on April 8, 2015.

BUSINESS OVERVIEW

The Corporation, which is managed by Walton Asset Management L.P. ("**WAM**"), was established on January 4, 2012, under the laws of the province of Alberta. The wholly-owned subsidiary of the Corporation, Walton Westphalia Development (USA), LLC (the "**U.S. Subsidiary**"), is a limited liability company organized under the laws of the state of Maryland on January 6, 2012. The Corporation and the U.S. Subsidiary were formed for the purpose and objective of providing investors with the opportunity to participate in the acquisition and development of the approximately 310 acre "Westphalia" property located in Prince George's County in Maryland, U.S.A. (the "**Property**"), approximately 7 miles southeast of the District of Columbia.

The Property is located along the north side of Maryland State Route 4 directly across from Joint Base Andrews (formerly known as Andrews Air Force Base), approximately 1.5 miles east of the Capital Beltway. The Capital Beltway is the 64 mile long ring road that encompasses Washington D.C. and its inner suburbs in Maryland and Virginia. The southern edge of the Property runs parallel to Pennsylvania Avenue with over 1.5 miles of frontage. Pennsylvania Avenue is a major commuter route, which runs 13.5 miles from the Property all the way to the U.S. Capitol Hill, the site of the White House, the National Mall and the U.S. Capitol Building.

In order to raise sufficient capital for the acquisition and development of the Property, the Corporation completed an initial public offering ("**IPO**") in March 2012. The IPO resulted in the issuance of 1,442,300 units of the Corporation ("**Units**") at $10 per Unit, for gross proceeds of $14,423,000. The completion of the IPO was followed by a private placement offering (the "**Private Placement**") which was completed in multiple closings under the offering memorandum ("**Offering Memorandum**") dated March 26, 2012. The final closing of the Private Placement was completed on October 31, 2012. The Private Placement resulted in the issuance of 1,574,870 Units of the Corporation at $10 per Unit, for gross proceeds of $15,748,700. Each Unit issued by the Corporation through the IPO and the Private Placement (collectively, the "**Offerings**") was comprised of a $5.00 principal amount of unsecured, subordinated, convertible, extendable debenture bearing simple annual interest at a rate of 8% ("**Debenture**") and one class B non-voting common share of the Corporation ("**Class B share**") having a price of $5.00 per share.

The Offerings raised gross proceeds of $30,171,700, of which $15,085,850 was received for the Debentures and $15,085,850 was received for the Class B shares. The total costs incurred with respect to the Offerings was $2,194,076, which consisted of commissions paid to agents, work fees and costs associated with the preparation of the Offering Documents (defined below). The commissions and work fees were allocated equally to the Debentures and Class B shares based on their proportionate share of the gross proceeds raised.

The Corporation's original investment objectives were to:

i) preserve the capital investment of the purchasers in the Units;
ii) make annual cash distributions on the Units beginning in June of 2013, until the final distribution of funds from the project, which was originally anticipated to be in March of 2019; and
iii) achieve a net internal rate of return ("**IRR**") of 15.0% on the $10.00 purchase price of the Units.

While management has had to adjust such objectives for those reasons discussed below, the Corporation still 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 three-step investment strategy:

i) 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;
ii) construct municipal services infrastructure on the Property in phases to provide a controlled supply of serviced lots and parcels to the marketplace; and
iii) 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 through the life of the investment in the Property and/or winding up the Corporation and distributing its assets to the holders of the Class B shares.

Although management expects that the execution of the investment strategy will allow the Corporation to pay distributions on the Units, distributions by the Corporation are neither guaranteed nor will they be paid in a steady or stable stream, as evidenced by the past issuance of additional Interest Debentures ("**Interest Debentures**") in lieu of cash interest payments on the Debentures. 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 and Interest Debentures), including (i) the Performance Fee (defined below) payable to WAM and Walton Development and Management (USA), Inc. ("**WDM**"), both affiliated parties by virtue of the fact that they and the Corporation are all controlled by Walton Global Investments Ltd. ("**WGI**") , 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 cash payments on the Debentures or cash distributions on the Class B shares equal to $10.00 per Unit, plus a cumulative compounded priority return thereon on a declining basis, equal to 8% per annum.

REVIEW OF OPERATIONS

Summary

During the year-ended December 31 2014, the primary focus of the Corporation was to continue construction, prepare additional submittals necessary to achieve the remaining regulatory and construction approvals as described in the Corporation's prospectus in respect of its IPO issued February 27, 2012 (the "**Prospectus**") and meet with county officials to properly coordinate and discuss plans for the project. In addition, the following key activities were undertaken by the Corporation during the year:

- The Corporation increased the financing available from USD $40.95 million to USD $43.012 million on its Senior Loan and extended the date of which Sub-phase 1 must be completed under the loan;
- Subdivision plats were recorded for the southern townhouse area;
- The Corporation received the following development permits with USD $19 million in bonds provided to the related agencies to be used as construction guarantees for the associated permits:
    - A revision to a previously issued rough grading permit to include additional clearing and grading, as well as storm drain installation
    - Culvert crossing permit
    - Onsite water and sewer permit
    - 30" waterline relocate permit;
- Mid-Atlantic Builders' agreement for the purchase of the 24' and 32' townhomes in Phase 1 became binding on April 21, 2014 and
- Phase 1 site grading, stormwater management ponds, utilities and culvert construction continued throughout the year. Additionally, the sanitary sewer outfall and 30" waterline relocation were both completed.

The current project schedule is behind key project milestones as outlined in the Prospectus and Offering Memorandum (collectively, the **"Offering Documents**"). The delay was due to longer than anticipated time to obtain necessary regulatory and government approvals and permits, as well as weather delays. This resulted in a fourteen month delay in the delivery of finished lots to builders (January 2014 to March 2015).

During 2013 and the year-ended December 31, 2014, greater cost certainty was obtained on the anticipated costs for developing Phase 1. However, the offsite improvement for Phase 1, the Woodyard Road interchange, has been redesigned to provide a more cost-effective design and the conceptual plan has been approved. A third-party cost estimate has been prepared based on this conceptual design. The Corporation will continue to value engineer this improvement as we move into final design and expect to be able to reduce costs even further. Excluding the redesign of the Woodyard Road interchange, the current budget for Phase 1 exceeds the original cost assumptions used by management in preparing the Offering Documents.

Due to weather delays and permit issues, the Phase 1 residential lot sales will be delayed until March 2015, however the revenues from these residential lot sales have increased 28% from that forecasted in the Offering Documents. Additionally, based on current market conditions, the Phase 1 retail, hotel and multi-family sales have been delayed and the revenue has been revised downward.

The combined impact of these factors is a change in the timing and amount of cash distributions when compared to the original assumptions. As reported in the 2014 first quarter news release, delays in construction, downward revenue revisions for the retail and hotel sites, the extension of the estimated sale dates for the office sites, high office vacancy rates and the impact of the U.S. Government's budget sequestration on the market were expected to result in a downward revision to the IRR from the projected 15% disclosed in the Offering Documents. Based on management's current information as at the end of Q3 2014, the currently forecasted IRR is 5.7%. This IRR is based on achieving certain revenue targets, maintaining construction schedules, the timely receipt of recoveries, third-party sales and commitments for additional lots from the builders. Further changes to the IRR projection could occur due to the changes in the aforementioned and other factors.

