

COURT FILE NUMBER

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COURT

COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

IN THE MATTER OF THE *COMPANIES'*
CREDITORS ARRANGEMENT ACT, R.S.C.
1985, C. C-36, AS AMENDED

AND IN THE MATTER OF THE COMPROMISE
OR ARRANGEMENT OF WESTPHALIA DEV.
CORP.

APPLICANT

WESTPHALIA DEV. CORP.

DOCUMENT

AFFIDAVIT

ADDRESS FOR
SERVICE AND
CONTACT
INFORMATION OF
PARTY FILING THIS
DOCUMENT

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Lawyers for the Applicant, Westphalia Dev. Corp.
File no.: 1001326363

AFFIDAVIT OF BRYCE TINGLE, K.C.

Sworn on January 13, 2025.

I, Bryce Tingle, K.C., of Calgary, Alberta, SWEAR AND SAY THAT:

I. INTRODUCTION

1. I have been an Independent Director on the Board of Directors of Westphalia Dev. Corp. (**WDC**) since April 2020. I have personal knowledge of the facts and matters hereinafter deposed to, except where otherwise stated. Where I attest to matters that I do not have personal knowledge of, including those that took place before my engagement, I have done so based on my review and reliance on the records of WDC and my discussions with

WDC's management to inform my understanding. Where I have relied upon other sources of information, I believe such information to be true.

2. All references to "dollars" or "\$" herein are references to Canadian dollars unless otherwise specified.

3. For convenience, the Exhibits to this Affidavit are organized in four volumes, as follows:

- (a) Volume A contains the following Financial Statements, at **Exhibits "A-1" to "A-4"**;
 - (i) Audited Consolidated Annual Financial Statements for the year ended December 31, 2023 for WDC, which are consolidated with the financial information of WDC's subsidiary;
 - (ii) Q3 Unaudited Consolidated Interim Financial Statements for the three and nine months ended September 30, 2024;
 - (iii) Unaudited Non-Consolidated Annual Financial Statements for the year ended December 31, 2023 for WDC alone;
 - (iv) Q3 Unaudited Non-Consolidated Interim Financial Statements for the three and nine months ended September 30, 2024 for WDC;
- (b) Volume B contains the following Management Discussion and Analysis (**MD&A**), at **Exhibits "B-1" to "B-2"**;
 - (i) MD&A for the year ended December 31, 2023;
 - (ii) MD&A for the three and nine months ended September 30, 2024;
- (c) Volume C contains certain contracts, at **Exhibits "C-1" to "C-3"**; and
- (d) Volume D contains all other documents, at **Exhibits "D-1" to "D-7"**.

4. Certain of the materials included in Volumes A and B of the Exhibits are not specifically referenced below. Those unreferenced Exhibits are included to provide a more

fulsome disclosure and to present a more complete picture of the evolution of WDC's precarious financial position.

II. RELIEF REQUESTED

5. This Affidavit is sworn in support of an application for an initial order (**Initial Order**) granting creditor protection to WDC under the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36, as amended (**CCAA**), to facilitate restructuring the business and affairs of WDC. If the Initial Order is granted, this Affidavit will also provide background for a proposed comeback order (the **Comeback Order**) on or about January 23, 2025 (the **Comeback Hearing**), for extended and additional relief.

6. If granted, WDC's proposed form of Initial Order under the CCAA would, among other things:

- (a) declare that WDC is a company to which the CCAA applies;
- (b) stay all proceedings and remedies taken or that might be taken in respect of WDC or any of its property, except as set forth in the Initial Order or as otherwise permitted by law, for 10 days (as may be extended by the Court thereafter);
- (c) authorize WDC to carry on business in a manner consistent with the preservation of its property and business;
- (d) authorize WDC to make certain essential payments to creditors;
- (e) appoint FTI Consulting Canada Inc. as the monitor of WDC (**FTI**, or the **Monitor**) under section 11.7 of the CCAA;
- (f) approve certain priority charges with respect to activities occurring in the first 10 days following pronouncement of the Initial Order, including the Director and Officer (**D&O**) Charge and Administration Charge, as defined below;
- (g) authorize payment of the reasonable fees and disbursements of the Monitor, the Monitor's legal counsel, and WDC's counsel; and

- (h) deem service of the within Application for the Initial Order to be good and sufficient.

III. OVERVIEW

7. For the reasons set out herein, I verily believe that WDC is insolvent and is a company to which the CCAA applies.

8. The indebtedness of WDC is in excess of \$5,000,000.

9. WDC's circumstances have become dire to the point that the company urgently needs to restructure its affairs.

10. For the past several years, WDC has operated and could only continue to operate with the ongoing financial support of certain stakeholders, including its manager, Walton Global Investments Ltd. (**WGIL** or the **Manager**). WDC has been unable to pay management fees owing to the Manager (and the Manager's predecessor) since 2016. While activities on the land development project underlying WDC's operations are ongoing, that project has experienced delays and requires substantial further funding in order to be completed, which in turn requires the support of the Manager and other stakeholders of WDC.

11. The Manager has now advised WDC that it cannot continue to provide services and funding on a go forward basis unless a plan is put in place to address WDC's liquidity and outstanding debts to the Manager and others. Absent this support, WDC would be unable to meet its immediate obligations as they come due, including the professional fees and other costs that will soon be incurred in order for WDC, as a public company, to meet upcoming audit and reporting obligations.

12. The Board of Directors has committed to putting in place a plan to deal with these matters. WDC therefore seeks an Order of the Court that would allow WDC to restructure its affairs pursuant to the CCAA.

IV. COMPANY BACKGROUND

13. WDC is an entity set up to raise and deploy capital in a specific land development project located in Prince George's County, Maryland, USA. WDC's objective is to work through its subsidiary, Walton Westphalia Development (USA), LLC (the **US Subsidiary**), to acquire, entitle (zone) land, and then develop and sell parcels to residential and commercial

builders and end users. WDC does not have the personnel to carry out these objectives and therefore hired a third party project manager, Walton Development & Management (USA) Inc., to carry out these objectives.

14. WDC is managed by WGIL pursuant to a Management Services Agreement, dated February 27, 2012, as between WDC and Walton Asset Management L.P. (**WAM**), as assigned and novated to WGIL on April 1, 2018, pursuant to an Assignment and Assumption Agreement (collectively, the **Management Services Agreement**). WGIL is a Canadian company that is part of a larger group of corporations, trusts and partnerships, made up of a large number of entities in Canada, with sister operations in the United States.

15. Attached as **Exhibit “C-1”** to this my Affidavit is a copy of the Management Services Agreement. Among other things, the Management Services Agreement provides that the Manager shall supply WDC with management and administrative services. In return, the Manager earns an annual management fee equal to 2% of the aggregate net book value of the Property calculated and payable quarterly based on the balance sheet of the US Subsidiary at the end of the previous fiscal quarter.

a. Ownership and Management

16. WDC was established on January 4, 2012, under the laws of the Province of Alberta. Since April 1, 2018, it has been managed by WGIL. Previously, and prior to 2018 when the Management Services Agreement was assigned to WGIL, WDC was managed by WAM. The voting shares of WDC are wholly held by 1389211 Alberta Ltd. (**1389211**), which in turn is wholly owned by WGIL. WDC itself is the sole shareholder of the US Subsidiary, a limited liability company organized under the laws of the state of Maryland on January 6, 2012. Copies of a corporate search for WDC and the organizational chart for WDC and its affiliates are attached hereto as **Exhibits “D-1”** and **“D-2”**, respectively.

17. 1389211 holds the only voting shares in WDC, being 100 Class A Voting Shares.

18. There are approximately 65,000 Class B Non Voting Shares that are widely held. WGIL and WGIL’s Chief Executive Officer and majority shareholder, William Doherty, are the largest Class B shareholders, holding approximately 5% and 1.5%, respectively, of the outstanding Class B Shares (defined and described below). Although WDC is a reporting issuer under Canadian securities legislation, its shares have never been listed or traded on a public market.

19. I am one of the three directors of WDC. All three directors are independent directors, and include myself, Greg Pollard and Jon Hagan. The two officers of WDC are its President and Chief Executive Officer, William Doherty, and its Chief Financial Officer, Autumn Habermehl.

20. WDC has arranged and funded standard director and officer liability insurance.

21. WDC and the US Subsidiary have no employees, as the Manager provides these services.

b. Property Acquisition and Initial Funding

22. WDC and the US Subsidiary were formed for the purpose and objective of acquiring and developing (the **Project**) the approximately 310 acre "Westphalia" property (the **Property**) in Prince George's County, Maryland. The Property is located along Pennsylvania Avenue, a major commuter route in the area. An illustration of the Project is attached hereto as **Exhibit "D-3"**.

23. The US Subsidiary acquired the Property on February 15, 2012, at an average price of USD \$76,497 per acre for a total purchase price of USD \$25,302,979, which included approximately USD \$23,714,150 for the land and a further USD \$1,588,829 in land closing costs. To fund this amount, the following steps took place:

- (a) WDC purchased a number of U.S. dollar forward contracts:
 - (i) to acquire USD \$13,400,000 on February 14, 2012 for Cdn\$13,588,940 (the **February Forwards**); and
 - (ii) to acquire USD \$11,900,000 on or after March 15, 2012 and on or before April 13, 2012 for Cdn\$12,084,450 (the **March Forwards**);
- (b) on February 14, 2012, Walton borrowed USD \$11,850,000 from a credit facility provided by an arm's length third party. This amount was funded to Walton Maryland, LLC, which then loaned such amount to the US Subsidiary under the terms of a loan agreement dated February 6, 2012 (the **WM Loan**);
- (c) on February 14, 2012, WDC borrowed Cdn\$13,588,940 from Walton International Group Inc. (**WIGI**), a related party, under the terms of a loan

dated February 6, 2012 (the **Walton Loan**). WDC used those funds to pay for the U.S. dollars under the February Forwards and provided those U.S. funds to the US Subsidiary;

- (d) the US Subsidiary then used the U.S. funds it received pursuant to (b) and (c) above to acquire the Property and pay for the land closing costs.

24. In the second and third quarters of 2012, the US Subsidiary sold an aggregate 14.4% interest in the Property to Walton Westphalia Europe, LP (**WWE**), which, as co-owner of the Property, receives a proportionate allocation of all assets, liabilities, revenues and expenses incurred for the Property's development.

25. WDC completed an initial prospectus offering in March 2012 (the **IPO**) to raise capital for the acquisition and development of the Property. The IPO resulted in the issuance of 1,442,300 units of WDC at \$10 per unit, for gross proceeds of \$14,423,000.

26. The IPO was followed by a private placement offering (the **Private Placement**), which was completed in multiple tranches under an offering memorandum dated March 26, 2012, with final closing on October 31, 2012. This resulted in the issuance of a further 1,574,870 units of WDC at \$10 per unit, for gross proceeds of \$15,748,700. Each unit issued pursuant to the IPO and Private Placement was comprised of one \$5.00 principal amount of an unsecured, subordinated, convertible, extendable debenture bearing simple annual interest at a rate of 8% (the **Debenture**) and one class B non-voting common share of WDC, having a price of \$5.00 per share (the **Class B Share**).

27. In total, the IPO and Private Placement raised aggregate gross proceeds of \$30,171,700, of which \$15,085,850 was received for the Debentures and \$15,085,850 was received for Class B Shares. The funds raised were used by WDC to pay for the U.S. dollars under the March Forwards, and in turn provide those U.S. funds to the US Subsidiary to repay the WM Loan and Walton Loan.

28. Initial Project financing was comprised primarily of secured third-party debt. This included:

- (a) A senior loan facility, entered on May 31, 2013, between the US Subsidiary and WWE, as borrowers, and a third-party lender, as lender, for an initial loan of up to USD \$40.95 million, as amended (the **Senior Loan**).

- (b) A subordinate mezzanine loan facility, entered June 6, 2013, between the US Subsidiary and WWE, as borrowers, and a third party lender, as lender, for an initial loan amount of \$7.2 million, as amended (the **Mezzanine Loan**).

29. The Senior Loan and Mezzanine Loan were both repaid in full in 2018, pursuant to a refinancing under the “New Loan Program”, which is discussed below.

30. In addition to the various secured and unsecured loans obtained, primarily by the US Subsidiary and WWE, WGIL and entities related to WGIL assisted with funding the Project by postponing various management fee obligations and by providing corporate guarantees.

31. In 2019, all outstanding amounts owing under Debentures were converted into Class B Shares. On April 23, 2019, the Board of Directors approved the conversion of both the principal amount and unpaid accrued interest up until May 5, 2019 into Class B Shares of the Corporation. On May 6, 2019, WDC converted the estimated remaining amount outstanding of \$23,952,602 of Debentures and interest thereon outstanding into approximately 50,408,558 further Class B Shares.

32. As noted, the Class B Shares are widely held with no controlling shareholder or group of shareholders.

33. As a result of the business developments detailed below, on December 17, 2020, the holders of Class B Shares were advised that there were no anticipated recoveries to equity holders, and that the market value for the Class B Shares had accordingly been marked to \$0.00/share. Attached hereto as **Exhibit “D-4”** is a copy of the market value letter issued on December 17, 2020.

34. For the reasons set out herein, I do verily believe there is no value or potential recovery for Class B shareholders.

c. Development of the Project

35. The overall plan for the Project contemplates the following steps: (i) acquiring the Property; (ii) obtaining letters of intent or expressions of interest from vertical developers and other users to purchase lots and parcels to be serviced in the planned phases of development before construction commenced; (iii) constructing municipal services infrastructure on the property in phases to provide a supply of serviced lots and parcels to

the marketplace; and (iv) using the revenue from the sale of the serviced lots to repay loans and other obligations of WDC and the US Subsidiary. Development of the Property is broken into three phases, which each involve preparing parcels for a mix of townhome developments, rental apartments, retail, office and hotel. Phases 2 and 3 also involve preparing parcels for development of single family homes.

36. Part of the plan for development of the Property involves obtaining the necessary county approvals including entitlements, or zoning, necessary for parcels being developed. The entitlement process involves (1) obtaining approval of a preliminary plan of subdivision; (2) obtaining approval of a specific design plan, which is only necessary in some cases, and involves an in-depth review based on design issues, such as architecture, grading and landscaping; and (3) obtaining approval of a recorded plan of subdivision, which assesses all engineering aspects of the construction plan to ensure conformity with the preliminary plan of subdivision. The Preliminary Plan of Subdivision for the Property was approved by Prince George's County in 2009, prior to its acquisition by the US Subsidiary. The remaining entitlement steps are to be undertaken as development of the parcels unfolds. There have been significant delays in obtaining county approvals over the life of the project.

37. Since the US Subsidiary acquired the Property back in 2012, WDC, the US Subsidiary, and the Manager have completed the majority of the development activities, including taking steps to have the majority of the Property entitled and completing a significant amount of municipal services and roadwork. The most recent construction developments include:

- (a) Construction on the road access for the Project, the Westphalia Interchange Tax Increment Financing Project (**TIF**), which is located at the intersection of Pennsylvania Avenue (Route 4) and Woodyard Route (Route 223) is substantially complete. The general contractor is preparing to finish the remaining State Highway Administration items by Q2 2025. However, funds are needed to complete this connector.
- (b) The Presidential Parkway East TIF project is substantially complete, with WDC in discussions with the local county for final acceptance. A contract to complete the final landscaping is being finalized with anticipated completion in Q4 2024/Q1 2025. Again, further funds are needed to complete this work.

- (c) The Presidential Parkway West TIF project is ongoing. WDC has a plan to complete all work, including turning lanes, lighting, and landscaping, except utility dependent work, by the end of Q2 2025. However, funds are needed to complete this work.

38. Additional development activities include the following:

- (a) The Manager received unanimous approval of its Detailed Site Plan (DSP Infrastructure) from The Maryland-National Capital Park and Planning Commission for Parcels A & B of the Project. The plan approval streamlines and accelerates the approval timeline for the future mixed-use development to be located on these parcels.
- (b) The Manager hired a best-in-class engineering and planning firm to complete the entitlements for the remaining approximately 96 acres, which includes the adjacent land to the north owned by a related party. The expectation is that this work will take two to three years to complete and receive full approval.

39. From a development perspective, the heavy lifting for the Project is therefore nearly complete, save for remaining entitlement and road work that is yet to be completed.

40. As development of parcels has been completed, the Manager has been actively marketing and selling parcels to developers and end-users. There is a high degree of interest in the Property, and to date, significant sales progress has been made, with approximately 76 acres of Phases 1 and 1A having been sold and closed and other sales currently under negotiation.

41. An issue that has arisen, however, and which has caused significant frustration and delay in executing the Project, has been securing the remaining approvals required from the county. This includes both completion of the entitlement process, but also securing approvals for development of municipal services and sales. There have been several recent developer proposals that have been rejected by the county at the final approvals process after many years of work. While many entitlements have been secured, the overall process to reach final approval has been significantly longer than anticipated.

