

Walton®



Business Report

A Leading Land Asset
Manager and Real Estate
Investment Company

Global Headquarters
Scottsdale, Arizona
walton.com

April 2023 Issue

From the CEO

The past six to eight months has been a whirlwind with ups and downs in the real estate and investment industries. Starting the year in 2022, we were seeing the outcome of historical home sales in the U.S. proven by multiple exits in our land holdings that came to an abrupt pause the second half of 2022 -- but a new year brought a new perspective. Beginning Q1 2023, we were seeing a shift from our home builder clients and land buyers who now have a "pedal to the metal" initiative to buy land. Home demand continues to remain strong, supported by early data available for the 2023 spring home buying season, that is showing an increase in home sales month-over-month. Generally, our conversations with top U.S. home builders indicate the 2023 housing outlook is positive, which matches recent reports stating builder sentiment is up overall from a low in October 2022.

As we move further into the year, a look back at Walton's activities last year provides a good perspective of the foundation that we will build upon this coming year.



In 2022, our Exit-focused Pre-development Land Investment business line offered throughout Asia and the Middle East was very strong. We also welcomed three new strategic relationships to our company in the institutional investment sector that will help propel our Builder Land Financing and Build-to-Rent business in 2023 and in the years ahead. Two institutional investors are based in the U.S. and the other in the Middle East.

Walton had historical years for both our Pre-Development Land Investment business and investor distributions. By year end, we closed on \$314 million in pre-development land investments. Distributions of more than \$200 million occurred, globally, for our investors in all asset classes. We acquired our first U.S. Employee-based Immigration (EB 5) asset in Paradise Valley, Arizona in June 2022, where we plan to build a luxury hotel.

Since the start of 2023, we have been working diligently to launch new business lines and progress existing programs. Some highlights for Q1 2023 include:

- A new DST land-based offering for U.S. accredited investors launched the week of March 20, 2023
- A Builder Land Financing fund, BLF Fund 2, launched the week of March 27, 2023
- Our EB-5 program received Shariah Compliant approval, a unique feature in the marketplace for global investors
- The first EB-5 development project is officially in the process of obtaining approvals and moving toward entitlements, which we hope to complete by the end of this year.
- The closing of a ~\$30 million transaction in Sherwood, Texas occurred in late February 2023

As we start Q2 2023, we are actively working with our land buyers on land deals that have mostly resurfaced from delays or terminations during the last four months of 2022. Renewed interest from buyers has Walton discussing deal terms and working toward completed transactions. Our top home builder clients are approaching 2023 with renewed optimism. Walton also has the same optimism and we look forward to the year ahead.

2022

YEAR IN REVIEW



9,241
acres

Land Sales

Using Walton's strategy to partner with home builders before acquiring properties focused on exits

\$354
million

Value of Land Sales

Land sales occurred within Walton's existing land

\$202
million

Investor Distributions

Investors received distributions throughout the year in both U.S. and Canada

2,652
acres

New Land Acquisitions

Walton acquired land in growth regions throughout the U.S. including hot markets such as Las Vegas and Atlanta

\$208
million

Capital Loan Raise

Across 12 projects through debt and equity

35,155
acres

Partially or Fully Exited

Additional exits in 2022 added to the total of fully exited acres since 1998

A YEAR IN REVIEW 2022

Business Highlights

BUILDER LAND FINANCING (BLF)

BLF is based on Walton acquiring land identified by one of the largest U.S. home builders to be part of their near-term pipeline for home development.

In 2022, we closed on a \$100 million facility with an institutional lender, entered three new markets, and acquired and closed on six properties totaling \$63 million.

PRE-DEVELOPMENT LAND INVESTMENT

Our pre-development land investment strategy is core to Walton's business. In 2022, 75 pre-development land deals exited, amounting to more than 8,795 acres, more than \$248 million in sales proceeds, and \$95 million in revenue that continues to be passed on to our landowners worldwide.