On March 24, 2015, the Board of Directors approved an action plan proposed by management to address a range of strategies to potentially improve returns to the previously identified downward revision in the IRR. Under the action plan, management will undertake the following initiatives and strategies:

1. Pursue the option of vertical development participation with development partners.
2. Accelerate the development of Phase 1A.
3. Pursue Tax Increment Financing ("**TIF**") bonds to recover applicable offsite improvements.
4. Pursue the re-planning of Phases 2 and 3, including for example a town centre re-design to realize on current market opportunities such as a senior living component and/or flex industrial within Phases 2 and 3.

Based on management's current information and assessment of the identified strategies and executing on the identified action plans, preliminary analysis suggests the potential hold period for the Project could increase to 13 years from the seven years disclosed in the Offering Documents. Further material increases could occur to the potential hold period as a result of changes in the various factors that impact such timing.

Management also continues to focus on additional complementary strategies to maximize the returns of the project, which include, but are not limited to:

- Securing a grocery anchor for the retail site, which can increase the attractiveness for other future retail tenants to locate in the project, and positively impact retail values, lease rates, and project absorptions. Securing a grocery anchor tenant will also positively impact the sales momentum for other components of the project, including the townhome product and other future residential development by providing an important retail based service and community amenity.
- Engaging in discussions with commercial and residential developers to broaden the awareness of the project and explore sales and/or partnering opportunities to realize the highest and best use and associated values for the project.
- Evaluating project positioning and retail product opportunities to maximize usable retail space and project amenities to accelerate market demand.
- Continuing efforts to attract a major hotel chain to construct a hotel in the Westphalia site.
- Partnering with the Prince George's County Economic Development Corporation to assist with marketing the office site, and with a strategic focus related to locating future government office buildings in Westphalia.

NON-FINANCIAL INDICATORS

The amount of revenues generated by the Corporation is not expected to be significant until the sale of lots commences. As a result, the financial statements alone are not a good indicator of the progress of the Corporation toward its investment objectives. The Corporation makes use of the following non-financial indicators in evaluating its performance.

Key Milestones

For Phase 1 of the project, the key milestones used by management include those presented in the Offering Documents. The Corporation's progress toward these milestones has been summarized in the following table.

Walton Westphalia Development Corporation – Key Project Milestones for Phase 1		
Anticipated steps to completion	Anticipated completion date per the Prospectus	Status
Obtain detailed site plan approval	September 2012	Completed October 2012
Negotiate final terms of bank financing for construction loan and obtain lender commitment	September 2012	Completed March 2013
Recorded Plat of Subdivision	November 2012	Completed October 2013
Obtain permits	February 2013	Completed June 2013
Close construction loan	February 2013	Completed June 2013
Commence Phase 1 construction	February 2013	Completed June 2013
Deliver finished lots to builders	January 2014	Amended to March 2015
Grand Opening	March 2014	Amended to September 2015

Based on construction to date, the Corporation did not achieve paving in order to deliver lots for the anticipated timeline of January 2014. The Corporation is now projecting lot deliveries in March 2015. This delay is associated with both the difficulty in obtaining plan approvals and permits in a timely manner and ongoing weather issues. The Grand Opening has been projected to occur after all model homes have been completed and to coincide with the start of the fall selling season.

SUMMARY OF CONSOLIDATED FINANCIAL INFORMATION

	For the year ended December 31		
	2014	2013	2012
Total other income/(expenses)	(1,446,560)	(838,733)	(524,749)
Other items gain/(loss) ($)	1,515,680	1,167,131	(30,913)
Net income/(loss) before tax($)	69,120	328,398	(555,662)
Comprehensive (loss)/income ($)	1,129,933	564,342	(577,321)
Weighted average shares outstanding[1]	3,017,170	3,017,170	1,832,208
Basic net (loss)/income per share ($)	0.04	(0.03)	(0.30)
Diluted net (loss)/income per share ($)	0.02	(0.03)	(0.30)

1 - Weighted average shares outstanding exclude the 100 Class A voting common shares issued. Based on the Corporation's articles of incorporation, Class A shareholders are not entitled to participate in any dividends declared by the Corporation or the distributions of any part of the assets of the Corporation.

	December 31, 2014	December 31, 2013	December 31, 2012
Total assets ($)	57,688,767	41,514,733	28,516,592
Total non-current liabilities ($)	37,873,438	25,708,530	14,075,864
Total other liabilities ($)	4,7909,463	1,830,270	1,029,137
Total liabilities ($)	42,582,901	27,538,800	15,105,001
Total equity ($)	15,105,866	13,975,933	13,411,591
Class B shares outstanding – end of period	3,017,170	3,017,170	3,017,170

ANALYSIS OF FINANCIAL PERFORMANCE

Total other expenses increased by $607,827 from $838,733 for the year ended December 31, 2013 to $1,446,560 for the year ended December 31, 2014. The increase in other expenses was primarily due to marketing expenses from previous years of $581,199 which were reclassed from land development inventory and an increase in professional fees due to increased audit fees.

During the year ended December 31, 2014, the Corporation had comprehensive income of $1,129,933 which was an increase of $565,591 from $564,342 from the year-ended December 31, 2013. The increase in comprehensive income was mainly due to the gain on foreign exchange.

ANALYSIS OF FINANCIAL CONDITION

The Corporation's total assets increased by $16,174,034 from $41,514,733 at December 31, 2013 to $57,688,767 at December 31, 2014. The increase was primarily due to an increase in development costs on the Property of $17,850,227, offset by a decrease in deposits of $1,690,509.

During 2014, land development inventory increased by $17,850,227 in relation to Phase 1 grading, the construction of utilities, culvert and stormwater management ponds and permit approvals, including $3,298,989 of capitalized interest.

The decrease in deposits of $1,690,509 is in relation to the release of performance bonds provided to Prince George's Country as the construction work requirements were completed.

Total liabilities increased by $15,044,101 from $27,538,800 at December 31, 2013 to $42,582,901 at December 31, 2014. Liabilities primarily increased due to an increase in the project debt of $11,813,590, Interest Debentures payable of $1,206,872, deferred revenue of $451,364, accounts payable and accrued liabilities of $1,106,187 and due to related parties of $244,012.The increase in deferred revenue is due to additional builder deposits received for Phase 1 single family lots. The revenue for these sales will be recorded once all conditions are waived and revenue recognition criteria are met.

Accounts payable and accrued liabilities increased due to increased activity in Phase 1 of the project and due to related parties outstanding development fees and asset management fees to be paid in 2015.

DEBENTURES PAYABLE AND INTEREST DEBENTURES PAYABLE

During the second quarter of 2014, the interest payable relating to the Debentures outstanding was settled by issuing Interest Debentures with an aggregate face value of $1,206,872.

The Debentures and Interest Debentures are unsecured and bear interest at a rate of 8% per annum. Interest on the Debentures and Interest Debentures is calculated annually based on the principal amount of the Debentures and

Interest Debentures on March 31, and is payable annually on June 30. The Debentures mature at a face value of $5.00 and Interest Debentures mature on March 31, 2019, however, the maturity date can be extended by the Corporation at its sole discretion until March 31, 2021.

The Corporation may also, at its sole discretion, (i) repay all or any portion of the principal amount of, or interest under, the Debentures or Interest Debentures through the issuance of Class B shares, (ii) evidence its obligation to pay all or any portion of the interest under the Debentures or Interest Debentures through the issuance of Interest Debentures, and/or (iii) convert all or any principal amount of the Debentures or Interest Debentures into Class B shares.