42. Most recently, the Manager has received multiple purchase offers for parcels from retail developers seeking to build first-class mixed-use commercial development, although

given the delays associated with the entitlements process, there is no guarantee that all offers will close on time. These third-party offerors have asked for an extended period of time to close, which roughly coincides with the estimated additional time necessary to get the entitlements in place. This is one factor WDC considered when arriving at the decision to restructure its affairs in order to take the additional time necessary to secure entitlements and complete road work to maximize the Property's value. Of the purchase offers received, two have been completed for approximately 50 acres of the Property, which are anticipated to close between the first and third quarter of 2025 subject to relevant county approvals.

43. The Manager continues to negotiate with potential third party purchasers for the remaining parcels that comprise the Project.

44. Currently, the Project requires additional cash in order to satisfy its current debts, provide the time and resources necessary to secure legal entitlements and on the balance of the Property, and complete remaining road work. It is estimated that the Project will need approximately USD \$40 million to meet these goals, which is comprised of the following:

Loan servicing costs	30,000,000
Engineering and Soft costs	5,000,000
Onsite & Maintenance	5,000,000
Total	40,000,000

45. WDC anticipates that obtaining the legal entitlements and completing the road work will maximize the value of the remaining Property so as to facilitate paying off WDC's unsecured debt. WDC believes that with these two items completed, the residential and commercial real estate market for the parcels would be very promising, given the Project's location relative to nearby employment and the completed infrastructure in place. A conservative estimate of the time required to complete the Project would be up to three years. WDC anticipates selling the remaining parcels on a rolling basis as development is undertaken, which would assist WDC and the US subsidiary with covering Project costs and debt obligations.

V. ASSETS AND LIABILITIES

46. WDC's 2023 Audited Consolidated Annual Financial Statements, together with the Interim Consolidated Financial Statements for Q3 2024 (consolidated with the financial information of the US Subsidiary), and the Unaudited Non-Consolidated Financial

Statements for WDC for 2023 and Q3 2024, are enclosed as Exhibits A-1 through A-4. Also enclosed as **Exhibit “D-5”** is a press release, dated December 1, 2024, in relation to the release of the Group’s Q3 2024 interim financials.

47. WDC’s primary assets are its shareholding in the US Subsidiary and accounts receivable. It has only limited cash reserves. As at December 31, 2023, total assets of \$47,635,592 were listed on its balance sheet.

48. WDC’s primary liabilities are the significant amounts due to WGIL and WAM (\$6,782,365 as at December 31, 2023), as follows:

- (a) The amounts owing to WGIL arise from the Management Services Agreement. Notwithstanding the payment terms for management fees, as a result of WDC’s cash constraints, WDC has repeatedly advised WGIL that it is not able to make payment of the amounts owing until WDC has sufficient capital to do so. WDC also owes much smaller amounts to WGIL for funds it received to assist with general operating purposes, which have not been repaid.
- (b) The amounts owing to WAM are in respect of unpaid management fees incurred prior to March 31, 2018, when WGIL took over the role of WDC’s manager. Similar to the above, WDC has advised WAM that it is unable to pay the unpaid management fees until it has adequate capital to do so.

49. The amounts outstanding under both the Management Services Agreement with WGIL and 2012 Management Services Agreement with WAM are due on demand and bear no interest.

50. As reported on December 1, 2024, WGIL has informed the Board of WDC that it will not continue to fund WDC’s operations on a go forward basis unless a plan is put in place to address WDC’s liquidity issues and make a definitive plan to pay the outstanding debt, unsecured creditors, and the Manager. By that time, WDC’s indebtedness to the Manager and its affiliates reached approximately \$10,000,000, and the Manager (and previously, WAM) had not been paid a management fee since 2016.

51. The US Subsidiary's assets consist primarily of its land development inventory, valued at \$53,287,397 as at December 31, 2023, with limited other items of comparatively much smaller value included in the consolidated financials.

52. The US Subsidiary's liabilities are comprised primarily of amounts due to certain related entities together with project debt, which include the following amounts owing as at December 31, 2024:

- (a) \$52,791,511 owing to WWMN, LLC, pursuant to the "New Loan Program", originally entered into on July 13, 2018, for the purpose of, among other things, refinancing existing secured indebtedness owing to third parties. The New Loan Program was variously amended and extended by agreement among the parties, most recently on August 27, 2024.
- (b) \$12,609,568 owing to WTCF, LLC, pursuant to a loan agreement dated March 22, 2023. While WWMN, LLC, and WTCF, LLC, are related to WGIL and affiliated Walton companies, they are investment vehicles through which third party retail investors can invest via debt financing in undertakings such as the Project. The amounts set out in subparagraphs (a) and (b) herein are therefore comprised of funds raised by third parties.
- (c) \$7,906,015 in Project debt owing pursuant to a loan agreement with MCFI Global Fund Westphalia, LLC, for the purposes of repaying project debt and providing working capital for certain qualifying costs. MCFI Global Fund Westphalia, LLC, is a third-party lender created by the Maryland Center for Foreign Investment as part of a federal program designed to facilitate foreign investment in the US.

53. The loans referenced in subparagraphs (a), (b) and (c) are secured by first, second and third priority liens on the Property, respectively.

VI. COMPANIES' CREDITORS ARRANGEMENT ACT

a. Circumstances Preceding CCAA Filing

54. WDC has experienced significant liquidity constraints due to the extensive unsecured indebtedness owing, including management fees owing to the Manager and accruing interest

under the loans detailed above, together with delays in Project development due in part to delays in the entitlement process with the local county.

55. As a result of these liquidity constraints, WDC has reported a material going concern uncertainty in its financial statements going back to 2016, and most recently in its Q3 interim financials. As noted above, in December 2020, WDC advised holders of the Class B Shares that it was likely there would be no anticipated recovery for their holdings. Finally, as discussed earlier, the Manager has informed the Board of Directors of WDC that it will not fund WDC's operations on a go-forward basis unless a plan is put in place to address the liquidity of WDC and to make a definitive plan to pay the outstanding debt, unsecured creditors, and the Manager.

56. The Board of Directors and the Manager have agreed to construct and implement a plan as soon as possible to deal with these matters, which will include a restructuring of WDC pursuant to the CCAA provisions, should an Initial Order be granted.

b. Statutory Requirements of the CCAA

57. WDC is a company to which the CCAA applies.

58. WDC has debts in excess of \$5,000,000.

59. As set out above, WDC is in the midst of a liquidity crisis. It is insolvent on a cash flow basis and will shortly be unable to meet its obligations as they generally come due.

60. FTI is prepared to act as Court-appointed Monitor should an Initial Order be obtained. It has reviewed and approved a 13-week cash flow statement, which is attached as **Exhibit "D-6"** (the **Cash Flow Statement**).

c. Jurisdiction

61. WDC is registered and has its primary office in the Province of Alberta.

62. If the CCAA proceedings are approved, the Manager has agreed to provide interim financing to allow the Project to proceed.

d. Summary of Proposed Plan

63. WDC has formulated the outline of a restructuring plan designed to allow it to continue its business. Specifically, during the course of these proceedings, WDC intends to undertake the following steps:

- (a) The Manager and its affiliated and sister companies will continue to raise debt capital to help finance the activities needed to get to a point of maximizing the value of the land. It is estimated that USD \$40 million will be needed to bridge the Project to the point where all assets can be successfully sold;
- (b) The US Subsidiary will undertake efforts to increase the amount of secured debt available, which will provide liquidity to service the secured debt and to fund the necessary development to get the lands fully entitled;
- (c) immediately stabilize their cash flows and operations;
- (d) develop a strategy and plan that will address the liquidity issues faced by WDC that will generate sufficient revenue to sustain itself;
- (e) continue ongoing efforts to seek purchasers and developers for the Property;
- (f) continue WDC's present efforts to restructure and streamline operations;
- (g) establish an efficient claims process, by which all claims against WDC can be identified and resolved with a view to formulating a plan of compromise and arrangement for presentation to its creditors;
- (h) investigate converting the significant related party indebtedness to new voting equity or amend and extend the repayment terms for such indebtedness, as supported by professional tax advice; and
- (i) consider and take steps in respect of the Class B Shares, including the possibility of cancelling and extinguishing all of the issued and outstanding Class B Shares.

e. Stay of Proceedings

64. A stay of proceedings is essential to maintaining the status quo in order to preserve the value of WDC's business and to ensure that no creditor of WDC receives preferential

treatment relative to other creditors. Such a stay would provide WDC with the opportunity to finalize the arrangements and agreements that are necessary to present a CCAA plan of arrangement, which is presently being negotiated.

f. Interim Financing

65. In order to support certain near-term liquidity requirements, WDC is negotiating an interim financing agreement with WGIL (in such capacity, the **Interim Lender**) respecting a debtor-in-possession facility (the **Interim Loan Facility**) (the **Interim Financing Agreement**). The intention of the Interim Loan Facility is to ensure that WDC has the necessary financing for the immediate future, while ensuring that the Interim Lender is fully protected for any outstanding amounts. Attached as **Exhibit “C-2”** to my Affidavit is the current draft of the Interim Financing Agreement under negotiation, which WDC anticipates finalizing and seeking approval of at the Comeback Hearing.

g. Charge on Assets, Properties and Undertakings of the Company

66. It is contemplated that the Monitor, counsel to the Monitor, and counsel to WDC will be granted a first-priority Court-ordered charge on the assets, property and undertakings of WDC in priority to all other charges up to a maximum amount of \$100,000 (the **Administration Charge**).

67. WDC requires the expertise, knowledge and continuing participation of the above professionals in order to complete a successful restructuring. WDC believes that the Administration Charge is necessary to ensure their important continued participation in this process, and is fair and reasonable in the circumstances.

68. It is also contemplated that WDC’s directors and officers will be granted a third-priority Court-ordered charge on the assets, property and undertakings of WDC in priority to all other charges other than the Administration Charge and Interim Loan Facility Charge, up to a maximum amount of \$25,000 (the **D&O Charge**).

h. Position of Major Creditors

69. WDC is working with its key stakeholders, WGIL and WAM, to facilitate WDC’s successful completion of the Project. Key supports from these parties would involve forbearing on WDC’s indebtedness and providing ongoing financial support for Project

completion steps. I verily believe WGIL and WAM support WDC's proposed CCAA filing and the proposed charges set out herein. This is evidenced by the agreement of WGIL to provide support under the Interim Financing Agreement, which is under negotiation as noted above. WDC is also in the process of negotiating the terms of a Restructuring Support Agreement with WGIL. While the agreement has yet to be finalized, I attach the parties' working draft as Exhibit "C-3" to this my Affidavit.

i. Monitor

70. I believe that FTI has acted as a monitor in this and other Canadian jurisdictions, and is qualified and competent to act as the Monitor of WDC. FTI has advised WDC that it is willing to so act as Monitor, if appointed. FTI's signed form of consent to act as the Monitor is attached as Exhibit "D-7".

VII. CONCLUSION AND RELIEF SOUGHT

71. I swear this Affidavit in support of the granting of an Initial Order for WDC under the CCAA, including a stay of proceedings, for the purposes of providing WDC with an opportunity to restructure its affairs and develop a plan of arrangement for the benefit of its creditors.

SWORN BEFORE ME at the City of
Calgary, Alberta, this 13 day of January,
2025.

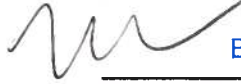

Meghan Parker
Barrister and Solicitor

(Commissioner for Oaths in and for the Province
of Alberta)


BRUCE TINGLE, KC

This is Exhibit "A-1" referred to in the Affidavit of
BRUCE TINGLE, WC.

Sworn/Affirmed before me at the City of Calgary, Alberta
the 13 day of January, 2025



Meghan Parker
Barrister and Solicitor

A Commissioner for Oaths in and for the
Province of Alberta

CONSOLIDATED FINANCIAL STATEMENTS

Westphalia Dev. Corp.
December 31, 2023 and 2022

(Expressed in Canadian dollars)

WESTPHALIA DEV. CORP.

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Westphalia Dev. Corp.

Opinion

We have audited the consolidated financial statements of Westphalia Dev. Corp. (the Corporation) which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of comprehensive loss, consolidated statements of changes in shareholders' deficit and consolidated statement of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Corporation has debt obligations amounting to \$50,375,098 due for repayment on June 30, 2024. The Corporation's ability to meet this obligation is dependent on its ability to generate sufficient cash flows from the sale of land, secure refinancing and/or obtain necessary financing on acceptable terms. These conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Corporation's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion & Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Calgary, Alberta
April 24, 2024

The logo for Ernst & Young LLP, featuring the company name in a stylized, handwritten-style script.

Chartered Professional Accountants

WESTPHALIA DEV. CORP.

Consolidated Statements of Financial Position

As at December 31, 2023 and 2022

(Expressed in Canadian dollars)

	2023	2022
	\$	\$
ASSETS		
Land development inventory (note 3)	53,287,397	44,505,682
Prepaid expenses (note 5)	72,471	117,180
Due from related parties (note 4)	26,841	887,184
Restricted cash (note 6)	169,804	753,508
Accounts receivable	41,843	52,587
Cash	3,271,392	452,257
TOTAL ASSETS	<u>56,869,748</u>	<u>46,768,398</u>
LIABILITIES		
Due to related parties (notes 4 and 12)	72,644,383	55,858,618
Project debt (notes 7 and 12)	7,906,015	8,024,983
Accounts payable and accrued liabilities (note 12)	1,314,793	657,649
Builder deposits (note 9)	169,804	753,508
TOTAL LIABILITIES	<u>82,034,995</u>	<u>65,294,758</u>
SHAREHOLDERS' DEFICIT		
Share capital (note 10)	37,941,514	37,941,514
Accumulated deficit	(64,575,681)	(57,542,971)
Accumulated other comprehensive income	1,468,920	1,075,097
TOTAL DEFICIT	<u>(25,165,247)</u>	<u>(18,526,360)</u>
TOTAL LIABILITIES & DEFICIT	<u>56,869,748</u>	<u>46,768,398</u>
Going concern (note 1)		
Commitments (note 13)		

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

WESTPHALIA DEV. CORP.

Consolidated Statements of Comprehensive Loss

For the years ended December 31, 2023 and 2022

(Expressed in Canadian dollars)

	2023 \$	2022 \$
REVENUE		
Land development sales	-	-
COST OF SALES & IMPAIRMENT		
Cost of sales and impairment on land development inventory (note 3)	-	(2,715,567)
Selling costs	-	-
GROSS MARGIN	-	(2,715,567)
OTHER INCOME/(EXPENSES)		
Management fees (note 4)	(1,040,025)	(838,609)
Professional fees	(228,848)	(223,066)
Financing costs (note 8)	(925,278)	(40,754)
Directors' fees (note 4)	(178,754)	(178,500)
Marketing expense	(68,195)	(26,591)
Property tax expense	(367,452)	(429,966)
Interest expense (note 8)	(4,163,873)	-
Office and other expenses	(17,005)	(15,144)
Interest income	16,283	48,422
TOTAL EXPENSES	(6,973,147)	(1,704,208)
LOSS BEFORE OTHER ITEMS	(6,973,147)	(4,419,775)
Foreign exchange gain/(loss)	(59,563)	153,028
NET LOSS BEFORE TAX	(7,032,710)	(4,266,747)
Income tax expense (note 10)	-	-
NET LOSS	(7,032,710)	(4,266,747)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Cumulative translation gain/(loss)	393,823	(564,901)
TOTAL COMPREHENSIVE LOSS	(6,638,887)	(4,831,648)
Basic net loss per share (note 10)	(0.13)	(0.08)

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

WESTPHALIA DEV. CORP.

Consolidated Statements of Changes in Shareholders' Deficit For the years ended December 31, 2023 and 2022

(Expressed in Canadian dollars)

	Class A Voting Common Shares		Class B Non-voting Common Shares		Accumulated Deficit	Accumulated Other Comprehensive Income	Total
	# of Shares	\$	# of Shares	\$			
JANUARY 1, 2022	100	100	53,425,728	37,941,414	(53,276,224)	1,639,998	(13,694,712)
Net loss	-	-	-	-	(4,266,747)	-	(4,266,747)
Other comprehensive loss	-	-	-	-	-	(564,901)	(564,901)
DECEMBER 31, 2022	100	100	53,425,728	37,941,414	(57,542,971)	1,075,097	(18,526,360)
Net loss	-	-	-	-	(7,032,710)	-	(7,032,710)
Other comprehensive income	-	-	-	-	-	393,823	393,823
DECEMBER 31, 2023	100	100	53,425,728	37,941,414	(64,575,681)	1,468,920	(25,165,247)

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

WESTPHALIA DEV. CORP.