We also launched nine new projects using our Exit-focused Pre-development Land (EFPDLI) model.

BUILD-TO-RENT (BTR)

A strategic equity partnership was formed in mid-2022 with a private equity firm located in Boston. The partnership helps to further our plans to create affordable housing in the form of rental communities across the country.

Along with our equity partner, Walton is exploring opportunities to deploy allocated capital within our existing land portfolio, as well as new land acquisitions, that can potentially fulfill 15 to 20 BTR communities.

EB-5 DEVELOPMENT

In 2021, Walton acquired the Smoke Tree Resort located in Paradise Valley, Arizona. The land will be used to build a new boutique hotel as our first EB-5 project. Progress in zoning submittals for design and engineering plans has been made as well as identification of global, high-end hotel operators who will oversee the new hotel.

Our Relationships

JUNE 2, 2022

Walton Global Announces \$100 million in builder land financing with Fortress Investment Group.

[Read Press Release](#)

JUNE 13, 2022

Walton Global and Rockpoint announce a \$300 million Joint Venture to develop build-to-rent communities.

[Read Press Release](#)

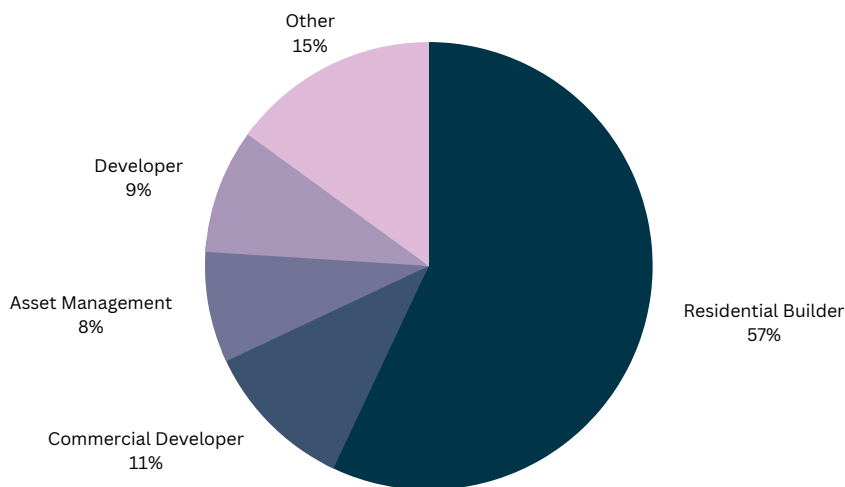
FINANCIAL INSTITUTIONS

The past year was centered on sharing the value of our business lines with institutional investors. Walton formed strategic relationships with two key institutional entities that support our goal to further expand our builder land financing and build-to-rent initiatives.

U.S. HOME BUILDERS

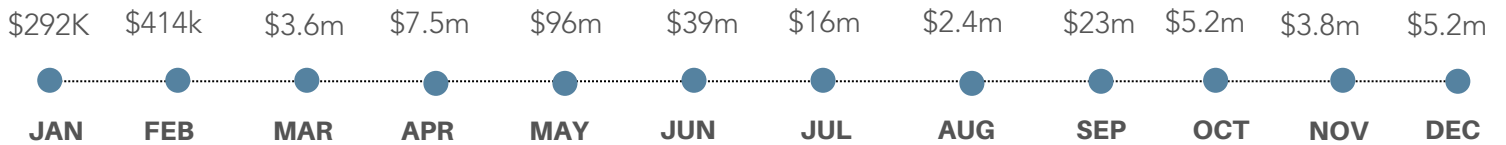
Our predominant land buyers continue to be our home builder clients. Walton has transacted with more than half of the top 20 home builders in the U.S. and many others. In 2022 alone, home builders purchased \$133 million of Walton managed land.