As at December 31, 2014 and December 31, 2013, Walton International Group Inc. ("**WIGI**"), owned approximately 6.3% of the outstanding Units of the Corporation. As a result, approximately 6.3% of the balance of Debentures payable, Interest Debentures payable and interest payable is payable to WIGI.

PROJECT DEBT

The project debt balances have been described in note 9 of the financial statements.

Senior Loan

On May 31, 2013, the U.S. Subsidiary and Walton Westphalia Europe LLP ("**WWE**") collectively entered into a senior loan facility ("**Senior Loan**"). The Senior Loan is a secured loan for up to USD $40.95 million with an interest rate of LIBOR plus 5.1% with a minimum interest rate floor of 6.2% per annum. For the year ended December 31, 2014 the Corporation incurred interest of $427,875 (December 31, 2013 - $28,803) which was capitalized to land development inventory.

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. At December 31, 2014, $6.14 million in letters of credit were issued.

During the year ended December 31, 2014, the Corporation was advanced $9,032,392 of the facility. The funds advanced were used for the continued construction of the project including final grading, sanitary sewer construction, design and engineering costs, inspection fees and asset management and development fees.

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, 2014 the interest rate floor is in effect since LIBOR plus 5.1% was less than 6.2% per annum.

WGI entered into an agreement with the lender of the Senior Loan which guarantees that WWE and the U.S. Subsidiary, collectively, will make the payments of principal and interest due under the Senior Loan. WGI also provided a guarantee that WWE and the U.S. Subsidiary 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 file bankruptcy or take advantage of other laws protecting debtors. The CEO of WGI has also provided a personal guarantee for the Senior Loan in certain limited circumstances.

Mezzanine Loan

On June 6, 2013, the U.S. Subsidiary and WWE collectively entered into the Mezzanine Loan ("**Mezzanine Loan**") (subordinate financing). The Mezzanine Loan is a second priority secured loan for up to USD $7,285,850 with interest accruing at 15% per annum. For the year ended December 31, 2014 the Corporation incurred interest of $1,232,734. 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.

During the year-ended, December 31, 2014, the Corporation was advanced $1,232,734 which consisted of monthly loan interest.

The Mezzanine Loan matures June 6, 2016, but may be extended, subject to the satisfaction of certain conditions, for two additional 12 month-terms. 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 entered into an agreement with the lenders of the Mezzanine Loan whereby WGI guarantees that U.S. Subsidiary will complete the development of the project in accordance with the plans and on a lien-free basis. The lender will 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 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 U.S. Subsidiary or WWE file bankruptcy or take advantage of other laws protecting debtors.

WORKING CAPITAL

The balance of the Corporation's liabilities as at December 31, 2014, was significant relative to its cash and receivables. The Corporation plans to fund its liabilities as follows:

> Debentures payable, Interest Debenture payable and interest payable – Management has the ability to settle the interest on the Debentures payable and Interest Debentures payable through the issuance of Interest Debentures or the conversion of the amount owing to Class B shares. The Debentures and Interest Debentures have a maturity date of March 31, 2019; however, the maturity date can be extended to March 31, 2021 at the sole discretion of the Corporation. The Corporation intends to repay the Debentures and Interest Debentures through future lot sale revenues generated by the Corporation.
>
> Accounts payable and accrued liabilities – The majority of accounts payable and accrued liabilities are for development related expenses. These expenses will be funded by cash on hand and construction loans on future phases, which will result in an increase in project debt.
>
> Due to related parties – The payment of outstanding development fees will be paid through construction loans on future phases, which will result in an increase in the balance of project debt. All other amounts due to related parties will be paid out of working capital, proceeds from lot sales, and future construction loans.
>
> Project debt – The balance of project debt will be repaid from the proceeds from completed lot sales.

TRANSACTIONS WITH RELATED PARTIES

The related parties transaction and balances have been described in note 5 of the financial statements.

Walton Maryland LLC, WAM, WIGI, WDM, WWE, Walton International Group (USA), Inc. and WUSF 1 Westphalia, LLC, are considered to be related to the Corporation by virtue of the fact that they are all controlled by WGI. All transactions entered into between the related parties during the year were under terms and conditions agreed upon between the parties. The transactions are recorded at the exchange amount and are in the normal course of operations. The following are the significant transactions that have occurred with related parties during the year.

- On February 27, 2012, WUSF 1 Westphalia, LLC ("**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 constructing party shall deliver an invoice to each non-constructing party on a quarterly basis. 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. Within 30 days of the receipt of the invoice, the non-constructing party shall provide notice to the constructing party of its approval or disapproval of the invoice. If the non-constructing party fails to deliver notice of approval or disapproval within 30 days, the invoice shall be deemed to have been approved. The non-constructing party's obligation to reimburse the constructing party for the portion of costs identified in all of the invoices then-delivered and allocated to a particular parcel shall arise solely after the earlier to occur of (i) the commencement by the non-constructing party of development of such parcel, and (ii) the closing of construction financing with respect to any planned development of such parcel. During the year ended December 31, 2014, the Corporation incurred $219,394 (December 31, 2013 – $227,067) and in costs under the cost sharing agreement with WUSF. During the year ended December 31, 2014, the Corporation received $145,806 (December 31, 2013 - $131,742) from WUSF in relation to these costs.

- Development fees of $223,359 (December 31, 2013 – $85,518) were charged by WDM to the Corporation for project management fees which are paid in accordance with the project management agreement between the Corporation and WDM. The development fees are based on 2% of certain development costs incurred during the year. The Corporation paid development fees of $161,175 (December 31, 2013 - $122,244). In addition, WDM will receive a performance fee of 25% of cash distributions after all investors of Units in the Corporation have received cash payments on the Debentures or cash distributions equal to $10.00 per Unit plus a cumulative return of 8% per annum on a declining basis (the "**Performance Fee**"). No Performance Fee was incurred by the Corporation during the year ended December 31, 2014 and December 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.

- The Corporation entered into Agency Agreements with various agents, whereby the Corporation will pay the agents a servicing fee equal to 0.50% or $139,888 annually of the net proceeds for each Unit sold under the IPO. The servicing fee is payable to WAM, who is responsible for the distribution of the fees to the agents in accordance with the Management Services Agreement.

- Management fees of $559,552 (December 31, 2013 - $559,552) were charged to the Corporation from WAM, for providing management and administrative services in accordance with the terms of the Management Services Agreement. Administrative services provided by WAM include, but are not limited to, the overseeing of the IPO of the Corporation, responding to investor inquiries, assisting in the delivery of quarterly and annual reports to the investors and monitoring the daily activities of the Corporation.

- The Corporation has paid $51,365 (December 31, 2013 - $52,129) to independent directors of the Corporation. The independent directors are paid quarterly in advance, and the amount of compensation is fixed over the life of the Corporation.

REVIEW OF FOURTH QUARTER OPERATIONS

During the fourth quarter of 2014, the Corporation continued to take steps toward the fulfillment of its project plan. The Corporation undertook the following activities during the fourth quarter of 2014:

- Recorded plats for the southern townhouse area;
- On November 14, 2014, the Corporation received its fine grading permit for street construction for the southern part of the townhouse area from the Prince George's County Department of Permitting, Inspections & Enforcement (DPIE). The Corporation provided DPIE with two bonds totalling $3,270,350 which will be used as construction guarantees for the work;
- completed construction of the 30-inch water line relocation and the first stormwater pond; and
- continued site grading and utility installation.