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022
(Expressed in Canadian dollars)

	2023	2022
	\$	\$
OPERATING ACTIVITIES		
Net loss for the period:	(7,032,710)	(4,266,747)
Adjustments for:		
Interest income	(16,283)	(48,422)
Items not affecting cash:		
Impairment of land development inventory	-	2,715,567
Unrealized foreign exchange loss/(gain)	59,554	(153,671)
Financing costs	925,278	-
Changes in non-cash operating items:		
Decrease/(increase) in accounts receivable	9,704	(2,590)
Decrease/(increase) in due from related parties	849,073	(57,888)
Decrease in prepaid expenses	2,831	32,603
Decrease in builder deposits	(583,704)	(20,682)
Increase in accounts payable and accrued liabilities	657,143	179,506
Increase in due to related parties	5,040,536	241,864
Increase in project debt	285,333	-
Increase in land development inventory	(5,949,625)	(2,087,077)
Interest paid	(3,703,129)	(5,775,395)
Interest received	1,822	323
Cash used in operating activities	<u>(9,454,177)</u>	<u>(9,242,609)</u>
INVESTING ACTIVITIES		
Decrease in restricted cash	583,704	20,682
Cash provided by investing activities	<u>583,704</u>	<u>20,682</u>
FINANCING ACTIVITIES		
Advances from related party	12,567,903	12,152,990
Transaction costs paid	(852,555)	(2,367,935)
Related party repayment	-	(843,762)
Cash provided by financing activities	<u>11,715,348</u>	<u>8,941,293</u>
Effect of exchange rate on cash	<u>(25,740)</u>	<u>488,387</u>
Increase in cash	2,819,135	207,754
Cash – Beginning of period	452,257	244,503
Cash – End of period	<u><u>3,271,392</u></u>	<u><u>452,257</u></u>

Supplemental information (note 15)

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

WESTPHALIA DEV. CORP.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Canadian dollars)

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

Nature of Business

Westphalia Dev. Corp. (the “**Corporation**”) was incorporated under the laws of the Province of Alberta on January 4, 2012. The wholly owned subsidiary of the Corporation, Walton Westphalia Development Corporation (USA), LLC (“**U.S. Subsidiary**”) was incorporated under the laws of the state of Maryland on January 6, 2012. The Corporation and the U.S. Subsidiary were formed to provide investors with the opportunity to participate in the development of the approximately 310 acre “**Westphalia**” property located in Prince George’s County, Maryland, USA (the “**Property**”) through the purchase of units in the Corporation. Each unit issued by the Corporation (“**Unit**”) through its initial public offering (“**IPO**”) and private placement (“**Private Placement**”) was comprised of a \$5.00 principal amount of offering debentures (“**Debentures**”) and one Class B non-voting share (“**Class B Shares**”) at a price of \$5.00 per share. On May 6, 2019, the Debentures and interest thereon (the “**Interest Debentures**”) were converted to Class B non-voting shares.

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

The Corporation intends to maximize the return on invested capital of the purchasers of Units in the Corporation, and provide cash distributions on the Units by executing the following strategy:

- i. Obtain letters of interest or expressions of interest from vertical developers and other end users to purchase lots and parcels to be serviced in each of the 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 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, thereby allowing for either the declaration of a dividend or dividends on the Class B Shares and/or winding up the Corporation and then make Distributions to the shareholders.

Equity distributions by the Corporation are neither guaranteed nor will they be paid in a steady or stable stream, if any such distributions are able to be made. 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, including (i) the fees payable to Walton Asset Management L.P. (“**WAM**”), previously the manager of the Corporation, and Walton Global Investments Ltd. (“**WGI**”) as the manager of the Corporation effective April 1, 2018 and (ii) the fees payable to Walton Development & Management (USA), Inc. (“**WDMI**”), the project manager (including the performance fee), (iii) any amounts outstanding, on a phase by phase basis, under the construction loans required to develop the Property, and (iv) any amounts outstanding to Walton Global Holdings, LLC (“**WGH**”). The performance fee is only payable provided that the investors of Units in the Corporation have received distributions equal to their invested capital of \$10.00 per Unit plus a cumulative compounded priority return thereon equal to 8% per annum.

The address of the registered office is 25th Floor, 500 – 4th Avenue SW, Calgary, Alberta, T2P 2V6.

These consolidated financial statements were authorized for issue by the Board of Directors on April 24, 2024.

WESTPHALIA DEV. CORP.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Canadian dollars)

Going Concern

Management believes that the going concern basis of presentation continues to be appropriate and assumes the Corporation will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they become due.

For the year ended December 31, 2023, the Corporation reported no revenue, a comprehensive loss of \$6,638,887 (2022 – \$4,831,648) and negative operating cash flows of \$9,454,177 (2022 –\$9,242,609).

The Corporation has loans owing to relating parties amounting to \$50,375,098 that are due for repayment on June 30, 2024. In addition, the Corporation will continue to incur operating and development costs and has related party payables due on demand and loan interest payable quarterly and semi-annually. The Corporation expects to pay these obligations by way of proceeds from the bulk sales of land and cash on hand. The Corporation has signed non-binding purchase and sale agreements (“PSA”) to sell a portion of the land in Phase 2 and 3; however, there are no assurances that the sale will close. Should the sale not close with the existing purchaser, then management would actively pursue other avenues of monetizing the Phase 2 and 3 lands. Other land expected to be sold to meet these obligations is not yet under PSA. Without the proceeds from selling the lands and/or extension or modification of loan terms, the Corporation will not have sufficient working capital to cover the loans due. The Corporation has received a signed commitment letter of financial support from a related party, WGH, to support the Corporation in the event of any cash shortfalls up to \$7 million; however, the commitment is at WGH's sole discretion to fund and there are no assurances that there would be sufficient cash to fund the Corporation's obligations as they fall due. Subsequent to year end, WGH has funded the Corporation \$165,470.

These circumstances indicate the existence of material uncertainty that may cast significant doubt on the Corporation's ability to meet its obligations as they come due, and accordingly, continue as a going concern.

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

Basis of Presentation

These consolidated financial statements of the Corporation have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The Corporation's consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments which are initially measured at fair value as explained in the accounting policies set out in note 2. The consolidated statement of financial position has been prepared using a liquidity-based presentation because the operating cycle of the Corporation revolves around the sale of land, the timing of which is uncertain. As a result, presentation based on liquidity is considered by management to provide information that is more reliable and relevant to the users of the consolidated financial statements. With the exception of land development inventory (note 3), project debt (note 7), and certain amounts due to/from related parties (note 4), all assets and liabilities are current in nature and are expected to be settled in less than twelve months.

2. MATERIAL ACCOUNTING POLICY INFORMATION ,ESTIMATES & JUDGMENTS

Use of Estimates and Judgments

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and shareholders' deficit at the date of the consolidated

WESTPHALIA DEV. CORP.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Canadian dollars)

financial statements, and the reported amounts of revenue 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 of land parcels, the timing of sales and the Corporation's cost of borrowing. Changes in these estimates and assumptions could cause the net recoverable value of land development inventory to differ materially from the carrying amount.

Capitalization of borrowing costs – The Corporation capitalizes borrowing costs to qualifying assets by determining if borrowings are general or specific to the Property. Phases of the Westphalia development project ("**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 loan with MCFI Global Fund Westphalia, LLC ("**MCFI**") and the loan with WWMN, LLC ("**WWMN**"). The Corporation also has joint and several liability with WWE, Walton Maryland, LLC ("**WMD**"), WUSF 1 Westphalia, LLC ("**WUSF**") in respect of the loan with WTCF, LLC ("**WTCF**"). 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 recognize an additional provision for WWE, WMD and WUSF's proportion of the obligation if it was determined to be probable that an economic outflow of resources would be required.

Consolidation

The consolidated financial statements include the financial statements of the Corporation and the U.S. Subsidiary. The U.S. Subsidiary is controlled by the Corporation. Control exists as the Corporation has power over the U.S. Subsidiary; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns, to an extent generally accompanying a shareholding that confers more than half of the voting rights. The U.S. Subsidiary was included in the consolidated financial statements of the Corporation from the date control of the U.S. Subsidiary commenced and will continue until the date that control ceases. Intercompany transactions and balances are eliminated on consolidation.

Foreign Currency Translation

The consolidated financial statements of the Corporation and its U.S. Subsidiary are measured using the currency of the primary economic environment in which the individual entity operates (the "**Functional Currency**"). The Corporation's Functional Currency is the Canadian dollar while the U.S. Subsidiary's Functional Currency is the U.S. dollar. These consolidated financial statements are presented in Canadian dollars, the Corporation's Functional Currency.

(a) Foreign Currency Transactions

Transactions completed in a currency other than the Functional Currency are translated into the Functional Currency using the foreign currency exchange rate prevailing at the time of the transaction. Each reporting period, monetary assets and liabilities denominated in foreign currencies are translated in the statement of financial position at the foreign currency exchange rates prevailing at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the historical foreign currency exchange rate at the date of the transaction.

(b) Translation to the Presentation Currency

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

WESTPHALIA DEV. CORP.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Canadian dollars)

- i. revenues and expenses for each statement of comprehensive loss are translated using the average foreign currency exchange rate for the year;
- ii. assets and liabilities for each statement of financial position are translated using the foreign currency exchange rate prevailing at the reporting date;
- iii. exchange difference resulting from the Corporation's net investment in U.S. Subsidiary is recognized within Other Comprehensive Income/Loss ("OCI") and accumulated in Accumulated Other Comprehensive Loss ("AOCI"). Exchange differences on intercompany loans which does not form part of the net investment in the U.S. Subsidiary is recognized in net loss; and
- iv. all amounts previously recognized in AOCI are recognized in net earnings when there is a reduction in the net investment as a result of a disposal, partial disposal or loss of control.

Land Development Inventory

Land development inventory consists of land held for development and land development costs. Land development inventory is acquired or constructed for sale in the ordinary course of business and is held as inventory and measured at the lower of cost and net realizable value. The land is recorded at the acquisition cost, which is based on the price paid by the Corporation for the Property. All direct costs related to land development are capitalized to land development inventory. These costs include, but are not limited to, construction costs, consultant costs, project management fees, property taxes and borrowing (financing) costs such as interest on debt specifically related to the land development inventory and excludes marketing and general and administrative overhead expenses. Land development inventory is then relieved through cost of sales proportionately, based on the discounted sale price of each lot and land parcels.

Where the carrying amount exceeds the net realizable value, the difference is recognized as an impairment loss. If in a future period, the net realizable value of the land development inventory increases, the impairment is reversed up to the original cost of the inventory.

Borrowing Costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. The Corporation considers land development inventory to be a qualifying asset. All other borrowing costs are expensed as financing costs in the year in which they occur.

Financing and Transaction Costs

Issuance costs of project debt obligations are capitalized against the associated debt and amortized using the effective interest method. Issuance costs incurred on debt that is fully expected to be utilized and that has not been drawn upon are deferred until draws are made, at which point a pro rata share of the deferred costs are capitalized against the associated debt and amortized using the effective interest rate method. Issuance costs incurred on the portion of facilities not expected to be drawn are recorded in prepaid expenses and amortized over the related life of the facility.

WESTPHALIA DEV. CORP.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Canadian dollars)

Financial Instruments

Financial instruments are any contract that gives rise to a financial asset of one party and a financial liability or equity instrument of another party.

(i) Financial assets

Initial recognition and measurement

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Corporation's business model for managing them. With the exception of accounts receivable that do not contain a significant financing component or for which the Corporation has applied the practical expedient, the Corporation initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Subsequent measurement

For purposes of subsequent measurement, financial assets are recorded at amortized cost.

The Corporation measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Corporation's financial assets at amortized cost includes accounts receivable, cash and restricted cash and due from related parties.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Corporation's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Corporation has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Corporation has transferred substantially all the risks and rewards of the asset, or (b) the Corporation has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Corporation has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Corporation continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Corporation also

WESTPHALIA DEV. CORP.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Canadian dollars)

recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Corporation has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Corporation could be required to repay.

Impairment of financial assets

The Corporation recognizes an allowance for Expected Credit Losses (“ECLs”) on its financial assets measured at amortized cost. ECLs are measured at an amount equal to the anticipated life of expected credit losses resulting from possible default events over the life of the financial assets.

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Corporation’s financial liabilities include accounts payable and accrued liabilities, due to related parties and project debt.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Corporation has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortized cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statement of comprehensive loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of comprehensive loss.

WESTPHALIA DEV. CORP.

Notes to the Consolidated Financial Statements

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Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Restricted Cash

Restricted cash represents cash deposits that have been set aside for a specific use and are not available for general purposes. Restricted cash consists of cash deposits received from a builder in connection with a purchase and sale agreement.

Earnings per Share

The earnings per share are based on the weighted average number of Class B Shares outstanding during the year.

Revenue Recognition

Land is sold by way of an agreement of purchase and sale.

Revenue from contracts related to the sale of land are recognized at a point in time, which is when the sale is unconditional and possession to the land has been granted. All contracts related to the sale of land has one performance obligation, the delivery of a parcel of land to the builder.

Deposits received for purchases of land parcels on which revenue recognition criteria have not been met are recorded as builder deposits.

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

Cost of Sales

At the time that revenue recognition criteria is met, the Corporation recognizes cost of sales for the land parcels sold by allocating to each parcel its proportionate share of land development inventory using the net yield method. Under the net yield method, land development inventory is allocated to each land parcel sold based on the discounted sales price of land parcel over the estimated total discounted land sales that will benefit from the land development inventory. This results in phase specific costs being allocated proportionately based on the net yield of each land parcel in that phase, general costs being allocated proportionately based on the net yield of each land parcel that will benefit from the general costs, and land held for development being allocated proportionately based on the aggregate net yield of each land parcel of the Project. Included in the cost of sales recognized is a provision for land development costs for costs to complete the development of land for which revenue is recognized.

Current and Deferred Income Tax

Income tax expense for the year comprises current and deferred tax. Income tax is recognized in the consolidated statement of comprehensive loss except to the extent that it relates to items recognized directly in other comprehensive income/(loss) or directly in equity, in which case the income tax is recognized directly in other comprehensive income/(loss) or equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

The deferred income tax method is used to account for income taxes. Under this method, deferred income taxes are recognized for the deferred income tax consequences attributable to differences between the financial statement carrying values and their respective income tax basis. Deferred income tax assets and liabilities are measured using tax rates that have been enacted,

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or substantively enacted, by the date of the consolidated financial statements and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled. The effect on deferred income tax assets and liabilities of a change in tax rates is included in income in the period that includes the enactment date. Deferred income tax assets are recognized to the extent they are more likely than not of being realized.

Adoption of Recent Accounting Pronouncements

The Corporation has adopted the following revised standard, including any consequential amendments thereto, for the year effective January 1, 2023. The Corporation has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Changes in accounting policies adopted by the Corporation were made in accordance with applicable transitional provisions as provided in those standards and amendments.

Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurements techniques and inputs to develop accounting estimates. The amendments had no impact on the Corporation's consolidated financial statements.

Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 *Making Materiality Judgments* provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments have had an impact on the Corporation's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Corporation's consolidated financial statements.

Standards issued but not yet effective

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify what is meant by a right to defer settlement, that a right to defer must exist at the end of the reporting period, that classification is unaffected by the likelihood that an entity will exercise its deferral right and that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, and must be applied retrospectively. The Corporation is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

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3. LAND DEVELOPMENT INVENTORY

	2023	2022
	\$	\$
BALANCE – BEGINNING OF PERIOD	44,505,682	34,800,151
Development costs (net of recoveries)	10,989,767	9,391,039
Impairment of land development inventory	-	(2,715,567)
Effect of change in foreign exchange rates	(2,208,052)	3,030,059
BALANCE – END OF PERIOD	<u>53,287,397</u>	<u>44,505,682</u>

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

Management has determined the substantial completion date of Phase 1 to be June 30, 2023, at which point carrying costs, including interest, financing costs and property taxes, are no longer being capitalized.

Management has completed an assessment of the net realizable value of land development inventory as at December 31, 2023 and has not identified any impairment. During the year ended December 31, 2022, an impairment of \$2,715,567 was recorded on Phase 1 of the Property, as the expected realizable value of the phase was lower than the carrying value. The impairment was driven by delays in construction, as well as other changes to estimates regarding future revenues and the associated development and interest costs. The determination of fair value was derived using a market approach. The Corporation obtained a third-party appraisal on the estimated market value of the Property's highest and best use. Costs to complete the land to its highest and best use were determined by a management specialist.

4. RELATED PARTY TRANSACTIONS

WAM, WDMI, WGI, WWE, WGH, WMD, WUSF, WTCF, WWMN and Walton International Group (USA), Inc. ("**WUSA**") are all related to the Corporation through common ownership or common directors. Any miscellaneous or other expenses due from related parties and due to related parties are unsecured, due on demand, bear no interest and have no fixed terms of repayment.

DUE FROM RELATED PARTIES

The balances due from related parties are outlined in the table below:

	2023	2022
	\$	\$
WUSF 1 Westphalia, LLC	-	395,991
Walton Maryland, LLC	-	159,743
Walton Westphalia Europe, LP	26,841	331,450
TOTAL DUE FROM RELATED PARTIES	<u>26,841</u>	<u>887,184</u>

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WUSF 1 Westphalia, LLC

On February 27, 2012, WUSF, WMD and WWE 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 the Corporation and property owned by WUSF and WMD (the "Cost Sharing Agreement"). WUSF, WMD, or the U.S. Subsidiary may elect to construct any of the required improvements by providing notice to the other parties 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. The proportion of costs for each party to this agreement is determined pro rata on ownership acreage, or shared equally, dependant on the project. Any amounts outstanding are subject to interest at 12%.

	2023	2022
	\$	\$
BALANCE – BEGINNING OF PERIOD	395,991	325,045
Interest earned / (charged)	(16,038)	35,622
Expenses paid	224,116	-
Payments received	(613,599)	-
Effect of change in foreign exchange rate	(8,498)	35,324
BALANCE – END OF PERIOD	<u>(18,028)</u>	<u>395,991</u>

Walton Maryland, LLC

On February 27, 2012, WMD entered into the Cost Sharing Agreement as noted above.