2022 LAND BUYERS



Global Investors

2022 INVESTOR DISTRIBUTIONS TOTAL \$202 million



Distributions were made monthly in 2022 to our investors located in Asia, Canada, Germany, the Middle East, and the United States because of closings in late 2021 and throughout 2022. Vote approvals from our investors were received for more than 60 exit offers made by home builders and developers.

A 22 percent increase in investor distributions was made in 2022, globally, compared to 2021.

A U.S. VISIT FROM 45 OF OUR ASIA INVESTORS AND ADVISORS

In October 2022, we were pleased to host 45 of our high-net-worth investors and advisors from China, Taiwan and Malaysia. The first stop was our corporate office in Scottsdale, Arizona following a land tour of their investment properties near Atlanta, Georgia.



Our Land Assets

Our land strategy involves finding land in the path of growth identified by Walton or our home builder clients. Markets where Walton manages and administers land include 16 states, two provinces and 30 metros/regions. In 2022, we acquired land in two new states: Utah and Washington.

79,116

Acres in U.S.

92,844

Total acres in the
U.S. and Canada

13,728

Acres in Canada

Available Land by MSA and Region



| | | | |
|--------------------------------|----------------------------------|--------------------------------|--|
| ARIZONA 8,870 acres | CALIFORNIA 2,909 acres | COLORADO 3,038 acres | FLORIDA 8,017 acres |
| GEORGIA 11,825 acres | MARYLAND 3,225 acres | NEVADA 69 acres | N. and S. CAROLINA 8,002 acres |
| OKLAHOMA 404 acres | TENNESSEE 1,468 acres | TEXAS 29,103 acres | VIRGINIA 2,878 acres |
| WASHINGTON 34 acres | UTAH 219 acres | ALBERTA 6,789 acres | ONTARIO 6,939 acres |

A GLOBAL STRATEGY

2023 Plan

BUSINESS LINES

Walton is leveraging the success achieved in 2022 with our builder land financing program and our pre-development land strategy to develop new initiatives in 2023.

Exit-focused Pre-development Land Investment (EFPDLI)

Established in 2019, this structure focuses on identifying a home builder prior to land acquisition with near-term, forecasted exits. Since its inception, we have acquired 31 EFPDLI properties that are currently active, of which nearly one-third (nine) are expected to exit in 2023. Our 2023 plan is to grow this business line by targeting land parcels that fit the model, and work closely with our existing network of home builders while developing new builder relationships in various U.S. markets.

Builder Land Financing (BLF)

Using the fundamentals of our BLF strategy for near-term home development, 2023 offerings will be extended to various types of investors in regions throughout the world. As of the end of Q1 2023, a land pipeline of more than \$200 million is in place and growing for various investment structures including: .

- BLF Fund 2 (U.S.)
- Global Fund (Global)
- WLF Fund (Asia)
- Custom Structures (Global)

Land-based DST Growth Offering

This 1031 exchange strategy is designed for U.S. based accredited investors that aims to produce higher returns than traditional DSTs with 3 to 5 year hold periods. Launched in March 2023, the offering will add a variety of land options.

NEW LAND ACQUISITIONS - 2023 GOAL OF \$495M.

In Q1 2023, many home builders and developers are scaling up on land buying after a pullback in Q3 and Q4 2022 to plan for a leveled market and pinned up home demand. Walton's goal is to expand our portfolio in the regions we have land holdings as well as enter new markets in the northern part of the country.

EB-5 IMMIGRATION PROGRAM

Walton's immigration program spans across the globe. In 2023, our plan is to increase our local team in key markets including Dubai, Singapore, and Europe to offer customized service to partners and applicants. An official announcement of the selected hotel operator may take place this year for our first EB-5 development project, and we are planning to add a second development project in 2023.

Our program received an endorsement from the Islamic Finance Advisory Board in Q1 2023, and we are actively expanding this offering to investors searching for a Shariah compliant investment.





Walton[®]

UNITED STATES | CANADA | HONG KONG | JAPAN
CHINA | TAIWAN | UAE | SINGAPORE | MALAYSIA