The Corporation also incurred other expenses of $800,046 (December 31, 2013 - $154,368), other items of $532,177 (December 31, 2013 – $622,888), for a net income/(loss) before tax of ($267,869) (December 31, 2013 – $468,520), deferred tax expense/(recovery) of ($81,113) (December 31, 2013 - $419,007), and comprehensive income of $219,435 (December 31, 2013 –$398,810). The amount of other expenses incurred during the fourth quarter of 2014 was higher in comparison to 2013 due to the increased marketing costs. This also contributed to the net loss incurred by the Corporation in the fourth quarter of 2014.

SUMMARY OF QUARTERLY RESULTS

A summary of operating results for the past eight quarters is as follows:

	Three months ended							
	December 31, 2014	September 30, 2014	June 30, 2014	March 31, 2014	December 31, 2013	September 30, 2013	June 30, 2013	March 31, 2013
Total assets ($)	57,688,767	53,147,565	44,750,093	44,563,352	41,514,733	39,375,514	39,572,796	29,187,322
Total liabilities ($)	42,582,901	38,261,134	30,854,610	29,688,448	27,538,800	25,969,280	25,270,859	15,745,938
Total equity ($)	15,105,866	14,886,431	13,895,483	14,874,904	13,975,933	13,406,234	14,301,937	13,441,384
Total cost of sales ($)	-	-	-	-	-	-	-	-
Gross margin ($)	-	-	-	-	-	-	-	-
Expenses ($)	(800,046)	(222,510)	(213,815)	(210,189)	(154,368)	(208,694)	(223,411)	(252,260)
Other items gain/(loss) $	532,177	1,001,114	(701,001)	683,390	622,888	(452,464)	677,285	319,422
Net income/(loss) before tax ($)	(267,869)	778,604	(914,816)	473,201	468,520	(661,158)	453,874	67,162
Deferred tax expense/(recovery)	(81,113)	344,394	(314,836)	(4,995)	419,007	-	-	-
Net income/(loss) after tax ($)	(186,756)	434,210	(599,980)	478,196	49,513	(661,158)	453,874	67,162
Cumulative translation gain/(loss) ($)	406,191	556,737	(379,440)	420,775	349,297	(234,546)	351,281	188,919
Comprehensive income / (loss) ($)	219,435	990,947	(979,420)	898,971	398,810	(895,704)	805,155	256,081
Weighted average shares outstanding[1]	3,017,170	3,017,170	3,017,170	3,017,170	3,017,170	3,017,170	3,017,170	3,017,170
Basic net income/(loss) per Class B share ($)	(0.06)	0.14	(0.20)	0.16	0.02	(0.22)	0.15	0.02
Diluted net income per share ($)	(0.06)	0.07	(0.20)	0.08	0.01	(0.22)	0.07	0.01
Class B shares issued during the period	-	-	-	-	-	-	-	-
Class B shares outstanding – end of period	3,017,170	3,017,170	3,017,170	3,017,170	3,017,170	3,017,170	3,017,170	3,017,170

1 - 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

In the second quarter of 2013, there was significant increase in the assets and liabilities of the U.S. Subsidiary as a result of obtaining the project debt, incurring the development costs and capitalizing these costs into the land development inventory. At this time, financing was also used for the required pledged amounts as security for the Senior Loan. In the fourth quarter of 2013, the Corporation recognized a deferred tax expense relating to a deferred tax liability as a result of the significant increase in an unrealized foreign exchange gain against which no deferred tax asset could be fully offset. In the third quarter of 2014, the increase in total assets is due to the increase in development activity, the corresponding increase in project debt and accounts payable and accrued liabilities can be seen in total liabilities.

The other income and expenses of the Corporation have remained fairly consistent over the last eight quarters, except for Q4, 2014. The higher costs in the 4th quarter of 2014 relates to an increase in marketing expenditures from previous years which were reclassed from land development inventory and expensed in the fourth quarter. The Corporation's other income and expenses are expected to remain fairly constant over the life of the Corporation because the expenses of the Corporation, being the management fees, servicing fees and directors' fees, are fixed over the life of their respective contracts.

During the fourth quarter of 2014, the Corporation recognized a deferred tax recovery as a result of increased expenses and a loss on the interest rate cap. This is not consistent with the fourth quarter of 2013 as the entire deferred tax expense was booked in the last quarter of 2013.

SUPPLEMENTAL INFORMATION

Liquidity and Capital Resources

The Corporation defines capital as total shareholders' equity, Debentures payable and Interest Debentures, project debt, and balances due to related parties.

The Corporation's objectives when managing capital are to:

(i) ensure adequate capital is retained by the Corporation to obtain construction loans to fund construction of the project;
(ii) ensure that the Corporation is able to meet all obligations relating to the entity and the development of the land, through sale of the lots; and
(iii) maximize the rate of return to its shareholders.

The Corporation manages the capital structure by using short and long term cash flow projections to determine that the amount of cash available to meet on-going obligations is either retained by the Corporation, available through construction loan facilities or is available through agreements with related parties. The Corporation has in the past and may in the future elect to use Interest Debentures to settle Debentures payable interest payments and has the ability to convert Debentures payable to share capital if needed to maintain adequate capital levels. Project debt is intended to be utilized to finance future phases of development which may require partial or full guarantees by WGI to obtain or maintain facilities at market rates.

There were no changes to the way the Corporation defines capital, its objectives, and its policies and processes for managing capital from the prior fiscal year.

The following are the capital resources currently available to the Corporation:

Out of the net proceeds raised through the Offerings and loans, approximately 23.8% ($5.8 million) was set aside by the Corporation to pay for the ongoing administrative and operating expenses, development fees, pre-development costs, grading costs, construction costs, interest accruing on Debentures and Interest Debentures and other expenses of the Corporation.

The Corporation has a USD $43.01 million secured Senior Loan with a US-based financial institution to be used to finance Phase 1 of the project, of which $6.2 million can be used for issuance of letter of credits.

On June 6, 2013, the U.S. Subsidiary and WWE collectively entered into the Mezzanine Loan. The Mezzanine Loan is a second priority secured loan for up to USD $7,285,850 with interest accruing at 15% per annum and payable from cash flow of asset sales.

On May 16, 2013, the U.S. Subsidiary entered into a demand loan agreement with WUSA, for an amount up to US$3,500,000. The funds will be used to cover pre-development costs incurred prior to obtaining arm's length construction loans. $719,911 of the demand loan facility remains available for future draws by the U.S. Subsidiary.

Cash Requirements

The table summarizes the Corporation's undiscounted contractual obligations as at December 31, 2014:

	2015	2016	2017	2018	2019 and thereafter
	$	$	$	$	$
Debentures payable	-	-	-	-	15,085,850
Interest debentures payable	-	-	-	-	1,206,872
Interest payable	1,307,786	1,315,606	1,323,037	1,324,461	326,194
Project debt	-	-	25,404,628	-	-
Accounts payable and accrued liabilities	1,975,790	-	-	-	-
Due to related parties	295,391	-	-	-	-
Total	3,578,967	1,315,606	26,727,665	1,324,461	16,618,916

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 December 31, 2014 this amount is $3,868,240 (December 31, 2013 - $1,861,980).

Sources and uses of cash

The Corporation's primary use of capital includes paying operating expenses and incurring project development costs on the land development inventory.

The Corporation believes that internally generated cash flows, supplemented by borrowings through project debt facilities noted above, will be sufficient to cover the Corporation's normal operating expenditures.