	2023	2022
	\$	\$
BALANCE – BEGINNING OF PERIOD	159,743	136,998
Interest earned	12,433	13,010
Other costs incurred	11,796	-
Payment received	(184,284)	-
Effect of change in foreign exchange rate	312	9,735
BALANCE – END OF PERIOD	<u>-</u>	<u>159,743</u>

Walton Westphalia Europe, LP

On August 20, 2012, U.S. Subsidiary and WWE entered into a co-ownership agreement for the purpose of setting forth their respective rights and obligations in connection with certain matters related to the Property. In accordance with this agreement, U.S. Subsidiary and WWE (a) hold the Property as an investment, develop the Property and sell the Property in lots or parcels; (b) own and sell their respective participating interests; (c) provide for the management of the Property and utilize funds for the benefit of the owners for the purposes of operating, managing, developing and maintaining the Property; and (d) perform other activities as may be incidental or ancillary to or arise from the foregoing purposes as may be reasonably determined by U.S. Subsidiary. Under this agreement, all benefits, advantages, losses and liabilities derived from or incurred in respect of the Property from time to time shall be borne by U.S. Subsidiary and WWE in proportion to their respective participating interests as at the time they were derived or incurred. The U.S. Subsidiary and WWE share a joint operating bank account. Due to the joint nature of this account, it is possible at times for one entity to utilize funds in excess of their proportionate cash balance, resulting in a liability to the other entity for their overutilization of cash.

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	2023	2022
	\$	\$
BALANCE – BEGINNING OF PERIOD	331,450	319,471
(Repayment) overextension of shared operating cash	(304,609)	11,979
BALANCE – END OF PERIOD	<u>26,841</u>	<u>331,450</u>

DUE TO RELATED PARTIES

The balances due to related parties are outlined in the table below:

	2023	2022
	\$	\$
WWMN, LLC	52,791,511	49,777,362
WTCF, LLC	12,609,568	-
Walton Global Investments Ltd.	4,968,035	3,927,443
Walton Asset Management L.P.	1,814,330	1,814,330
Walton Development & Management (USA), Inc.	437,835	339,483
Walton International Group (USA), Inc.	5,076	-
WUSF 1 Westphalia, LLC	18,028	-
TOTAL DUE TO RELATED PARTIES	<u>72,644,383</u>	<u>55,858,618</u>

WWMN, LLC

On July 13, 2018, the Corporation and WWE (the “Borrowers”) entered into a \$30 million USD facility with WWMN, bearing interest at 12%, payable semi-annually, with an original maturity date of June 30, 2021 (“**New Loan Program**”).

On January 12, 2022, the Corporation entered into a \$3 million USD loan agreement with WWMN, bearing interest at 12%. This loan was used to fund operating and development expenses until such time as the New Loan Program refinancing was complete.

On April 1, 2022, the loans were rolled into the Amended New Loan Program and the overall loan amount was increased to \$44.5 million USD, bearing interest at 12%, payable semi-annually commencing July 15, 2022, with a maturity date of June 30, 2023, and at the option of the holder to extend the maturity date to June 30, 2024 (“**Amended New Loan Program**”). The Corporation received the final advance on the Amended New Loan Program on August 23, 2022. On April 4, 2023, the option was exercised to extend the maturity date to June 30, 2024.

	2023	2022
	\$	\$
BALANCE – BEGINNING OF PERIOD	49,777,362	35,714,383
Advances	-	12,271,982
Interest incurred	6,162,948	5,427,667
Interest paid	(2,996,077)	(5,198,889)
Transaction costs	-	(2,333,635)
Accretion	1,157,691	678,932
Effect of change in foreign exchange rates	(1,310,413)	3,216,922
BALANCE – END OF PERIOD	<u>52,791,511</u>	<u>49,777,362</u>

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The following table provides a summary of the Amended New Loan Program balances outstanding as at December 31, 2023 and 2022:

	2023	2022
	\$	\$
Principal, net of transaction costs	49,744,163	49,777,362
Interest payable	3,047,348	-
BALANCE	<u>52,791,511</u>	<u>49,777,362</u>

WTCF, LLC

On January 18, 2023, the U.S. Subsidiary, WWE, WUSF and WMD entered into a \$8,500,000 USD loan agreement with WTCF bearing interest at 12% per annum, non-compounding (the "**WTCF Bridge Loan**"). Interest accrued monthly and was payable on the earliest of (i) the loan maturity date of March 31, 2023, (ii) the date of the closing of any refinancing transaction, (iii) the date that an event of default occurred. Loan proceeds for the U.S. Subsidiary and WWE was not to exceed \$5,100,000 and loan proceeds for WUSF and WMD was not to exceed \$3,400,000. The loan was unsecured.

On March 22, 2023, The U.S. Subsidiary, WWE, WUSF and WMD entered into a \$18,500,000 USD loan agreement with WTCF, bearing interest at 12% per annum, payable semi-annually, with a maturity date of December 31, 2024 (the "**WTCF Loan**"). At the option of the borrowers the maturity date may be extended by one year to December 31, 2025. All funds advanced under the January 18, 2023, WTCF Bridge Loan were rolled over into the new WTCF Loan, the U.S Subsidiary received total loan proceeds of \$12,567,903 (\$9,414,994 USD). In accordance with the intercreditor agreement that was signed by all lenders prior to the execution of the WTCF Loan, the Amended New Loan Program remains in first position for priority in right of payment, WTCF in second position, and the MCFI Loan moved into third position. Any sales proceeds from the sale of property will be applied first to WTCF.

	2023	2022
	\$	\$
BALANCE – BEGINNING OF PERIOD	-	-
Advances	12,567,903	-
Interest incurred	946,271	-
Interest paid	(198,240)	-
Transaction costs	(852,555)	-
Accretion	268,906	-
Effect of change in foreign exchange rates	(122,717)	-
BALANCE – END OF PERIOD	<u>12,609,568</u>	<u>-</u>

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The following table provides a summary of the WTCF Loan balances outstanding as at December 31, 2023 and 2022:

	2023	2022
	\$	\$
Principal, net of transaction costs	11,880,584	-
Interest payable	728,984	-
BALANCE	<u>12,609,568</u>	<u>-</u>

Walton Global Investments Ltd.

On March 31, 2018, the Corporation and WGI entered into a Management Services Agreement whereby WGI will provide certain management related services to the Corporation in return for an annual management fee to be paid on the last day of the quarter equal to 0.5% of the book value of the Property at the end of the previous fiscal quarter.

Notwithstanding the payment terms for such fees, due to cash constraints, the Corporation has communicated to WGI that it does not expect to make payments for the management fees and servicing fees until such time that the Corporation has adequate capital for the payment of such amounts.

The Corporation also received funds for general operating purposes from WGI. All amounts outstanding are due on demand and bear no interest.

	2023	2022
	\$	\$
BALANCE – BEGINNING OF PERIOD	3,927,443	3,088,260
Management fees incurred	1,040,025	838,609
Other expenses incurred	567	574
BALANCE – END OF PERIOD	<u>4,968,035</u>	<u>3,927,443</u>

Walton Asset Management L.P.

The balance of \$1,814,330 payable as at December 31, 2023 and 2022 was in respect to the management fees and servicing fees incurred prior to March 31, 2018, when the Management Services Agreement was assigned to WGI. Notwithstanding the payment terms for such fees, due to cash constraints, the Corporation has communicated to WAM that it does not expect to make payments for the management fees and servicing fees until such time that the Corporation has adequate capital for the payment of such amounts. All amounts outstanding are due on demand and bear no interest.

Walton Development & Management (USA), Inc.

On February 27, 2012, U.S. Subsidiary, WDMI, Walton Maryland LLC and the Corporation entered into a Project Management Agreement. In accordance with the terms of the Project Management Agreement, the fees and costs for services provided by WDMI are divided into the following two categories:

- i. WDMI will receive a development fee, plus applicable taxes, equal to 2% of certain development costs incurred in the calendar quarter, payable within 60-days of the end of such quarter; and
- ii. WDMI will receive a performance fee, plus applicable taxes, equal to 25% of cash distributions after all investors of Units in the Corporation have received cash payments or distributions equal to \$10.00 per Unit, plus a cumulative compound priority return of 8% per annum. The priority return is calculated on the \$10.00 amount per Unit, reduced by any cash payments or distributions by the Corporation.

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The term of the Project Management Agreement will continue until the latest of the date (i) that the whole of the Property has been sold by or on behalf of the owners thereof to one or more third party purchasers; and (ii) upon which the parties to the Project Management Agreement have satisfied their obligations under the development agreements with respect to the Property.

	2023	2022
	\$	\$
BALANCE – BEGINNING OF PERIOD	339,483	284,801
Development fees incurred	107,093	35,259
Effect of change in foreign exchange rates	(8,741)	19,423
BALANCE – END OF PERIOD	<u>437,835</u>	<u>339,483</u>

Walton International Group (USA), Inc.

Occasionally WUSA will incur and fund other expenses on the Corporation's behalf. The balances outstanding have no terms of repayment and bear no interest.

	2023	2022
	\$	\$
BALANCE – BEGINNING OF PERIOD	-	23,470
Repayments	-	(94,322)
Other expenses incurred	5,187	66,611
Effect of change in foreign exchange rates	(111)	4,241
BALANCE – END OF PERIOD	<u>5,076</u>	<u>-</u>

On February 20, 2020, the U.S. Subsidiary entered into a payment guaranty agreement with WUSA, WDMI, WWE, WMD, and WUSF (the "**Payment Guaranty**") for certain public infrastructure costs related to roadway improvements. The roadway improvements are currently underway and being managed by WDMI, with WUSA having guaranteed completion to Prince George's County. The Payment Guaranty states that if any cost overruns are incurred by WDMI, WUSA will fund those overruns, and the U.S. Subsidiary, WWE, WMD and WUSF are to reimburse WUSA. The U.S. Subsidiary and WWE are responsible for 50% of the cost overrun. The 50% portion is currently estimated to be approximately \$5,384,647 as at December 31, 2023 based on budgeted cost estimates prepared by a third party engineer. The U.S. Subsidiary is responsible for \$4,608,719, or 85.59%, of this amount.

Key Management Compensation

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

	2023	2022
	\$	\$
Directors' fees	<u>178,754</u>	<u>178,500</u>

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

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

5. PREPAID EXPENSES

The amount of prepaid expenses as at December 31, 2023 and 2022 are as follows:

	2023	2022
	\$	\$
BALANCE – BEGINNING OF PERIOD	117,180	149,400
Amortized to financing cost expense	(42,257)	(40,754)
Office and other prepaid expenses	-	19,307
Prepaid expenses recognized	(420)	(20,460)
Effect of changes in foreign exchange rates	(2,032)	9,687
BALANCE – END OF PERIOD	<u>72,471</u>	<u>117,180</u>

6. RESTRICTED CASH

The restricted cash balances held in trust with a third-party trust company as at December 31, 2023 and 2022 are outlined in the table below:

	2023	2022
	\$	\$
BALANCE – BEGINNING OF PERIOD	753,508	705,329
Builder deposit returned (note 9)	(566,611)	-
Effect of changes in foreign exchange rates	(17,093)	48,179
	<u>169,804</u>	<u>753,508</u>

7. PROJECT DEBT

MCFI Loan

On August 26, 2016, the Borrowers entered into a loan agreement (“MCFI Loan”) with MCFI. The Loan bears interest at 7% non-compounded, payable quarterly. The maturity date is the sixth anniversary of the last day of the calendar quarter for each Class of Loan Advances, which is defined as all the Loan Advances made during any calendar quarter, with the lender having the ability to extend the maturity date by one year. The maturity dates range from September 30, 2025 to December 31, 2026. The main purpose of the MCFI Loan is to, including but not limited to, repay project debt and to provide working capital for the Project to cover certain qualifying hard and soft costs for Phase 1.

The MCFI Loan is subordinate to the terms of the Amended New Loan Program and WTCF Loan, and is secured by, among other things, a third-priority deed of trust lien on the Property.

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The following table provides a summary of the MCFI Loan balance outstanding as at December 31, 2023 and 2022:

	2023	2022
	\$	\$
BALANCE – BEGINNING OF PERIOD	8,024,983	7,451,204
Interest incurred	565,514	546,571
Interest paid	(565,839)	(545,399)
Accretion	70,821	63,232
Effect of change in foreign exchange rates	(189,464)	509,375
BALANCE – END OF PERIOD	<u>7,906,015</u>	<u>8,024,983</u>

The following table provides a summary of the MCFI Loan balance outstanding as at December 31, 2023 and 2022:

	2023	2022
	\$	\$
Principal, net of transaction costs	7,766,217	7,881,808
Interest payable	139,798	143,175
BALANCE	<u>7,906,015</u>	<u>8,024,983</u>

8. INTEREST AND FINANCING COSTS

The following table provides a breakdown of interest and financing costs incurred for the year ended December 31, 2023 and 2022:

	Interest and Financing Costs Capitalized to Land Development Inventory and Expensed	
	2023	2022
	\$	\$
Interest Capitalized		
Amended New Loan Program (note 4)	3,056,206	5,427,667
WTCF Loan (note 4)	202,515	-
MCFI Loan (note 7)	280,438	546,571
Other	-	8,925
TOTAL INTEREST CAPITALIZED	<u>3,539,159</u>	<u>5,983,163</u>
Accretion Capitalized		
Amended New Loan Program (note 4)	553,086	678,932
WTCF Loan (note 4)	28,878	-
MCFI Loan (note 7)	34,401	63,232
TOTAL FINANCING COSTS CAPITALIZED	<u>616,365</u>	<u>742,164</u>
TOTAL INTEREST AND FINANCING COSTS CAPITALIZED	<u>4,155,524</u>	<u>6,725,327</u>

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Interest Expensed		
Amended New Loan Program (note 4)	3,106,742	-
WTCF Loan (note 4)	743,756	-
MCFI Loan (note 7)	285,076	-
Effect of changes in foreign exchange rates	28,299	-
TOTAL INTEREST EXPENSED	4,163,873	-
Accretion Expensed		
Amended New Loan Program (note 4)	604,605	-
WTCF Loan (note 4)	240,028	-
MCFI Loan (note 7)	36,420	-
Other	42,257	-
Effect of changes in foreign exchange rates	1,968	-
TOTAL FINANCING COSTS EXPENSED	925,278	-
TOTAL INTEREST AND FINANCING COSTS EXPENSED	5,089,151	-

9. BUILDER DEPOSITS

Builder deposits are comprised of deposits received from developers in accordance with a purchase and sale agreement, for which revenue recognition criteria has not been met. The deposits are refundable and are paid in accordance with the terms of the purchase and sales agreements between the Corporation and the homebuilders or developers. The balance as at December 31, 2023 of \$169,804 (2022 – \$753,508) is comprised of deposits from a single developer. Deposits were refunded to a developer in June 2023 after the Corporation received a notice of termination for a land parcel under PSA.

10. SHARE CAPITAL

Per Share Amount

Basic net loss per share (“EPS”) is calculated by dividing the Corporation’s net loss (prior to other comprehensive income/(loss)) by the weighted average number of shares outstanding. The Class A shares outstanding have not been included in the weighted average shares outstanding because the Class A shares do not participate in the profits or losses of the Corporation. The weighted average number of Class B Shares outstanding for the year ended December 31, 2023 was 53,425,728 (2022 - 53,425,728).

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11. INCOME TAXES

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

	2023	2022
	\$	\$
Consolidated net loss before tax	(7,032,710)	(4,266,747)
Applicable tax rate	23%	23%
EXPECTED TAX RECOVERY	<u>(1,617,523)</u>	<u>(981,352)</u>
Increase/(decrease) in income taxes resulting from:		
Change in deferred tax asset not recognized	1,768,675	552,320
Deferred tax on impairment of land	-	744,920
Foreign exchange impact on deferred tax asset not recognized on land impairment	(194,621)	482,374
Impact of tax rate in foreign jurisdiction	(251,004)	(135,917)
Effect of change in foreign exchange rates	294,473	(662,345)
INCOME TAX EXPENSE/(RECOVERY)	<u>-</u>	<u>-</u>

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

	2023	2022
	\$	\$
Non-capital loss carry-forward	10,021,904	8,422,133
Unrealized gain on foreign exchange	(2,096,390)	(2,161,895)
Debenture issuance costs	(252,319)	(252,319)
Other	(231,341)	(236,903)
Excess development costs for tax vs accounting	9,312,233	9,440,120
Unrecognized deferred tax asset	<u>(16,754,087)</u>	<u>(15,211,136)</u>
NET DEFERRED TAX ASSET (LIABILITY)	<u>-</u>	<u>-</u>

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

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The unused non-capital losses of \$10,026,188 will expire as follows:

	\$
2032	847,219
2033	647,600
2034	711,846
2035	955,466
2036	1,132,801
2037	881,998
2038	1,080,564
2039	54,498
2040	610,093
2041	859,168
2042	1,017,905
2043	1,227,030
	<u>10,026,188</u>

The unused non-capital losses relating to the U.S. Subsidiary as at December 31, 2023 amounted to \$28,057,746 (2022 - \$23,266,644).