The following table summarizes the Corporation's cash flows from (used in) operating, and financing activities, as reflected in the Statements of Cash Flows.

	For the year ended December 31	
	2014	2013
Cash flows from operating activities ($)	(9,469,766)	(10,911,607)
Cash flows from financing activities ($)	9,198,820	7,950,017

During the year ended December 31, 2014, significantly higher draws were made on the Senior Loan compared to the same periods of 2013 due to increased land development costs, resulting in higher inflows of cash from financing activities. There is an increase in land development inventory showing the usage of cash for development costs. The year to date variance is due to the timing of payments on costs incurred, as noted by the increase in accounts payable during the year ended December 31, 2014. Due to the longer term nature of this project, operating cash flows may vary from period to period.

Off-Balance Sheet Arrangements

As a result of collectively entering into the Senior Loan with WWE, while each party accounts for its proportionate share of the long-term debt, management has assessed risk resulting from U.S. Subsidiary's relative size and proportion of interest in the project from the joint and several nature of the collective agreement whereby, in the unlikely event of a default on the long-term debt, U.S. Subsidiary may have a greater than it's proportionate share of exposure to any default conditions. The total amount (face value) of the Senior Loan and the Mezzanine Loan and accrued interest is $26,844,138, and the unrecorded portion to which the Corporation may be party to is $3,868,240. This amount has not been recognized on the statements of financial position.

Financial Instruments

The Corporation's financial instruments consist of interest rate cap, accounts receivable, due from related party, deposits, restricted cash, cash, Debentures payable, Interest Debentures payable, project debt, interest payable, accounts payable and accrued liabilities, derivative financial liability, and amounts due to related parties. Accounts receivable, due from related party, deposits, restricted cash and cash are classified as loans and receivables, and are carried at amortized cost using the effective interest rate method. Debentures payable, Interest Debentures payable, project debt, interest payable, accounts payable and accrued liabilities, and amounts due to related parties have been classified as other financial liabilities, and are carried at amortized cost using the effective interest rate method.

Fair value measurements are classified using a three tier fair value hierarchy where each level reflects the significance of the inputs used in making the measurements. In level 1, values are based on unadjusted quoted prices in an active market that are accessible at the measurement date for identical assets and liabilities; level 2 values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability; and level 3 values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

The fair value of the interest rate cap and derivative financial liability are determined using a third party valuator who uses a discounted future cash flow approach, making use of level 2 (other than quoted prices) inputs to arrive at a current value. The discount rate applicable to a transaction is generally LIBOR for the relevant currency, however other discount rates may be used where the valuator feels that LIBOR is not appropriate. This interest rate cap and derivative financial liability are recorded at fair value with changes being recorded through profit and loss.

The fair value of Debentures and 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 effective interest rate.

Financial instruments often expose an entity to liquidity, credit, currency or interest rate risk. While it is management's opinion that the financial instruments of the Corporation do not give rise to significant credit risk, the Corporation is exposed to significant interest rate risk and currency risk.

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 progress of the development, ensuring timely collection of lot sales, and managing cash receipts and payments. Refer to "Analysis of Financial Condition" for the Corporation's plan for settling existing liabilities.

Interest rate risk

The Corporation is exposed to significant interest rate risk due to the variable interest rate charged on the project debt. Changes in market interest rates will cause fluctuations in the interest expense incurred on any project debt outstanding. The Corporation monitors the effects of market changes in interest rates.

Specifically, LIBOR is the variable rate underlying the Corporation's Senior Loan. To mitigate this market risk, the Corporation has purchased an interest rate cap with a third party which caps the Senior Loan's interest rate as follows:

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

Currency risk

Currency 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 US dollars.

At December 31, 2014, if the Canadian dollar had strengthened by 10% against USD with all other variables held constant, comprehensive income for the year would have been $1,399,292, mainly as a result of foreign exchange losses on translation of USD denominated project debt and accounts payable and accrued liabilities compensated by foreign exchange gains on translation of USD denominated cash and restricted cash.

Conversely, if the Canadian dollar had weakened by 10% against USD with all other variables held constant, comprehensive income for the year would have been $1,399,292.

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 and vice versa. As part of the Corporation's on-going risk management strategy, U.S. construction funding will be used for U.S. denominated expenditures to further mitigate foreign currency risk exposure.

As at December 31, 2014, the Corporation did not have any outstanding foreign currency forward contracts.

Outstanding Shares

As of the date of this MD&A, the Corporation had 100 Class A shares outstanding and 3,017,170 Class B shares outstanding.

Outstanding Debentures and Interest Debentures

As of the date of this MD&A, the Corporation had 3,017,170 Debentures payable outstanding with a principal amount outstanding of $15.1 million, as well as Interest Debentures with a principal amount outstanding of $1.2 million. The Corporation may in its sole discretion, convert all or any principal amount of the Debentures payable or Interest Debentures payable into a variable number of Class B shares, based on the fair market value per Class B share on the date of the conversion.

Commitments

The following table presents future commitments of the Corporation under the Management Services Agreement and the Agency Agreements over the next five years. It does not include WDM's Performance Fee under the Project Management Agreement, which is calculated based on the amount of distributions paid by the Corporation. These commitments will be funded through future revenues generated by the Corporation and the capital resources available to the Corporation.

	Servicing fee ($)	Management fee ($)	Total ($)
2015	139,888	559,552	699,440
2016	139,888	559,552	699,440
2017	139,888	559,552	699,440
2018	139,888	559,552	699,440
2019 and thereafter	-	137,972	137,972
Total	559,552	2,376,180	2,935,732

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. In April 2014, the Corporation provided the Washington Suburban Sanitary Commission with two bonds totalling USD $7,583,558 which are used as construction guarantees.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial information 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 revenues and expenses during the year. 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 inventory

In assessing the recoverability of the land development inventory, 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 borrowing. Changes in these estimates and assumptions could cause the amount of the recoverability of land development inventory to differ materially from the carrying amount.

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.

Interest rate cap and derivative financial liability

In assessing the fair value of the interest rate cap and derivative financial liability, judgment is used to determine the inputs required. Management's assumptions rely on using external data including LIBOR (3 month USD-LIBOR) ("**LIBOR**").

Intercompany loans

Exchange differences arising from intercompany loans that are not considered part of the net investment in theU.S. Subsidiary and are expected to be repaid in the foreseeable future are recognised in the statement of comprehensive income. The Corporation has certain intercompany loans expected to be repaid in the foreseeable future with the exchange differences being recognized in the statement of comprehensive income.

Capitalization of borrowing costs

The Corporation capitalizes borrowing costs to qualifying assets by determining if borrowings are general or specific to the Property, the project will be active throughout the period of capitalization and will take a substantial period of time to prepare the Property for its intended use or sale. The Corporation considers a substantial period of time to be a period that is greater than one year.

Recognition of joint and several arrangements

The Corporation has joint and several liability with WWE in respect of the Senior Loan and Mezzanine Loan. The Corporation is required to record its proportion of the obligation in accordance with such loans. In addition to the Corporation recording its proportionate share of the obligation, the Corporation would be required to recognise an additional provision for WWE's proportion of the obligation if it was determined to be probable that an economic outflow of resources would be required.

CURRENT AND FUTURE CHANGES IN ACCOUNTING POLICIES

Current Changes in Accounting Policies

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

Offsetting financial assets and liabilities

IAS 32 ‘Financial instruments: Presentation – offsetting financial instruments’ amendment were issued by the IASB in December 2011, for retrospective application in annual periods beginning on or after January 1, 2014. The amendment addresses 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 consolidated financial statements of the Corporation.

Levies

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 consolidated financial statements.

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 superseded IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 introduces new models for classification and measurement of financial instruments, hedge accounting and impairments 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, 2017, with earlier application permitted. The Corporation is currently in the process of evaluating the impact that IFRS 15 may have on its consolidated financial statements.

SUBSEQUENT EVENT

Subsequent to year end, the Corporation entered into a Subordinated Loan Agreement with WUSA for $4.1 Million USD Loan, bearing interest at 11.0% per annum, payable semi-annually, provided however, at the Corporation’s election, interest may be deferred and added to the principal balance of the loan. The loan is a 60 month term loan, 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 and mezzanine loan described in Note 9. This loan will replace the existing demand loan facility with WUSA described in Note 5.

As a result of entering into the subordinated loan agreement, the Corporation has amended the loan agreements for the senior loan and the mezzanine loan to acknowledge the Subordinated Loan and to modify the existing arrangement to address cost over runs.

CORPORATE GOVERNANCE

Board of Directors

The mandate of the Board of Directors of the Corporation is to oversee the management of the business of the Corporation, with a view to maximizing the Corporation's shareholder value, and ensuring corporate conduct in an ethical and legal manner via an appropriate system of corporate governance and internal control processes and procedures.

Throughout 2014, the Board of Directors consisted of Clifford H. Fryers, Jon N. Hagan and Richard R. Singleton. Within the meaning of National Instrument 52-110 – Audit Committee ("**NI 52-110**"), Jon N. Hagan and Richard R. Singleton were independent of management of the Corporation, while Clifford H. Fryers was not independent as a result of the aggregate remuneration that he receives from the Walton group of companies ("**Walton Group**"). Mr. Fryers was the Chairman of the Board of Directors.

The Board of Directors facilitates its exercise of supervision over management of the Corporation through, among other things, the adoption by the Board of specific written mandates for the Board, the chair of the Board, the president and chief executive officer, the audit committee of the Board and the chair of the audit committee setting out certain rules of operation for and, responsibilities of, those groups or persons.

At a meeting of the Board of Directors held on March 24, 2015, after the audited financial statements and management's discussion and analysis of the Corporation for the years ended December 31, 2014 and December 31, 2013 were approved by the Board, the Board accepted the resignation of Mr. Singleton as a director and appointed William K. Doherty as a director of the Corporation. As a result, after the completion of the March 24, 2015 Board meeting, the Board of Directors will be comprised of Mr. Fryers, Mr. Hagan and Mr. Doherty. As discussed above, within the meaning of NI 52-110, Mr. Hagan is independent of management of the Corporation, while Mr. Fryers is not. In addition, Mr. Doherty is not independent of management of the Corporation as he is the Chief Executive Officer of Walton Global Investments Ltd. and Walton International Group Inc. Mr. Fryers will continue as the Chairman of the Board of Directors.

The only standing committee of the Board of Directors is the audit committee (the "**Audit Committee**"), which, during 2014 and up to and including the March 24, 2015 Board meeting referred to above, consisted of Mr. Singleton and Mr. Hagan. Mr. Hagan was the Chairman of the Audit Committee. As a result of the changes to the Board referred to above, after the completion of the March 24, 2015 Board meeting, the Audit Committee will be comprised of Mr. Fryers and Mr. Hagan, with Mr. Hagan as Chairman.

Personal Profiles

Clifford H. Fryers – Mr. Fryers is the Chairman and Chief Executive Officer of White Iron Inc. and Stampede Entertainment Inc., both entertainment companies. He recently retired as the Chair of the Board of the Manning Centre for Building Democracy and the Manning Foundation for Democratic Education. He is also former Chairman of the Board of Directors for ENMAX Corporation.

Mr. Fryers is on the board of directors of several companies in the Walton Group, including the following reporting issuers: Walton Ontario Land 1 Corporation, being the general partner of Walton Ontario Land L.P. 1; Walton Edgemont Development Corporation; Walton Yellowhead Development Corporation; and Walton Westphalia

Development Corporation. He was on the Board of Advisors of Walton Global Investments Ltd. for eight years, retiring as Vice Chairman in November of 2011.

From 1997 until 2000, Mr. Fryers was Chief of Staff to the Leader of Her Majesty's Official Opposition in the House of Commons. Prior to that, he was a Senior Tax Partner and Managing Partner with the law firm of Milner Fenerty (now Dentons LLP) which he joined in 1980. He worked in the Tax Litigation Section of the Department of Justice, Ottawa from 1971 to 1977 and then as General Tax Counsel for Mobil Oil Canada, Ltd. until 1980. Mr. Fryers holds the ICD.D certification granted by the Institute of Corporate Directors.

Jon N. Hagan – Mr. Hagan has been the principal of JN Hagan Consulting since December 2000. He provides assistance to major corporations regarding real estate capital markets, and acquisition and disposition transactions covering situations in Canada, the United States of America, Mexico and China.

Mr. Hagan is also a director and member of the audit and executive committees of the board of directors of First Capital Realty Inc., which is a reporting issuer in Canada. He is Chair of the board and the Compensation, Nomination, and Governance Committee, and on the Audit Committee of Regal Lifestyle Communities Inc., which is a reporting issuer in Canada. He was formerly a director and member of the audit, human resources, corporate governance and investment committees of Bentall Kennedy Group from 2001 to 2011. He was a trustee of Sunrise Senior Living Real Estate Investment Trust from 2004 to 2007, and was the chair of the audit committee thereof. He was the Chairman of Teranet Income Fund from 2006 to 2008. He was a director and on the audit committee of the board of directors of The Mills Corporation for the first three months of 2007 to assist in the sale of The Mills Corporation. Mr. Hagan is also on the board of directors and Chair of the Audit Committee of the following reporting issuers within the Walton Group: Walton Ontario Land 1 Corporation, being the general partner of Walton Ontario Land L.P. 1; Walton Edgemont Development Corporation, Walton Yellowhead Development Corporation; and Walton Westphalia Development Corporation.

Mr. Hagan has held a number of executive finance positions in the real estate industry, beginning with Oxford in the 1970s. His career took him to Cambridge Shopping Centres in 1980, where he eventually became Senior Vice-President, Corporate Group and Chief Financial Officer. He then joined the Empire Company Limited where he was Executive Vice-President, Finance and Corporate Development. From 1996 through 2000, he was Executive Vice President and Chief Financial Officer of Cadillac Fairview Corporation. Mr. Hagan's experience spans corporate strategy, corporate and real estate finance, real estate acquisition and disposition, compensation programs, computer systems, financial reporting, forecasting and budgeting.

Mr. Hagan is a chartered accountant. He holds a BSc in Mechanical Engineering from the University of Saskatchewan and attended the Executive MBA program at the University of Alberta.

William K. Doherty – Mr. Doherty leads the Walton Group of Companies as Chief Executive Officer of Walton Global Investments Ltd., and as an actively-involved director and executive with several Walton Group affiliates.

Mr. Doherty has been central to the Walton Group's strategic direction, and expansion since the early 1990s, when he moved from the Walton Group's original Calgary base to Hong Kong to launch the Walton Group's Asian operations. He successively opened offices in Hong Kong, Singapore, Japan and Malaysia, which evolved into key factors in the Walton Group's growing success in land-based real estate projects.