12. FINANCIAL INSTRUMENTS

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

The future undiscounted obligations of the Corporation as at December 31, 2023, are as follows:

	2024	2025	2026	TOTAL
	\$	\$	\$	\$
Project debt	694,490	5,579,874	2,908,544	9,182,908
Accounts payable and accrued liabilities	1,314,793	-	-	1,314,793
Due to related parties	77,063,516	-	-	77,063,516
Total	<u>79,072,799</u>	<u>5,579,874</u>	<u>2,908,544</u>	<u>87,561,217</u>

Future undiscounted obligations relating to project debt and due to related parties include expected, unpaid interest.

In addition to these items in the table, based on the current loan amounts outstanding and as a result of the joint and several nature of the MCFI Loan, the Amended New Loan Program, and the WTCF Loan, the U.S. Subsidiary may be liable for WWE, WUSF and WMD's portion of the loans. As at December 31, 2023, this amount is \$22,498,946 (2022 - \$10,074,711).

13. COMMITMENTS

Under the Management Services Agreement (note 4), the commitment for management fees will extend for the length of the project, however, 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 future development fees payable to WDMI under the Project Management Agreement cannot be reasonably estimated at this time.

WESTPHALIA DEV. CORP.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Canadian dollars)

The Corporation also has a commitment to complete the construction of onsite water, sewer and lines, as well as the construction of an offsite sewer outfall as part of the permits issued by Prince George's County, Maryland. The Corporation has provided the WSSC, Prince George's County and the Maryland National Park and Planning Commission with bonds, which are used as construction guarantees. As at December 31, 2023, the outstanding value of these bonds total \$15,311,109 USD (2022 - \$15,330,409 USD).

14. CAPITAL MANAGEMENT

The Corporation defines capital as total shareholders' deficit, project debt, and due to related parties. As at December 31, 2023, the total capital managed was \$55,385,151 (2022 - \$45,357,241).

The Corporation's objectives when managing capital are to:

- (i) 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 land parcels; and
- (iii) maximize the rate of return to the 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. Due to related parties debt and project debt is intended to be utilized to finance future phases of development.

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

15. SUPPLEMENTAL INFORMATION TO THE STATEMENTS OF CASH FLOWS

	2023	2022
	\$	\$
Non-cash interest capitalized to land development inventory	-	208,604
Interest paid capitalized to land development inventory	3,539,160	5,775,395
Accretion on project debt capitalized to land development inventory	34,401	63,232
Accretion on related party loans capitalized to land development inventory	581,964	678,932

16. SUBSEQUENT EVENTS

On April 8, 2024, the Borrowers entered into a \$200,000 USD loan agreement with WGH ("**WGH Loan**"). The loan shall be repaid on the earliest of (i) the date that is three business days following the date the borrower receives an anticipated recovery from Washington Suburban Sanitary Commission ("**WSSC**"), (ii) the date payment is demanded by the lender. The loan shall not bear interest so long as no event of default occurs. Upon an event of default, the loan shall bear interest at 12% per annum, accruing monthly and payable at the commencement of the loan.

17. COMPARATIVE FIGURES

Certain comparative amounts have been reclassified to conform to the current year's presentation.

This is **Exhibit "A-2"** referred to in the Affidavit of
BRUCE TINGLE, KC.

Sworn/Affirmed before me at the City of Calgary, Alberta
the 13 day of January, 2025



A Commissioner for Oaths in and for the
Province of Alberta

Meghan Parker
Barrister and Solicitor

UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Westphalia Dev. Corp.

For the three and nine months ended September 30, 2024 and 2023

(Expressed in Canadian dollars)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

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WESTPHALIA DEV. CORP.

Condensed Interim Consolidated Statements of Financial Position

Unaudited

As at September 30, 2024 and December 31, 2023

(Expressed in Canadian dollars)

	September 30, 2024 \$	December 31, 2023 \$
ASSETS		
Land development inventory (note 3)	54,585,442	53,287,397
Prepaid expenses (note 5)	42,267	72,471
Due from related parties (note 4)	198,630	26,841
Restricted cash (note 6)	346,617	169,804
Accounts receivable	42,707	41,843
Cash	1,700,872	3,271,392
TOTAL ASSETS	56,916,535	56,869,748
LIABILITIES		
Due to related parties (notes 4 and 12)	81,539,393	72,644,383
Project debt (notes 7 and 12)	8,124,492	7,906,015
Accounts payable and accrued liabilities (note 12)	1,320,080	1,314,793
Builder deposits (note 9)	346,617	169,804
TOTAL LIABILITIES	91,330,582	82,034,995
SHAREHOLDERS' DEFICIT		
Share capital (note 10)	37,941,514	37,941,514
Accumulated deficit	(73,808,903)	(64,575,681)
Accumulated other comprehensive income	1,453,342	1,468,920
TOTAL DEFICIT	(34,414,047)	(25,165,247)
TOTAL LIABILITIES & DEFICIT	56,916,535	56,869,748
Going concern (note 1)		
Commitments (note 13)		

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

WESTPHALIA DEV. CORP.

Condensed Interim Consolidated Statements of Comprehensive Loss

Unaudited

For the three and nine months ended September 30, 2024 and September 30, 2023

(Expressed in Canadian dollars)

	Three months ended		Nine months ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
	\$	\$	\$	\$
REVENUE				
Land development sales	-	-	-	-
COST OF SALES				
Cost of sales	-	-	-	-
Selling costs	-	-	-	-
GROSS MARGIN	-	-	-	-
OTHER INCOME/(EXPENSES)				
Management fees (note 4)	(296,287)	(268,246)	(870,900)	(757,149)
Professional fees	(82,233)	(67,913)	(190,008)	(176,485)
Financing costs	(299,430)	(430,929)	(1,286,289)	(452,028)
Directors' fees (note 4)	(44,814)	(44,814)	(134,441)	(134,441)
Marketing expense	(9,340)	(33,342)	(21,017)	(49,971)
Property tax expense	(246,328)	(367,452)	(246,328)	(367,452)
Interest expense (note 8)	(2,288,240)	(2,043,837)	(6,509,250)	(2,043,837)
Office and other expenses	(11,308)	(4,189)	(18,581)	(12,795)
Interest income	205	3,903	857	13,331
TOTAL EXPENSES	(3,277,775)	(3,256,819)	(9,275,957)	(3,980,827)
LOSS BEFORE OTHER ITEMS	(3,277,775)	(3,256,819)	(9,275,957)	(3,980,827)
Foreign exchange gain/(loss)	(29,525)	46,519	42,735	(10,237)
TOTAL OTHER ITEMS	(29,525)	46,519	42,735	(10,237)
NET LOSS BEFORE TAX	(3,307,300)	(3,210,300)	(9,233,222)	(3,991,064)
Income tax expense (note 11)	-	-	-	-
NET LOSS	(3,307,300)	(3,210,300)	(9,233,222)	(3,991,064)
OTHER COMPREHENSIVE LOSS				
Cumulative translation (loss)/gain	465,684	(268,773)	(15,578)	(2,927)
TOTAL COMPREHENSIVE LOSS	(2,841,616)	(3,479,073)	(9,248,800)	(3,993,991)
Basic net loss per share (note 10)	(0.06)	(0.06)	(0.17)	(0.07)

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

WESTPHALIA DEV. CORP.

Condensed Interim Consolidated Statements of Changes in Shareholders' Deficit *Unaudited*

For the three and nine months ended September 30, 2024 and September 30, 2023

(Expressed in Canadian dollars)

	Class A Voting Common Shares		Class B Non-voting Common Shares		Accumulated Deficit	Accumulated Other Comprehensive Income	Total
	# of Shares	\$	# of Shares	\$			
JANUARY 1, 2023	100	100	53,425,728	37,941,414	(57,542,971)	1,075,097	(18,526,360)
Net loss	-	-	-	-	(3,991,064)	-	(3,991,064)
Other comprehensive loss	-	-	-	-	-	(2,927)	(2,927)
SEPTEMBER 30, 2023	100	100	53,425,728	37,941,414	(61,534,035)	1,072,170	(22,520,351)
Net loss	-	-	-	-	(3,041,646)	-	(3,041,646)
Other comprehensive loss	-	-	-	-	-	396,750	396,750
DECEMBER 31, 2023	100	100	53,425,728	37,941,414	(64,575,681)	1,468,920	(25,165,247)
Net loss	-	-	-	-	(9,233,222)	-	(9,233,222)
Other comprehensive income	-	-	-	-	-	(15,578)	(15,578)
SEPTEMBER 30, 2024	100	100	53,425,728	37,941,414	(73,808,903)	1,453,342	(34,414,047)

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

WESTPHALIA DEV. CORP.

Condensed Interim Consolidated Statements of Cash Flows

Unaudited

For the three and nine months ended September 30, 2024 and September 30, 2023

(Expressed in Canadian dollars)

	Three months ended		Nine months ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
			\$	\$
OPERATING ACTIVITIES				
Net loss for the period:	(3,307,300)	(3,210,300)	(9,233,222)	(3,991,064)
Adjustments for:				
Interest income	(205)	(3,903)	(857)	(13,331)
Items not affecting cash:				
Unrealized foreign exchange (gain)/loss	9,692	(46,509)	(42,807)	10,237
Financing costs	299,430	452,028	1,286,289	452,028
Changes in non-cash operating items:				
Decrease in accounts receivable	-	(16)	-	9,674
Decrease/(increase) in due from related parties	228,823	889	(172,511)	695,878
Decrease in prepaid expenses	(10,635)	(22,847)	-	778
Increase/(decrease) in builder deposits	-	3,595	168,166	(579,930)
Increase in accounts payable and accrued liabilities	(28,734)	(266,639)	5,288	(169,969)
Increase in due to related parties	1,126,572	2,213,796	7,741,296	2,821,640
Increase in project debt	266,305	142,906	427,138	142,906
Decrease/(increase) in land development inventory	314,884	(1,769,792)	(129,632)	(4,640,294)
Interest paid	(4,473,716)	(3,194,317)	(8,546,687)	(3,615,216)
Interest received	205	562	857	1,379
Cash provided/(used in) operating activities	<u>(5,574,679)</u>	<u>(5,700,547)</u>	<u>(8,496,682)</u>	<u>(8,875,284)</u>
INVESTING ACTIVITIES				
Decrease/(increase) in restricted cash	-	(3,595)	(168,166)	579,930
Cash provided/(used in) by investing activities	<u>-</u>	<u>(3,595)</u>	<u>(168,166)</u>	<u>579,930</u>
FINANCING ACTIVITIES				
Advances from related party	6,671,101	4,504,777	7,136,240	12,567,903
Transaction costs paid	-	(185,597)	-	(852,555)
Cash provided by financing activities	<u>6,671,101</u>	<u>4,319,180</u>	<u>7,136,240</u>	<u>11,715,348</u>
Effect of exchange rate on cash	<u>441,770</u>	<u>110,396</u>	<u>(41,912)</u>	<u>52,833</u>
Increase/(decrease) in cash	<u>1,538,192</u>	<u>(1,274,566)</u>	<u>(1,570,520)</u>	<u>3,472,827</u>
Cash – Beginning of period	<u>162,680</u>	<u>5,199,650</u>	<u>3,271,392</u>	<u>452,257</u>
Cash – End of period	<u><u>1,700,872</u></u>	<u><u>3,925,084</u></u>	<u><u>1,700,872</u></u>	<u><u>3,925,084</u></u>

Supplemental information (note 15)

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

WESTPHALIA DEV. CORP.

Notes to the Condensed Interim Consolidated Financial Statements

Unaudited

For the three and nine months ended September 30, 2024 and September 30, 2023

(Expressed in Canadian dollars)

1. NATURE OF BUSINESS, MATERIAL DEVELOPMENT, MATERIAL GOING CONCERN UNCERTAINTY & BASIS OF PREPARATION

Nature of Business

Westphalia Dev. Corp. (the “**Corporation**”) was incorporated under the laws of the Province of Alberta on January 4, 2012. The wholly owned subsidiary of the Corporation, Walton Westphalia Development Corporation (USA), LLC (“**U.S. Subsidiary**”) was incorporated under the laws of the state of Maryland on January 6, 2012. The Corporation and the U.S. Subsidiary were formed to provide investors with the opportunity to participate in the development of the approximately 310 acre “Westphalia” property located in Prince George’s County, Maryland, USA (the “**Property**”) through the purchase of units in the Corporation. Each unit issued by the Corporation (“**Unit**”) through its initial public offering (“**IPO**”) and private placement (“**Private Placement**”) was comprised of a \$5.00 principal amount of offering debentures (“**Debentures**”) and one Class B non-voting share (“**Class B Shares**”) at a price of \$5.00 per share. On May 6, 2019, the Debentures and interest thereon (the “**Interest Debentures**”) were converted to Class B non-voting shares.

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

Equity distributions by the Corporation are neither guaranteed nor will they be paid in a steady or stable stream, if any such distributions are able to be made. 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, including (i) the fees payable to Walton Asset Management L.P. (“**WAM**”), previously the manager of the Corporation, and Walton Global Investments Ltd. (“**WGI**”) as the manager of the Corporation effective April 1, 2018 and (ii) the fees payable to Walton Development & Management (USA), Inc. (“**WDMI**”), the project manager (including the performance fee), and (iii) any amounts outstanding, on a phase by phase basis, under the construction loans required to develop the Property. The performance fee is only payable provided that the investors of Units in the Corporation have received distributions equal to their invested capital of \$10.00 per Unit plus a cumulative compounded priority return thereon equal to 8% per annum.

The address of the registered office is 25th Floor, 500 – 4th Avenue SW, Calgary, Alberta, T2P 2V6.

These condensed interim consolidated financial statements were authorized for issue by the Board of Directors on December 1, 2024.

Material Development

On December 1, 2024, the manager informed the Corporation that it is no longer willing to fund its monetary shortfalls unless a plan is implemented to address a) the liquidity of the Corporation, and b) payment of its outstanding debts to secured creditors, unsecured creditors, and the manager. Management and the Board of Directors have committed to constructing and implementing a plan as soon as possible to deal with these matters which will include a restructuring of the Corporation.

Material Going Concern Uncertainty

Management believes that the going concern basis of presentation continues to be appropriate and assumes the Corporation will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they become due as there is an expectation that a restructuring plan will be put in place.

For the nine months ended September 30, 2024, the Corporation reported no revenue, a comprehensive loss of \$9,248,800 (September 30, 2023 – \$3,993,991), negative operating cash flows of \$8,496,682 (September 30, 2023 – negative \$8,875,284), and an accumulated deficit of \$73,808,903 (December 31, 2023 – \$64,575,681).

WESTPHALIA DEV. CORP.

Notes to the Condensed Interim Consolidated Financial Statements

Unaudited

For the three and nine months ended September 30, 2024 and September 30, 2023

(Expressed in Canadian dollars)

It is anticipated that the Corporation will continue to incur operating and development costs and has related party payables due on demand within the next 12 months and loan interest payable quarterly and semi-annually. The Corporation expects to pay these obligations by way of proceeds from the bulk sales of land and cash on hand. The Corporation has signed non-binding purchase and sale agreements ("PSA") to sell a portion of the land in Phase 2 and 3; however, there are no assurances that the sales will close. Should the sales not close with the prospective purchasers, then management would actively pursue other avenues of monetizing the Phase 2 and 3 lands. Other land expected to be sold to meet these obligations is not yet under PSA. Without the proceeds from selling the lands, monetary support from the manager, and/or the extension or modification of loan terms, the Corporation will not have sufficient working capital to cover the loans due. The Corporation had received a signed commitment letter of financial support from a related party, Walton Global Holdings, LLC ("**WGH**") to support the Corporation in the event of any cash shortfalls up to \$7 million; however, on December 1, 2024, WGH informed the Corporation that they are no longer willing to fund its monetary shortfalls until a restructuring plan is put in place.

These circumstances indicate the existence of material uncertainty that may cast significant doubt on the Corporation's ability to meet its obligations as they come due, and accordingly, continue as a going concern.

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

Basis of Presentation

These condensed interim consolidated financial statements of the Corporation have been prepared in accordance with International Accounting Standard ("**IAS**") 34: *Interim Financial Reporting* and using accounting policies that are consistent with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**").

The Corporation's condensed interim consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments which are initially measured at fair value as explained in the accounting policies set out in note 2. The condensed interim consolidated statement of financial position has been prepared using a liquidity-based presentation because the operating cycle of the Corporation revolves around the sale of land, the timing of which is uncertain. As a result, presentation based on liquidity is considered by management to provide information that is more reliable and relevant to the users of the condensed interim consolidated financial statements. With the exception of land development inventory (note 3), project debt (note 7), and certain amounts due to/from related parties (note 4), all assets and liabilities are current in nature and are expected to be settled in less than twelve months.

2. ACCOUNTING POLICIES, ESTIMATES & JUDGMENTS

The accounting policies used in the preparation of these condensed interim consolidated financial statements are consistent with those which were disclosed in the Corporation's audited consolidated financial statements for the year ended December 31, 2023, except as described below.

Use of Estimates and Judgments

The preparation of condensed interim consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and shareholders' deficit at the date of the condensed interim consolidated financial statements, and the reported amounts of revenue and expenses during the period. There have been no significant changes in accounting judgements, estimates and assumptions made by the Corporation in the preparation of these condensed interim consolidated financial statements from those judgements, estimates and assumptions disclosed in the Corporation's audited consolidated financial statements for the year ended December 31, 2023.

WESTPHALIA DEV. CORP.

Notes to the Condensed Interim Consolidated Financial Statements

Unaudited

For the three and nine months ended September 30, 2024 and September 30, 2023

(Expressed in Canadian dollars)

Adoption of Recent Accounting Pronouncements

The Corporation has adopted the following revised standard, including any consequential amendments thereto, for the year effective January 1, 2023. The Corporation has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Changes in accounting policies adopted by the Corporation were made in accordance with applicable transitional provisions as provided in those standards and amendments.

Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurements techniques and inputs to develop accounting estimates. The amendments had no impact on the Corporation's consolidated financial statements.

Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 *Making Materiality Judgments* provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments have had an impact on the Corporation's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Corporation's consolidated financial statements.

Standards issued but not yet effective

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify what is meant by a right to defer settlement, that a right to defer must exist at the end of the reporting period, that classification is unaffected by the likelihood that an entity will exercise its deferral right and that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, and must be applied retrospectively. The Corporation is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

WESTPHALIA DEV. CORP.

Notes to the Condensed Interim Consolidated Financial Statements

Unaudited

For the three and nine months ended September 30, 2024 and September 30, 2023

(Expressed in Canadian dollars)

3. LAND DEVELOPMENT INVENTORY

	Nine months ended September 30, 2024 \$	Year ended December 31, 2023 \$
BALANCE – BEGINNING OF PERIOD	53,287,397	44,505,682
Development costs (net of recoveries)	440,910	10,989,767
Effect of change in foreign exchange rates	857,135	(2,208,052)
BALANCE – END OF PERIOD	<u>54,585,442</u>	<u>53,287,397</u>

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

Management has determined the substantial completion date of Phase 1 to be June 30, 2023, at which point carrying costs, including interest, financing costs and property taxes, are no longer being capitalized.

Management has completed an assessment of the net realizable value of land development inventory as at September 30, 2024 and has not identified any impairment.

4. RELATED PARTY TRANSACTIONS

WAM, WDMI, WGI, WWE, WGH, WMD, WUSF, WTCF, WWMN and Walton International Group (USA), Inc. (“WUSA”) are all related to the Corporation through common ownership or common directors. Any miscellaneous or other expenses due from related parties and due to related parties are unsecured, due on demand, bear no interest and have no fixed terms of repayment.

DUE FROM RELATED PARTIES

The balances due from related parties are outlined in the table below:

	September 30, 2024 \$	December 31, 2023 \$
Walton Westphalia Europe, LP	198,630	26,841
TOTAL DUE FROM RELATED PARTIES	<u>198,630</u>	<u>26,841</u>

Walton Westphalia Europe, LP

On August 20, 2012, U.S. Subsidiary and WWE entered into a co-ownership agreement for the purpose of setting forth their respective rights and obligations in connection with certain matters related to the Property. In accordance with this agreement, U.S. Subsidiary and WWE (a) hold the Property as an investment, develop the Property and sell the Property in lots or parcels; (b) own and sell their respective participating interests; (c) provide for the management of the Property and utilize funds for the benefit of the owners for the purposes of operating, managing, developing and maintaining the Property; and (d) perform other activities as may be incidental or ancillary to or arise from the foregoing purposes as may be reasonably determined by U.S. Subsidiary. Under this agreement, all benefits, advantages, losses and liabilities derived from or incurred in respect of the Property from time to time shall be borne by U.S. Subsidiary and WWE in proportion to their respective participating interests as

WESTPHALIA DEV. CORP.

Notes to the Condensed Interim Consolidated Financial Statements

Unaudited

For the three and nine months ended September 30, 2024 and September 30, 2023

(Expressed in Canadian dollars)

at the time they were derived or incurred. The U.S. Subsidiary and WWE share a joint operating bank account. Due to the joint nature of this account, it is possible at times for one entity to utilize funds in excess of their proportionate cash balance, resulting in a liability to the other entity for their overutilization of cash.

	September 30, 2024	December 31, 2023
	\$	\$
BALANCE – BEGINNING OF PERIOD	26,841	331,450
Overextension/(repayment) of shared operating cash	171,789	(304,609)
BALANCE – END OF PERIOD	<u>198,630</u>	<u>26,841</u>

Walton Maryland, LLC

On February 27, 2012, WMD entered into the Cost Sharing Agreement as noted above.

	September 30, 2024	December 31, 2023
	\$	\$
BALANCE – BEGINNING OF PERIOD	-	159,743
Interest earned	-	12,433
Other costs incurred	-	11,796
Payment received	-	(184,284)
Effect of change in foreign exchange rate	-	312
BALANCE – END OF PERIOD	<u>-</u>	<u>-</u>

DUE TO RELATED PARTIES

The balances due to related parties are outlined in the table below:

	September 30, 2024	December 31, 2023
	\$	\$
WWMN, LLC	51,525,080	52,791,511
WTCF, LLC	19,672,351	12,609,568
Walton Global Investments Ltd.	5,839,376	4,968,035
Walton Asset Management L.P.	1,814,330	1,814,330
Walton Development & Management (USA), Inc.	449,085	437,835
Walton Global Holdings, LLC.	462,156	-
Walton International Group (USA), Inc.	5,180	5,076
WUSF 1 Westphalia, LLC	1,771,835	18,028
TOTAL DUE TO RELATED PARTIES	<u>81,539,393</u>	<u>72,644,383</u>

WESTPHALIA DEV. CORP.

Notes to the Condensed Interim Consolidated Financial Statements

Unaudited

For the three and nine months ended September 30, 2024 and September 30, 2023

(Expressed in Canadian dollars)

WWMN, LLC

On July 13, 2018, the Corporation and WWE (the “Borrowers”) entered into a \$30 million USD facility with WWMN, bearing interest at 12%, payable semi-annually, with an original maturity date of June 30, 2021 (“**New Loan Program**”).

On January 12, 2022, the Corporation entered into a \$3 million USD loan agreement with WWMN, bearing interest at 12%. This loan was used to fund operating and development expenses until such time as the New Loan Program refinancing was complete.

On April 1, 2022, the loans were rolled into the Amended New Loan Program and the overall loan amount was increased to \$44.5 million USD, bearing interest at 12%, payable semi-annually commencing July 15, 2022, with a maturity date of June 30, 2023, and at the option of the holder to extend the maturity date to June 30, 2024 (“**Amended New Loan Program**”). The Corporation received the final advance on the Amended New Loan Program on August 23, 2022. On April 4, 2023, the option was exercised to extend the maturity date to June 30, 2024.

On August 27, 2024, the Corporation and WWE entered into the First Amendment to the Amended New Loan Program, which extends the loan maturity date to July 31, 2025

	September 30, 2024	December 31, 2023
	\$	\$
BALANCE – BEGINNING OF PERIOD	52,791,511	49,777,362
Interest incurred	4,652,839	6,162,948
Interest paid	(6,749,807)	(2,996,077)
Transaction costs	(1,025,327)	-
Accretion	758,945	1,157,691
Effect of change in foreign exchange rates	1,096,919	(1,310,413)
BALANCE – END OF PERIOD	<u>51,525,080</u>	<u>52,791,511</u>

The following table provides a summary of the Amended New Loan Program balances outstanding as at September 30, 2024 and December 31, 2023:

	September 30, 2024	December 31, 2023
	\$	\$
Principal, net of transaction costs	50,496,846	49,744,163
Interest payable	1,028,235	3,047,348
BALANCE	<u>51,525,080</u>	<u>52,791,511</u>

WTCF, LLC

On January 18, 2023, the U.S. Subsidiary, WWE, WUSF and WMD entered into a \$8,500,000 USD loan agreement with WTCF bearing interest at 12% per annum, non-compounding (the “**WTCF Bridge Loan**”). Interest accrued monthly and was payable on the earliest of (i) the loan maturity date of March 31, 2023, (ii) the date of the closing of any refinancing transaction, (iii) the date that an event of default occurred. Loan proceeds for the U.S. Subsidiary and WWE was not to exceed \$5,100,000 and loan proceeds for WUSF and WMD was not to exceed \$3,400,000. The loan was unsecured.

WESTPHALIA DEV. CORP.

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(Expressed in Canadian dollars)

On March 22, 2023, The U.S. Subsidiary, WWE, WUSF and WMD entered into a \$18,500,000 USD loan agreement with WTCF, bearing interest at 12% per annum, payable semi-annually, with a maturity date of December 31, 2024 (the "WTCF Loan"). At the option of the borrowers the maturity date may be extended by one year to December 31, 2025. All funds advanced under the January 18, 2023, WTCF Bridge Loan were rolled over into the new WTCF Loan, the U.S Subsidiary received total loan proceeds of \$12,567,903 (\$9,414,994 USD). In accordance with the intercreditor agreement that was signed by all lenders prior to the execution of the WTCF Loan, the Amended New Loan Program remains in first position for priority in right of payment, WTCF in second position, and the MCFI Loan moved into third position. Any sales proceeds from the sale of property will be applied first to WTCF. Subsequent to the end of the period, the extension option of the WTCF Loan was exercised to extend the maturity date to December 31, 2025 (note 16).

On August 27, 2024, the U.S. Subsidiary, WWE, WUSF and WMD completed the First Amendment to the WTCF Loan. This amendment allows for a second advance of \$11,000,000 USD, bearing interest at 15% per annum, payable semi-annually, with a maturity date of June 30, 2025 (the "WTCF2 Loan"). The U.S Subsidiary is entitled to receive loan proceeds from the second advance of \$6,761,678 USD. In accordance with the amended and restated intercreditor agreement, any sales proceeds from the sale of property will be applied on a pro rata basis with WWMN. The Amended New Loan Program and the WTCF Loan jointly share priority for right of payment, with MCFI in second position.

On August 27, 2024, the U.S. Subsidiary, WWE, WUSF, WMD, WWMN, WTCF and MCFI entered into the amended and restated intercreditor agreement.

	September 30, 2024	December 31, 2023
	\$	\$
BALANCE – BEGINNING OF PERIOD	12,609,568	-
Advances	6,670,480	12,567,903
Interest incurred	1,289,476	946,271
Interest paid	(1,417,866)	(198,240)
Transaction costs	(83,147)	(852,555)
Accretion	438,394	268,906
Effect of change in foreign exchange rates	165,447	(122,717)
BALANCE – END OF PERIOD	<u>19,672,351</u>	<u>12,609,568</u>

The following table provides a summary of the WTCF Loan balances outstanding as at September 30, 2024 and December 31, 2023:

	September 30, 2024	December 31, 2023
	\$	\$
Principal, net of transaction costs	19,054,552	11,880,584
Interest payable	617,799	728,984
BALANCE	<u>19,672,351</u>	<u>12,609,568</u>

Walton Global Investments Ltd.

On March 31, 2018, the Corporation and WGI entered into a Management Services Agreement whereby WGI will provide certain management related services to the Corporation in return for an annual management fee to be paid on the last day of the quarter equal to 0.5% of the book value of the Property at the end of the previous fiscal quarter.

WESTPHALIA DEV. CORP.

Notes to the Condensed Interim Consolidated Financial Statements

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(Expressed in Canadian dollars)

Notwithstanding the payment terms for such fees, due to cash constraints, the Corporation has communicated to WGI that it does not expect to make payments for the management fees and servicing fees until such time that the Corporation has adequate capital for the payment of such amounts.

The Corporation also received funds for general operating purposes from WGI. All amounts outstanding are due on demand and bear no interest.

	September 30, 2024	December 31, 2023
	\$	\$
BALANCE – BEGINNING OF PERIOD	4,968,035	3,927,443
Management fees incurred	870,900	1,040,025
Other expenses incurred	441	567
BALANCE – END OF PERIOD	<u>5,839,376</u>	<u>4,968,035</u>

Walton Asset Management L.P.

The balance of \$1,814,330 payable as at September 30, 2024 and 2023 was in respect to the management fees and servicing fees incurred prior to March 31, 2018, when the Management Services Agreement was assigned to WGI. Notwithstanding the payment terms for such fees, due to cash constraints, the Corporation has communicated to WAM that it does not expect to make payments for the management fees and servicing fees until such time that the Corporation has adequate capital for the payment of such amounts. All amounts outstanding are due on demand and bear no interest.

Walton Development & Management (USA), Inc.

On February 27, 2012, U.S. Subsidiary, WDMI, Walton Maryland LLC and the Corporation entered into a Project Management Agreement. In accordance with the terms of the Project Management Agreement, the fees and costs for services provided by WDMI are divided into the following two categories:

- i. WDMI will receive a development fee, plus applicable taxes, equal to 2% of certain development costs incurred in the calendar quarter, payable within 60-days of the end of such quarter; and
- ii. WDMI will receive a performance fee, plus applicable taxes, equal to 25% of cash distributions after all investors of Units in the Corporation have received cash payments or distributions equal to \$10.00 per Unit, plus a cumulative compound priority return of 8% per annum. The priority return is calculated on the \$10.00 amount per Unit, reduced by any cash payments or distributions by the Corporation.

The term of the Project Management Agreement will continue until the latest of the date (i) that the whole of the Property has been sold by or on behalf of the owners thereof to one or more third party purchasers; and (ii) upon which the parties to the Project Management Agreement have satisfied their obligations under the development agreements with respect to the Property.

	September 30, 2024	December 31, 2023
	\$	\$
BALANCE – BEGINNING OF PERIOD	437,835	339,483
Development fees incurred	2,212	107,093
Effect of change in foreign exchange rates	9,038	(8,741)
BALANCE – END OF PERIOD	<u>449,085</u>	<u>437,835</u>

WESTPHALIA DEV. CORP.

Notes to the Condensed Interim Consolidated Financial Statements

Unaudited

For the three and nine months ended September 30, 2024 and September 30, 2023

(Expressed in Canadian dollars)

Walton Global Holdings, LLC.

On April 8, 2024, the U.S. Subsidiary and WWE entered into a \$200,000 USD loan agreement with WGH (the "WGH Loan"). The loan is payable on the earliest of (i) the date that is three business days following the date the borrower receives an anticipated recovery from Washington Suburban Sanitary Commission ("WSSC"), (ii) the date of the closing of any refinancing transaction, and (iii) the date payment is demanded by the lender. The loan does not bear interest and is unsecured.

On June 18, 2024, the loan agreement was amended to increase the maximum loan amount to \$400,000 USD.

The following table provides a summary of the WGH loan balances outstanding as at September 30, 2024 and December 31, 2023:

	September 30, 2024	December 31, 2023
	\$	\$
BALANCE – BEGINNING OF PERIOD	-	-
Advances	467,967	-
Effect of change in foreign exchange rates	(5,811)	-
BALANCE – END OF PERIOD	<u>462,156</u>	<u>-</u>

Walton International Group (USA), Inc.

Occasionally WUSA will incur and fund other expenses on the Corporation's behalf. The balances outstanding have no terms of repayment and bear no interest.

	September 30, 2024	December 31, 2023
	\$	\$
BALANCE – BEGINNING OF PERIOD	5,076	-
Other expenses incurred	-	5,187
Effect of change in foreign exchange rates	104	(111)
BALANCE – END OF PERIOD	<u>5,180</u>	<u>5,076</u>

On February 20, 2020, the U.S. Subsidiary entered into a payment guaranty agreement with WUSA, WDMI, WWE, WMD, and WUSF (the "**Payment Guaranty**") for certain public infrastructure costs related to roadway improvements. The roadway improvements are currently underway and being managed by WDMI, with WUSA having guaranteed completion to Prince George's County. The Payment Guaranty states that if any cost overruns are incurred by WDMI, WUSA will fund those overruns, and the U.S. Subsidiary, WWE, WMD and WUSF are to reimburse WUSA. The U.S. Subsidiary and WWE are responsible for 50% of the cost overrun. The 50% portion is currently estimated to be approximately \$5,384,647 as at September 30, 2024 based on budgeted cost estimates prepared by a third party engineer. The U.S. Subsidiary is responsible for \$4,608,719, or 85.59%, of this amount.

WUSF 1 Westphalia, LLC

On February 27, 2012, WUSF, WMD and WWE 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 the Corporation and property owned by WUSF and WMD (the "Cost Sharing Agreement"). WUSF, WMD, or the U.S. Subsidiary may elect to construct any of the required improvements by providing notice to the other parties 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

WESTPHALIA DEV. CORP.

Notes to the Condensed Interim Consolidated Financial Statements

Unaudited

For the three and nine months ended September 30, 2024 and September 30, 2023

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any costs and expenses related to the non-constructing party's property. The proportion of costs for each party to this agreement is determined pro rata on ownership acreage, or shared equally, dependant on the project. Any amounts outstanding are subject to interest at 12%.