Upon returning to Canada in the late 1990s, Mr. Doherty led the recruitment of a growing team of knowledgeable professionals and expanded and diversified Walton's land portfolio. During the ensuing decade, in addition to its leading role in the Calgary market, the Walton Group established significant positions in strategic growth regions around Edmonton, Ottawa, County of Simcoe, Niagara, County of Brant, Phoenix, Dallas, Austin, Atlanta, Washington D.C., Charlotte, Southern California, Chicago, Nashville and Central Florida.

Mr. Doherty has directed the ongoing expansion of the Walton Group's investment operations, launching USA and European operations and opening offices throughout North America. He is involved in developing the Walton Group's business relationships with leading international investment banks, broker-dealers, financial advisors and institutional investors.

Mr. Doherty oversees the Walton Group's involvement in land-use planning and development having formed WDM, and recruiting experienced development industry leaders to key executive positions and launching major real estate development projects.

Mr. Doherty directs an enterprise that has grown into a leading North American real estate investment and development group. The Walton Group administers assets over $4.6 billion CAD and nearly 97,000 acres of land, with a global presence and serves more than 92,000 investors and clients.

Compensation

The Corporation has agreed to pay to each of the directors who are not members of management an annual retainer of $25,000 per year, paid quarterly in advance. This amount was determined by the Corporation and the directors.

The executive officers of the Corporation do not receive any compensation from the Corporation.

Orientation and Continuing Education

New directors will attend a briefing with existing directors on all aspects of the nature and operation of the Corporation’s business from the existing directors and the senior management of the Corporation.

Directors will be afforded the opportunity to attend and participate in seminars and continuing education programs and are encouraged to identify their continuing education needs through a variety of means, including discussions with senior management of the Corporation and at meetings of the directors. Outside experts may be retained, as appropriate, to provide directors with ongoing education on specific subject matters.

Nomination of Directors

The original members of the board of directors were appointed by the Class A shareholder of the Corporation. If and when a director resigns, the remaining directors will participate in the identification of a new director with a view to ensuring overall diversity of experience and skill. The new director may be appointed by the remaining directors or by the Class A shareholder of the Corporation.

Assessments

The directors will regularly assess themselves with respect to their effectiveness and contribution.

Audit Committee

The primary function of the Audit Committee is to assist the board of directors in fulfilling their responsibility of oversight and supervision of the Corporation’s accounting and financial reporting practices and procedures, the adequacy of internal controls and procedures, and the quality and integrity of its financial statements. In addition, the Audit Committee will be responsible for directing the auditors’ examination of specific areas, for the selection of the Corporation’s independent auditors and for the approval of all non-audit services for which its auditors may be engaged, including the fees for such services.

Throughout 2014, the Audit committee consisted of Richard R. Singleton and Jon N. Hagan. Mr. Hagan and Mr. Singleton were "independent" as contemplated by NI 52-110 and were financially literate, meaning that each had the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the financial statements of the Corporation. Mr. Hagan was Chairman of the Audit Committee. At a meeting of the Board of Directors held on March 24, 2015, after the audited financial statements and management's discussion and analysis of the Corporation for the years ended December 31, 2014 and December 31, 2013 were recommended for approval by the Audit Committee and were approved by the Board of Directors, Mr. Singleton ceased to be a member of the Audit Committee and was replaced with Clifford H. Fryers, a member of the Board. As a result, after the completion of the March 24, 2015 Board meeting, the Audit Committee will be comprised of Mr. Hagan and Mr. Fryers, with Mr. Hagan as Chairman. As discussed above, Mr. Hagan is "independent" within the meaning of NI 52-110, while Mr. Fryers is not. Both Mr. Hagan and Mr. Fryers are "financially literate" within the meaning referred to above.

Ethical Business Conduct

Directors who have, or may be reasonably perceived to have, a personal interest in a transaction or agreement being contemplated by the Corporation are required to declare such interest at any meeting at which the matter is being considered and, where appropriate, leave the meeting during the discussion and abstain from voting on such matter. The directors encourage and promote a culture of ethical business conduct by expecting each director, as well as the officers of the Corporation, to act in a manner that exemplifies ethical business conduct.

Whistleblower Policy

The Corporation has established a Whistleblower Policy to ensure the integrity of the accounting records and financial statements of the Corporation and its compliance with applicable laws. Under the whistleblower policy, any employee who becomes aware of any questionable accounting, internal accounting controls, auditing matters or potential violations of law are encouraged to contact their immediate supervisor, their immediate supervisor's manager or the President . Employees also have the option of reporting such matters directly to the chair of the Audit Committee or the chair of the board of directors. Appropriate procedures are then undertaken to ensure that the report is promptly and thoroughly investigated.

RISK FACTORS

Risks of Real Property Ownership and Development

Real estate investments are generally subject to varying degrees of risk depending on the nature of the property. Such risks include the highly competitive nature of the real estate industry, changes in general economic conditions (such as the availability and cost of mortgage funds), local conditions (such as the supply of and demand for office, industrial, retail space or warehousing or residential real estate in the area and thereby the prices at which serviced acreage may be sold), government regulation and changes therein (such as planning, zoning, taxation of property and environmental legislation), changes in governments and the political environment in the applicable jurisdictions, competition from other available properties and the attractiveness of the property to potential purchasers, including builders. In addition, each segment in the real estate development industry is capital intensive and is typically sensitive to interest rates and general economic conditions. The income generated by real estate properties, if any, is dependent upon general economic conditions and, accordingly, the return on investment may be affected by changes in those conditions. There is also no assurance that the Property can be expected to be developed profitably. Economic conditions also may affect the municipalities and their ability and willingness to fund infrastructure projects necessary to support development. The market for real property can be affected adversely by economic factors, which may be regional, national or international in scope.

There is potential for significant variation in soil quality across a development property. Such variation may require significant remedial work including soil removal and fill which increases the costs associated with development and the provision of lots.

Throughout the U.S., the real estate market has been experiencing increased weakness and volatility. The recent recession in the United States and the increased default rates on sub-prime mortgages in the U.S. and the effect of these increased default rates on the mortgage backed securities market in the U.S. has significantly reduced the amount of debt financing available for real estate projects in the U.S. Some experts believe that as a consequence of significant drops in prices in the real estate sector, the current value of real estate investments could considerably decrease. This could mean that the development of the Property may not be completed in accordance with the existing plan, on time or on budget, or that the Property may decrease in value. These factors may have a negative impact on the value of the Corporation's interest in the Property, on the length of time the Corporation will be required to hold the Property, on the purchase price of the acreage from the Property when eventually sold and on the value of the Debentures, Interest Debentures and Class B shares.

The Corporation and the U.S. Subsidiary will be required to make certain expenditures in respect of their activities, including, but not limited to, the payment of property taxes, maintenance costs, insurance costs and related charges, regardless of whether the Property is producing sufficient income to service such expenses. If the Corporation or the US Subsidiary is unable or unwilling to meet such payment obligations, losses could be sustained as a result of the exercise by creditors of rights of foreclosure or sale.

Various factors can affect the timing and profitability of real estate development and construction. While certain plans have been made for development of the Property, there is no assurance that such plans will be met on a timely basis or at all. There is also no assurance that the Property can be developed profitably. The Corporation will be subject to risks inherent in the development of real estate including: (i) construction and other unforeseen delays; (ii) the incurring of construction and development costs in advance of securing sales revenue; (iii) cost overruns; (iv) the inability to secure the appropriate development and other necessary approvals in a timely and cost effective manner; (v) the inability to sell acreage from the Property; and (vi) fluctuations in demand and supply for developed properties. Occasionally municipalities throughout the U.S. require developers to front-end significant off site infrastructure. The costs associated with such can be significant and may materially impact the financial results of developers.