	September 30, 2024	December 31, 2023
	\$	\$
BALANCE – BEGINNING OF PERIOD	18,028	(395,991)
Interest	135,787	16,038
Expenses paid	1,626,027	(224,116)
Payments received	-	613,599
Effect of change in foreign exchange rate	(8,007)	8,498
BALANCE – END OF PERIOD	<u>1,771,835</u>	<u>18,028</u>

Key Management Compensation

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

	For the nine months ended	
	September 30, 2024	September 30, 2023
	\$	\$
Directors' fees	<u>134,441</u>	<u>134,441</u>

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

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

5. PREPAID EXPENSES

The amount of prepaid expenses as at September 30, 2024 and December 31, 2023 are as follows:

	September 30, 2024	December 31, 2023
	\$	\$
BALANCE – BEGINNING OF PERIOD	72,471	117,180
Amortized to financing cost expense	(31,947)	(42,257)
Prepaid expenses recognized	-	(420)
Effect of changes in foreign exchange rates	1,743	(2,032)
BALANCE – END OF PERIOD	<u>42,267</u>	<u>72,471</u>

WESTPHALIA DEV. CORP.

Notes to the Condensed Interim Consolidated Financial Statements

Unaudited

For the three and nine months ended September 30, 2024 and September 30, 2023

(Expressed in Canadian dollars)

6. RESTRICTED CASH

The restricted cash balances held in trust with a third-party trust company as at September 30, 2024 and December 31, 2023 are outlined in the table below:

	September 30, 2024	December 31, 2023
	\$	\$
BALANCE – BEGINNING OF PERIOD	169,804	753,508
Builder deposit received	171,871	-
Builder deposit returned (note 9)	-	(566,611)
Effect of changes in foreign exchange rates	4,942	(17,093)
	<u>346,617</u>	<u>169,804</u>

7. PROJECT DEBT

MCFI Loan

On August 26, 2016, the U.S. Subsidiary and WWE entered into a loan agreement (“MCFI Loan”) with MCFI. The Loan bears interest at 7% non-compounded, payable quarterly. The maturity date is the sixth anniversary of the last day of the calendar quarter for each Class of Loan Advances, which is defined as all the Loan Advances made during any calendar quarter, with the lender having the ability to extend the maturity date by one year. The maturity dates range from September 30, 2025 to December 31, 2026. The main purpose of the MCFI Loan is to, including but not limited to, repay project debt and to provide working capital for the Project to cover certain qualifying hard and soft costs for Phase 1.

The MCFI Loan is subordinate to the terms of the Amended New Loan Program and WTCF Loan, and is secured by, among other things, a third-priority deed of trust lien on the Property.

The following table provides a summary of the MCFI Loan balance outstanding as at September 30, 2024 and December 31, 2023:

	September 30, 2024	December 31, 2023
	\$	\$
BALANCE – BEGINNING OF PERIOD	7,906,015	8,024,983
Interest incurred	427,332	565,514
Interest paid	(426,850)	(565,839)
Accretion	56,089	70,821
Effect of change in foreign exchange rates	161,906	(189,464)
BALANCE – END OF PERIOD	<u>8,124,492</u>	<u>7,906,015</u>

The following table provides a summary of the MCFI Loan balance outstanding as at September 30, 2024 and December 31, 2023:

	September 30, 2024	December 31, 2023
	\$	\$
Principal, net of transaction costs	7,982,198	7,766,217
Interest payable	142,294	139,798
BALANCE	<u>8,124,492</u>	<u>7,906,015</u>

WESTPHALIA DEV. CORP.

Notes to the Condensed Interim Consolidated Financial Statements

Unaudited

For the three and nine months ended September 30, 2024 and September 30, 2023

(Expressed in Canadian dollars)

8. INTEREST AND FINANCING COSTS

The following table provides a breakdown of interest and financing costs incurred for the nine months ended September 30, 2024 and the year ended December 31, 2023:

	Interest and Financing Costs Capitalized to Land Development Inventory and Expensed	
	September 30, 2024	December 31, 2023
	\$	\$
Interest Capitalized		
Amended New Loan Program (note 4)	-	3,056,206
WTCF Loan (note 4)	-	202,515
MCFI Loan (note 7)	-	280,438
TOTAL INTEREST CAPITALIZED	-	3,539,159
Accretion Capitalized		
Amended New Loan Program (note 4)	-	553,086
WTCF Loan (note 4)	-	28,878
MCFI Loan (note 7)	-	34,401
TOTAL FINANCING COSTS CAPITALIZED	-	616,365
TOTAL INTEREST AND FINANCING COSTS CAPITALIZED	-	4,155,524
Interest Expensed		
Amended New Loan Program (note 4)	4,652,839	3,106,742
WTCF Loan (note 4)	1,150,140	743,756
WTCF2 Loan (note 4)	139,336	-
MCFI Loan (note 7)	427,332	285,076
WUSF cost sharing interest (note 4)	134,983	-
Effect of changes in foreign exchange rates	4,620	28,299
TOTAL INTEREST EXPENSED	6,509,250	4,163,873
Accretion Expensed		
Amended New Loan Program (note 4)	758,945	604,605
WTCF Loan (note 4)	430,568	240,028
WTCF2 Loan (note 4)	7,826	-
MCFI Loan (note 7)	56,089	36,420
Other	31,947	42,257
Effect of changes in foreign exchange rates	914	1,968
TOTAL FINANCING COSTS EXPENSED	1,286,289	925,278
TOTAL INTEREST AND FINANCING COSTS EXPENSED	7,795,539	5,089,151

WESTPHALIA DEV. CORP.

Notes to the Condensed Interim Consolidated Financial Statements

Unaudited

For the three and nine months ended September 30, 2024 and September 30, 2023

(Expressed in Canadian dollars)

9. BUILDER DEPOSITS

Builder deposits are comprised of deposits received from developers in accordance with a purchase and sale agreement, for which revenue recognition criteria has not been met. The deposits are refundable and are paid in accordance with the terms of the purchase and sales agreements between the Corporation and the homebuilders or developers. The balance as at September 30, 2024 of \$346,617 (December 31, 2023 – \$169,804) is comprised of deposits from two developers. Deposits were refunded to a developer in June 2023 after the Corporation received a notice of termination for a land parcel under PSA.

10. SHARE CAPITAL

Per Share Amount

Basic net loss per share (“EPS”) is calculated by dividing the Corporation’s net loss (prior to other comprehensive income/(loss)) by the weighted average number of shares outstanding. The Class A shares outstanding have not been included in the weighted average shares outstanding because the Class A shares do not participate in the profits or losses of the Corporation. The weighted average number of Class B Shares outstanding for the three months ended September 30, 2024 was 53,425,728 (2023 - 53,425,728).

11. INCOME TAXES

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

	Three months ended		Nine months ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
	\$	\$	\$	\$
Consolidated net loss before tax	(3,307,300)	(3,210,300)	(9,233,222)	(3,991,064)
Applicable tax rate	23%	23%	23%	23%
EXPECTED TAX RECOVERY	(760,679)	(738,369)	(2,123,641)	(917,945)
Increase/(decrease) in income taxes resulting from:				
Change in deferred tax asset not recognized	787,513	932,072	1,233,749	1,050,698
Foreign exchange impact on deferred tax asset not recognized on land impairment	(115,059)	171,364	167,080	(14,688)
Impact of tax rate in foreign jurisdiction	(131,644)	(127,229)	(368,824)	(131,310)
Effect of change in foreign exchange rates	219,868	(237,838)	1,101,636	13,245
INCOME TAX EXPENSE/(RECOVERY)	-	-	-	-

WESTPHALIA DEV. CORP.

Notes to the Condensed Interim Consolidated Financial Statements

Unaudited

For the three and nine months ended September 30, 2024 and September 30, 2023

(Expressed in Canadian dollars)

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

	September 30, 2024	December 31, 2023
	\$	\$
Non-capital loss carry-forward	11,272,438	7,160,498
Unrealized gain on foreign exchange	(2,126,853)	(2,158,999)
Debenture issuance costs	(252,319)	(252,319)
Other	(236,116)	(236,710)
Excess development costs for tax vs accounting	9,487,766	9,448,258
Unrecognized deferred tax asset	(18,144,916)	(13,960,728)
NET DEFERRED TAX ASSET (LIABILITY)	-	-

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

The unused non-capital losses of \$11,063,386 will expire as follows:

	\$
2032	847,219
2033	647,600
2034	711,846
2035	955,466
2036	1,132,801
2037	881,998
2038	1,080,564
2039	54,498
2040	610,093
2041	859,168
2042	1,017,905
2043	1,227,030
2044	1,037,198
	<u>11,063,386</u>

The unused non-capital losses relating to the U.S. Subsidiary as at September 30, 2024 amounted to \$31,737,671 (December 31, 2023 - \$28,057,746).

12. FINANCIAL INSTRUMENTS

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

WESTPHALIA DEV. CORP.

Notes to the Condensed Interim Consolidated Financial Statements

Unaudited

For the three and nine months ended September 30, 2024 and September 30, 2023

(Expressed in Canadian dollars)

The future undiscounted obligations of the Corporation as at September 30, 2024, are as follows:

	2024	2025	2026	TOTAL
	\$	\$	\$	\$
Project debt	283,829	5,694,799	2,968,441	8,947,069
Accounts payable and accrued liabilities	1,320,081	-	-	1,320,081
Due to related parties	14,123,297	74,575,195	-	88,698,492
Total	15,727,207	80,269,994	2,968,441	98,965,642

Future undiscounted obligations relating to project debt and due to related parties include expected, unpaid interest.

In addition to these items in the table, based on the current loan amounts outstanding and as a result of the joint and several nature of the MCFI Loan, the Amended New Loan Program, the WTCF Loan, and the WTCF2 Loan, the U.S. Subsidiary may be liable for WWE, WUSF and WMD's portion of the loans. As at September 30, 2024, this amount is \$26,731,326 (December 31, 2023 - \$22,498,946).

13. COMMITMENTS

Under the Management Services Agreement (note 4), the commitment for management fees will extend for the length of the project, however, 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 future development fees payable to WDMI under the Project Management Agreement cannot be reasonably estimated at this time.

The Corporation also has a commitment to complete the construction of onsite water, sewer and lines, as well as the construction of an offsite sewer outfall as part of the permits issued by Prince George's County, Maryland. The Corporation has provided the WSSC, Prince George's County and the Maryland National Park and Planning Commission with bonds, which are used as construction guarantees. As at September 30, 2024, the outstanding value of these bonds total \$15,311,109 USD (December 31, 2023 - \$15,311,109 USD).

14. CAPITAL MANAGEMENT

The Corporation defines capital as total shareholders' deficit, project debt, and due to related parties. As at September 30, 2024, the total capital managed was \$55,249,837 (December 31, 2023 - \$55,385,151).

The Corporation's objectives when managing capital are to:

- (i) 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 land parcels; and
- (iii) maximize the rate of return to the 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. Due to related parties debt and project debt is intended to be utilized to finance future phases of development.

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

WESTPHALIA DEV. CORP.

Notes to the Condensed Interim Consolidated Financial Statements

Unaudited

For the three and nine months ended September 30, 2024 and September 30, 2023

(Expressed in Canadian dollars)

15. SUPPLEMENTAL INFORMATION TO THE STATEMENTS OF CASH FLOWS

	September 30, 2024	September 30, 2023
	\$	\$
Interest paid capitalized to land development inventory	-	3,539,160
Accretion on project debt capitalized to land development inventory	-	34,401
Accretion on related party loans capitalized to land development inventory	-	581,964

16. SUBSEQUENT EVENTS

On November 19, 2024, the extension option on the WTCF Loan was exercised to extend the loan maturity date to December 31, 2025.

See Material Development (note 1).

This is **Exhibit "A-3"** referred to in the Affidavit of
BRUCE TINGLE, KC.

Sworn/Affirmed before me at the City of Calgary, Alberta
the 13 day of January, 2025



A Commissioner for Oaths in and for the
Province of Alberta

Meghan Parker
Barrister and Solicitor

FINANCIAL STATEMENTS

Walton Westphalia Development Corporation

For the year ended December 31, 2023 and year ended December 31, 2022

(Expressed in Canadian dollars)

WALTON WESTPHALIA DEVELOPMENT CORPORATION

Balance Sheet

Unaudited

As at December 31, 2023

(Expressed in Canadian dollars)

	December 31, 2023	December 31, 2022
	\$	\$
ASSETS		
Capitalized Interest Asset	11,380,141	11,380,141
Investment in WWDLLC	34,027,360	34,027,360
Debenture receivable	-	-
Due from related parties	2,129,494	2,399,933
Prepaid expenses	-	560
GST recoverable	1,726	2,844
Cash	96,871	13,317
TOTAL ASSETS	<u>47,635,592</u>	<u>47,824,155</u>
LIABILITIES		
Accounts payable and accrued liabilities	222,782	224,916
Deferred income tax liability	419,007	419,007
Due to related parties	6,782,365	5,741,773
TOTAL LIABILITIES	<u>7,424,154</u>	<u>6,385,696</u>
PARTNERS' EQUITY		
Partners' capital	37,941,513	37,941,513
Accumulated deficit	2,269,925	3,496,946
TOTAL EQUITY	<u>40,211,438</u>	<u>41,438,459</u>
TOTAL LIABILITIES AND EQUITY	<u>47,635,592</u>	<u>47,824,155</u>

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

WALTON WESTPHALIA DEVELOPMENT CORPORATION

Statement of Earnings and Accumulated Deficit

Unaudited

For the year ended December 31, 2023 and year ended December 31, 2022

(Expressed in Canadian dollars)

	December 31, 2023 \$	December 31, 2022 \$
OTHER INCOME/(EXPENSES)		
Interest income	229,644	228,145
Management fees	(1,040,025)	(838,609)
Service fees	-	-
Director fees	(178,754)	(178,500)
Professional fees	(220,872)	(214,609)
General and administrative expenses	(17,005)	(14,332)
Foreign exchange gain/(loss) - unrealized	(9)	(643)
Gain/(loss) on foreign exchange	-	-
NET EARNINGS FOR THE YEAR	(1,227,021)	(1,018,548.0)
Accumulated deficit - Beginning of year	<u>3,496,946</u>	<u>4,515,493.83</u>
Accumulated deficit - End of year	<u><u>2,269,925</u></u>	<u><u>3,496,946</u></u>

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

WALTON WESTPHALIA DEVELOPMENT CORPORATION

Statement of Cash Flows

Unaudited

For the year ended December 31, 2023 and year ended December 31, 2022

(Expressed in Canadian dollars)

	December 31, 2023 \$	December 31, 2022 \$
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Net earnings for the year	(1,227,021)	(1,018,548)
Changes in non-cash operating items		
Class B shares issued	-	-
Increase in investment	-	-
Decrease/(increase) in debenture receivable	-	-
Increase in capitalized interest asset	-	-
Increase in Prepaid expenses	560	(20)
Increase in GST recoverable	1,118	(1,567)
(Increase)/decrease in due from related parties	270,439	144,769
Increase in debentures payable	-	-
Increase in interest debentures payable	-	-
Increase in interest payable	-	-
Increase/(decrease) accounts payable and accrued liabilities	(2,134)	40,172
Increase in due to related parties	1,040,592	839,183
	<u>83,554</u>	<u>3,989</u>
FINANCING ACTIVITIES		
Advances from related parties - project debt	-	-
	<u>-</u>	<u>-</u>
DECREASE IN CASH	83,554	3,989
Cash - Beginning of year	13,317	9,328
Cash - End of year	<u>96,871</u>	<u>13,317</u>

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

This is **Exhibit "A-4"** referred to in the Affidavit of
BRYCE TINGLE, KC

Sworn/Affirmed before me at the City of Calgary, Alberta
the 13 day of January, 2025



A Commissioner for Oaths in and for the
Province of Alberta

Meghan Parker
Barrister and Solicitor

FINANCIAL STATEMENTS

Walton Westphalia Development Corporation

For the nine months ended September 30, 2024 and year ended December 31, 2023

(Expressed in Canadian dollars)

WALTON WESTPHALIA DEVELOPMENT CORPORATION

Balance Sheet

Unaudited

As at September 30, 2024

(Expressed in Canadian dollars)