Currency Fluctuations

All of the operations of the U.S. Subsidiary in connection with the development of the Property, including, without limitation, the costs it incurs in connection therewith, the construction loans that it obtains and the related interest expenses, the revenues that it receives from the sales of serviced lots and parcels and the fees that it pays to WDM, will be denominated in U.S. dollars. When the U.S. Subsidiary distributes any amounts to the Corporation for the purpose of funding its costs and paying interest and principal on the Debentures and Interest Debentures and dividends and other distribution on the Class B shares, those amounts will have to be converted into Canadian dollars at the Canadian/U.S. dollar exchange rate prevailing at those times.

Required Loans May Not Be Provided, May Terminate or May Not Be Sufficient

It is anticipated that further construction loans will be required to fund the costs of the development beyond the Senior Loan and the Mezzanine Loan. There can be no guarantee that such construction loans can or will be obtained on similar terms as the Senior Loan and the Mezzanine Loan, or at all.

The Corporation and the U.S. Subsidiary have the authority to negotiate and obtain other loans or loan facilities for the purposes of carrying out their operations and to grant security against their assets, including the Property, without obtaining the approval of the holders of the Debentures, Interest Debentures and the Class B shares. The Corporation and the U.S. Subsidiary may exercise this power in a number of circumstances including (i) if they wish to replace the Senior Loan or the Mezzanine Loan for any reason, (iii) if the Senior Loan or the Mezzanine Loan is terminated for any reason, or (iv) when other credit facilities, loans or borrowings are required to be entered into by them to pay for the development of the Property, or to pay for other of their costs. Any such borrowing and the granting of security, which may be from arm's length third parties and/or, subject to compliance with all applicable laws and receipt of all required regulatory approvals (if any), from affiliates of WAM or from affiliates of holders of Debentures and Interest Debentures or Class B shares, will be on such terms as the Corporation and/or the U.S. Subsidiary determines to be appropriate. Any such borrowings may be evidenced by promissory notes or other evidences of indebtedness. Such borrowings may include securities offerings by the Corporation and/or the U.S. Subsidiary of indebtedness, such as notes or debentures, which may or may not be secured by their assets, including the Property.

There can be no assurances that the Corporation and/or the US Subsidiary will be able to obtain financing when required, or, if it can obtain such financing, that such financing will be on terms that are reasonable or acceptable. The failure or inability to obtain such financing will have a material negative effect on the ability to develop the Property on a timely basis, or at all.

Regulatory Approvals and Third Party Approvals

Full development of the Property requires zoning, subdivision and other approvals for each phase of the Property, including Phase 1, from local government agencies and other approving authorities that have the jurisdiction over regulatory planning and development approvals in the area around the Property. The process of obtaining such approvals may take many months, and there can be no assurance that the necessary approvals will be obtained or obtained in a manner that is acceptable for the purposes of the proposed development of the Property. There is also a possibility that additional approvals to those described above may be necessary due to new legislation or for other reasons. Holding costs will accrue while regulatory approvals are being sought and delays in obtaining such approvals could render the development of the Property uneconomic. Failure to obtain acceptable approvals in a timely manner could have a significant negative effect on the value of the Property.

In addition, any required easement, cost sharing or other similar agreements with neighbouring land owners required for development of the Property may not be obtained on a timely basis, if at all.

Environmental Matters and Other Concerns

There can be no assurances that environmental contamination will not occur as a result of the development of the Property or any other activity on, or occupation of, the Property or farming, other operations or other occupation on adjacent parcels of land. There can be no assurances that if such environmental contamination does occur that it will not be significant or will not significantly reduce the value of the Property.

Under various environmental laws, ordinances and regulations, the current or previous owners or operators of the Property, and the U.S. Subsidiary, may be liable for the costs of removal or remediation of hazardous or toxic substances on, under or in the Property. These costs could be substantial. Such laws could impose liability whether or not the Corporation knew of, or was responsible for, the presence of such hazardous or toxic substances. The presence of hazardous or toxic substances, or the failure to remove or remediate such substances, if any, or restrictions imposed by environmental laws on the manner in which the Property may be operated or developed, could adversely affect the ability to sell acreage from the Property or to borrow using the Property as collateral and also could potentially result in claims against the Corporation and/or the U.S. Subsidiary. Environmental laws provide for sanctions for non-compliance and may be enforced by governmental agencies or, in certain circumstances, by private parties. Certain environmental laws and common law principles could be used to impose liability for release of, and exposure to, hazardous substances into the air. Third parties may seek recovery from real property owners or operators for personal injury or property damage associated with exposure to released hazardous substances. The cost of defending against claims of liability, of complying with environmental regulatory requirements, of remediating any contaminated property, or of paying personal injury claims, could be substantial. The Corporation and/or the U.S. Subsidiary may be subject to liability for undetected pollution or other environmental hazards against which it cannot insure, or against which it may elect not to insure where premium costs are disproportionate to the Corporation's or WAM's or WDM's perception of relative risk.

Political and Economic Climate

The area around the Property presents social, economic and political conditions that are reasonably stable. However, the applicable levels of government in this area and the U.S. federal government could implement legislation and policies that would have an adverse effect on the value of the Property. Examples of such policies are tax reform, zoning restrictions, land ownership restrictions, transportation policies, development moratoriums, annexation proceedings or other adverse economic and/or monetary policies. In addition, the Washington D.C. economy may not attain levels of growth that it has achieved in the past and projections regarding future growth may not be accurate.

Changes in Legislation and Policies

There can be no assurances that federal, state, county or municipal legislation will not be implemented or policies and frameworks will not be implemented by the applicable municipal bodies or other government regulators having jurisdiction over the Property which places restrictions on the ability to develop the Property or which generally has the effect of significantly reducing the value, or the potential value, of the Property.

Competition

The Corporation competes with other investors, developers, and owners of properties for the sale of desirable real estate properties. Some of the commercial, retail and residential properties of the competitors of the Corporation are newer, better located, better capitalized and/or more developed than the Property. Certain of these competitors have greater financial and other resources and greater operating flexibility than the Corporation. The existence of competing developers and owners could have a material adverse effect on the ability of the Corporation to market the Property, and could adversely affect the profitability of the Corporation. Affiliates of the Corporation, WAM and WDM (including WAM and WDM) manage other properties around Washington D.C. or elsewhere that may be competitive to the Property.

Builder Contract Risk

The success of any development project is to a certain extent dependent upon the ability to attract builders with successful track records in sales and construction. In the event that any of the builders that are contracted with in connection with the Property should cease operating in connection with the Property or not comply with their obligations to the U.S. Subsidiary under the applicable agreements, the financial performance of the Corporation will depend upon WDM's ability to find a replacement builder or builders. There can be no guarantee that WDM will find suitable builders on a timely basis or on terms that are advantageous to the Corporation.

Single Asset

The Corporation was formed solely for the purposes of the acquisition and development, through the U.S. Subsidiary, of all or a portion of the Property. The Property will represent the only significant asset of the U.S. Subsidiary, and the U.S. Subsidiary securities are the only significant asset of the Corporation. As a result, the Corporation's financial performance will be directly tied to the value of the Property.

4839-7248-5155, v. 1