	September 30, 2024	December 31, 2023
	\$	\$
ASSETS		
121955 Capitalized Interest Asset	11,380,141.19	11,380,141.19
Capitalized Interest Asset	11,380,141	11,380,141
170010 Investment in Subsidiaries	34,027,359.54	34,027,359.54
Investment in WWDLLC	34,027,360	34,027,360
112661 Debenture receivable - WWDLLC	-	-
Debenture receivable	-	-
130900 I/C - WIGI (WIG)	-	-
135656 I/C - WWDLLC - CAD funds	2,061,770.68	2,129,493.57
Due from related parties	2,061,771	2,129,494
140040 Prepaid Expenses	-	-
Prepaid expenses	-	-
111920 A/R - Ctax from Government	1,915.16	1,725.89
201180 GST Paid on Purchases	-	-
201190 GST Collected on Sales	-	-
GST recoverable	1,915	1,726
101758 HSBC 029-046394-001 (CAD Operating) (410)	-	-
101759 HSBC 029-046394-070 (USD Operating) (410)	-	-
103071 BMO 00109-1938188 410 (CAD) (410)	936.35	96,436.59
103072 BMO 00109-4759176 410 (USD) (410)	356.77	434.05
Cash	1,293	96,871
TOTAL ASSETS	47,472,480	47,635,592
LIABILITIES		
200010 Accounts Payable - Trade	(65,811.31)	(59,793.76)
200020 Accrued Liabilities	(159,640.50)	(162,986.59)
290050 Suspense	-	-
Rounding	(2.00)	(2.00)
Accounts payable and accrued liabilities	225,454	222,782
190010 Future Tax Assets	(419,007.00)	(419,007.00)
Deferred income tax liability	419,007	419,007
130900 I/C - WIGI (WIG)	-	-
135501 I/C - Walton Asset management L.P. (567)	(1,814,329.79)	(1,814,329.79)
131777 I/C - Walton Global Investments Ltd. (836)	(5,839,375.51)	(4,968,034.94)
Due to related parties	7,653,705	6,782,365
TOTAL LIABILITIES	8,298,166	7,424,154
PARTNERS' EQUITY		
300020 Share Capital	(100.00)	(100.00)
300042 Units Issuance Costs - Work Fee	78,743.50	78,743.50
300070 Shareholder Equity	(39,038,451.98)	(39,038,451.98)
300071 Share Issuance Costs	1,018,295.14	1,018,295.14
300097 Equity - WIGI Units	-	-
Partners' capital	37,941,513	37,941,513
300210 Retained Earnings	(2,269,925.41)	(3,496,946.00)
Year-to-Date earnings	1,037,124.00	1,227,021.00
Accumulated deficit	1,232,801	2,269,925
TOTAL EQUITY	39,174,314	40,211,438
TOTAL LIABILITIES AND EQUITY	47,472,480	47,635,592

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

09/01/2025

WALTON WESTPHALIA DEVELOPMENT CORPORATION

Statement of Earnings and Accumulated Deficit

Unaudited

For the nine months ended September 30, 2024 and year ended December 31, 2023

(Expressed in Canadian dollars)

	September 30, 2024	December 31, 2023
	\$	\$
REVENUE	-	-
OTHER INCOME/(EXPENSES)		
420010 Interest Income	(856.95)	(1,822.18)
402930 Interest revenue on loan	(170,555.38)	(227,822.17)
Interest income	171,412	229,644
699101 Management Fees - General	870,900.01	1,040,025
Management fees	(870,900)	(1,040,025)
630090 Service Fees - Semi-annual	-	-
Service fees	-	-
610130 Salaries & Wages - Board of Directors	134,440.68	178,754.47
610500 CPP Expenses	-	-
Director fees	(134,441)	(178,754)
630010 Professional Fees	4,873.23	5,194.97
630015 Professional Fees - Tax	189.60	1,804.20
630020 Professional Fees - Audit	124,271.50	167,500.00
630030 Professional Fees - Legal	55,209.50	44,785.00
630031 Legal - Corporate	-	1,587.50
Professional fees	(184,544)	(220,872)
650200 Meals & Entertainment	-	-
650210 Meals & Entertainment-Non-ded.	-	-
640500 Bank Charges & Interest	233.44	390.99
680060 Stationery	-	-
680030 Telephone/Fax/Network	-	-
630210 Filing/New Release/Client Communication costs	18,347.91	16,613.99
680100 Petty Expenses	-	-
660200 Property Tax	-	-
640510 CCRA Interest & Penalties	-	-
650012 Travel - Air Tickets	-	-
650028 Cab/Taxi/Limo Expense	-	-
650040 Accommodation - local	-	-
Manual rounding	-	-
General and administrative expenses	(18,581)	(17,005)
517110 Foreign Exchange Gain/Loss - Unrealized	69.63	9.39
700090 Unrealized Gain on Investments	-	-
Foreign exchange gain/(loss) - unrealized	(70)	(9)
700040 Gain/Loss on Foreign Exchange	-	-
Gain/(loss) on foreign exchange	-	-
NET EARNINGS FOR THE YEAR	(1,037,124)	(1,227,021.0)
Accumulated deficit - Beginning of year	2,269,925	3,496,946.00
Accumulated deficit - End of year	1,232,801	2,269,925

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

09/01/2025

WALTON WESTPHALIA DEVELOPMENT CORPORATION

Statement of Cash Flows

Unaudited

For the nine months ended September 30, 2024 and year ended December 31, 2023

(Expressed in Canadian dollars)

	September 30, 2024	December 31, 2023
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Net earnings for the year	(1,037,124)	(1,227,021)
Changes in non-cash operating items		
Class B shares issued	-	-
Increase in investment	-	-
Decrease/(increase) in debenture receivable	-	-
Increase in capitalized interest asset	-	-
Increase in Prepaid expenses	-	560
Increase in GST recoverable	(189)	1,118
(Increase)/decrease in due from related parties	67,723	270,439
Increase in debentures payable	-	-
Increase in interest debentures payable	-	-
Increase in interest payable	-	-
Increase/(decrease) accounts payable and accrued liabilities	2,672	(2,134)
Increase in due to related parties	871,340	1,040,592
	<u>(95,578)</u>	<u>83,554</u>
FINANCING ACTIVITIES		
Advances from related parties - project debt	-	-
	<u>-</u>	<u>-</u>
DECREASE IN CASH	(95,578)	83,554
Cash - Beginning of year	96,871	13,317
Cash - End of year	<u>1,293</u>	<u>96,871</u>

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

This is **Exhibit "B-1"** referred to in the Affidavit of
BRUCE TINGLE, KC.

Sworn/Affirmed before me at the City of Calgary, Alberta
the 13 day of January, 2025



A Commissioner for Oaths in and for the
Province of Alberta

Meghan Parker
Barrister and Solicitor

MANAGEMENT'S DISCUSSION & ANALYSIS

For the year ended December 31, 2023 and December 31, 2022

April 25, 2024

The following management's discussion and analysis ("MD&A") is a review of the consolidated financial condition and consolidated results of operations of Westphalia Dev. Corp. (the "**Corporation**") for the years ended December 31, 2023 and December 31, 2022. The MD&A is to be read in conjunction with the Corporation's audited consolidated financial statements for the years ended December 31, 2023 and December 31, 2022 (the "**Financial Statements**").

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

GOING CONCERN

Management believes that the going concern basis of presentation continues to be appropriate and assumes the Corporation will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they become due.

For the year ended December 31, 2023, the Corporation reported no revenue, a comprehensive loss of \$6,638,887 (2022 – \$4,831,648) and negative operating cash flows of \$9,454,177 (2022 –\$9,242,609).

The Corporation has loans owing to relating parties amounting to \$50,375,098 that are due for repayment on June 30, 2024. In addition, the Corporation will continue to incur operating and development costs and has related party payables due on demand and loan interest payable quarterly and semi-annually. The Corporation expects to pay these obligations by way of proceeds from the bulk sales of land and cash on hand. The Corporation has signed non-binding purchase and sale agreements ("PSA") to sell a portion of the land in Phase 2 and 3; however, there are no assurances that the sale will close. Should the sale not close with the existing purchaser, then management would actively pursue other avenues of monetizing the Phase 2 and 3 lands. Other land expected to be sold to meet these obligations is not yet under PSA. Without the proceeds from selling the lands and/or extension or modification of loan terms, the Corporation will not have sufficient working capital to cover the loans due. The Corporation has received a signed commitment letter of financial support from a related party, WGH, to support the Corporation in the event of any cash shortfalls up to \$7 million; however, the commitment is at WGH's sole discretion to fund and there are no assurances that there would be sufficient cash to fund the Corporation's obligations as they fall due. Subsequent to year end, WGH has funded the Corporation \$165,470.

These circumstances indicate the existence of material uncertainty that may cast significant doubt on the Corporation's ability to meet its obligations as they come due, and accordingly, continue as a going concern.

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

FORWARD-LOOKING STATEMENTS

Certain information set forth in this MD&A, including but not limited to, the Corporation's ability to obtain alternative financing, manage its liquidity position and fund working capital requirements and meet contractual and other commitments, including the disclosure of the anticipated completion dates of key project milestones, are based on management's current expectations, intentions, plans and beliefs, which are based on experience and management'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 risk that the Corporation is unable to find alternative financing at acceptable terms, the level of indebtedness of the Corporation, the timing of approval by municipalities, the estimated time required for construction, the estimated costs for construction, risks related to access to capital, interest rates 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.

RESPONSIBILITY OF MANAGEMENT

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

The address of the registered office is 25th Floor, 500 – 4th Avenue SW, Calgary, Alberta, T2P 2V6.

APPROVAL BY THE BOARD OF DIRECTORS

This MD&A was authorized for issue by the Board of Directors on April 24, 2024.

BUSINESS OVERVIEW

The Corporation, managed by Walton Global Investments Ltd. ("**WGI**") as of April 1, 2018 (previously 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 (the "**Property**") located in Prince George's County ("the **County**") in Maryland, U.S.A., approximately 7 miles southeast of the District of Columbia. The Westphalia development project (the "**Project**") is broken down into various phases of development.

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 tranches under an 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 aggregate 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 documentation for the Offerings. 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.

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

On April 23, 2019, the Board of Directors approved the conversion of both the principal amount and unpaid accrued interest up until May 5, 2019 relating to the Debentures and Interest Debentures into Class B non-voting common shares of the Corporation.

On May 6, 2019, the Corporation converted the estimated total amount outstanding of \$23,952,602 of Debentures and Interest Debentures and interest thereon outstanding into approximately 50,408,558 Class B Shares.

As previously disclosed by the Corporation, management has had to adjust the original investment objectives of the Corporation. The Corporation intends to maximize the return of invested capital of the purchasers of the Units in the Corporation and provide cash distributions on the Units by executing the following investment strategy:

- i) Obtain letters of interest (“LOI”) 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, thereby allowing for either the declaration of a dividend or dividends on the Class B Shares and/or winding up the Corporation and then make Distributions to the shareholders.

Equity distributions by the Corporation are neither guaranteed nor will they be paid in a steady or stable stream, if any such distributions are able to be made. 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 fees payable to WAM, WGI and Walton Development and Management (USA), Inc. (“WDM”) (including the performance fee as defined below), 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 if 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

The Corporation continues to actively seek purchasers and developers for the lands associated with Phases 2 and 3 as well as other more immediate opportunities associated with the Phase 1 retail lands. The key activities undertaken by the Corporation during the year ended December 31, 2023 were as follows:

Construction Activities

- Construction of the Woodyard Road Interchange and Presidential Parkway East projects are complete. The permit closeout phase with the local government has commenced.
- Construction of the Presidential Parkway West TIF project is expected to be substantially complete by Q2 2024.

Sales Activities

The residential market in the Washington, D.C. metropolitan statistical area, and specifically in the Prince George’s County submarket, continues to be strong which has led to increased builders’ interest in purchasing raw land to develop and construct on their own lots.

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

- The Corporation completed planning of its current Phase 1 retail lands which are being considered on a for sale basis.
- The Corporation continues to work with the local community, County leadership, and internal staff to re-plan additional development within the Westphalia Town Center.

On June 30, 2023, the Corporation received a termination notice for a parcel of land under PSA and the deposits were refunded to the developer.

Financing Activities

On April 1, 2022, U.S. Subsidiary and WWE amended its senior debt with its existing lender, WWMN, LLC. The overall loan amount increased to \$44.5 million USD, bearing interest at 12% with a new maturity date of June 30, 2023, and at the option of the holder to extend the maturity date to June 30, 2024. On April 4, 2023, the option was exercised to extend the maturity date to June 30, 2024.

On January 18, 2023, The U.S. Subsidiary, WWE, WUSF 1 Westphalia, LLC (“**WUSF**”) and Walton Maryland, LLC (“**WMD**”) entered into a \$8,500,000 USD loan agreement with WTCF, LLC (“**WTCF**”) bearing interest at 12% per annum, non-compounding (the “**WTCF Bridge Loan**”). Interest accrued monthly and was payable on the earliest of (i) the loan maturity date of March 31, 2023, (ii) the date of the closing of any refinancing transaction, (iii) the date that an event of default occurred. Loan proceeds for the U.S. Subsidiary and WWE were not to exceed \$5,100,000 USD and loan proceeds for WUSF and WMD were not to exceed \$3,400,000 USD. The loan was unsecured.

On March 22, 2023, The U.S. Subsidiary, WWE, WUSF and WMD entered into a \$18,500,000 USD loan agreement with WTCF, bearing interest at 12% per annum, payable semi-annually, with a maturity date of December 31, 2024 (the “**WTCF Loan**”). At the option of the borrower the maturity date may be extended by one year to December 31, 2025. All funds advanced under the January 18, 2023, WTCF Bridge Loan were rolled over into the new WTCF Loan, the U.S Subsidiary will receive total loan proceeds up to \$9,414,994 USD. In accordance with the intercreditor agreement that was signed by all lenders prior to the execution of the WTCF Loan, the Amended New Loan Program remains in first position for priority in right of payment, WTCF in second position, and MCFI Loan moved into third position. Any sales proceeds from the sale of property will be applied first to WTCF.

SUMMARY OF CONSOLIDATED FINANCIAL INFORMATION

	Year ended December 31		
	2023	2022	2021
Total revenues (\$)	-	-	-
Cost of sales (\$)	-	-	-
Gross margin (\$)	-	-	-
Total expenses (\$)	(6,973,147)	(4,419,775)	(1,922,493)
Total other items (\$)	(59,563)	153,028	(15,990)
Net loss before tax (\$)	(7,032,710)	(4,266,747)	(1,938,483)
Net loss (\$)	(7,032,710)	(4,266,747)	(1,938,483)
Total comprehensive loss (\$)	(6,638,887)	(4,831,648)	(1,917,091)
Weighted average shares outstanding¹	53,425,728	53,425,728	53,425,728
Basic net loss per share (\$)	(0.13)	(0.08)	(0.04)
Diluted net loss per share (\$)	(0.13)	(0.08)	(0.04)

Notes:

(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.

	Year ended December 31		
	2023	2022	2021
Total assets (\$)	56,869,748	46,768,398	36,727,599
Total non-current liabilities (\$)	7,906,015	8,024,983	7,451,204
Total other liabilities (\$)	72,644,383	57,269,775	42,971,107
Total liabilities (\$)	82,034,995	65,294,758	50,422,311
Total equity (\$)	(25,165,247)	(18,526,360)	(13,694,712)
Class B Shares outstanding – end of year	53,425,728	53,425,728	53,425,728

ANALYSIS OF FINANCIAL PERFORMANCE

During the years ended December 31, 2023 and December 31, 2022, the Corporation did not recognize revenue on contracts.

Total expenses increased by \$5,268,939 for the year ended December 31, 2023, relative to 2022. The increase is primarily due to an increase in interest expenses of \$4,163,873, financing costs of \$884,524, incurred management fees of \$201,416, marketing costs of \$41,604, professional fees of \$5,782, office and other expenses of \$1,861, and director's fees of \$254. This was partially offset by a decrease in impairment of \$2,715,567 and property tax expense of \$62,514. Interest expense and financing costs increased from the prior year due to Phase 1 reaching substantial completion on June 30, 2023. These costs are considered carrying costs for the Phase 1 land and are now expensed.

For the year ended December 31, 2023, total other items consist of a foreign exchange loss of \$59,563. When compared to the gain of \$153,028 from the year ended December 31, 2022, there is a variance of \$212,591 in total other items due to fluctuations in the exchange rate between the Canadian dollar and United States dollar.

For the year ended December 31, 2023, the total comprehensive loss was \$6,638,887. When compared to the year ended December 31, 2022 total comprehensive loss of \$4,831,648, there is a variance of \$1,807,239 between the respective period ends. The variance is due to the items discussed above, less a \$958,724 change in other comprehensive income due to changes in the cumulative translation losses recorded on the translation of the U.S. Subsidiary accounts from a functional currency of U.S. dollars to Canadian dollars for reporting purposes.

ANALYSIS OF FINANCIAL CONDITION

The Corporation's total assets increased by \$10,101,350 from \$46,768,398 at December 31, 2022 to \$56,869,748 at December 31, 2023, primarily due to an increase in land development inventory of \$8,781,715 and cash of \$2,819,135. This is partially offset by a decrease in restricted cash of \$583,704, due from related parties of \$860,343, prepaid expenses of \$44,709, and accounts receivable of \$10,744. The increase in cash is a result of advances received under the WTCF Loan and collections of balances due from related parties. Land development inventory increased primarily from capitalized development costs relating to the TIF project and interest on the Amended New Loan Program, WTCF Loan, and MCFI Loan in addition to foreign exchange differences recorded on the translation of the U.S. Subsidiary accounts from a functional currency of U.S. dollars to Canadian dollars for reporting purposes. Carrying costs on land development inventory are expensed after substantial completion, which was achieved at the end of the second quarter of 2023. Restricted cash decreased as a result of the refund of builder deposits.

Total liabilities increased by \$16,740,236 from \$65,294,758 at December 31, 2022 to \$82,034,995 at December 31, 2023 primarily due to an increase in due to related parties of \$16,785,765 and accounts payable of \$657,144. This is partially offset by a decrease in builder deposits of \$583,704 and accounts payable and accrued liabilities of \$169,969. The increase in due to related parties is primarily due to advances received on the WTCF Loan and interest accruing on the Amended New Loan Program and the WTCF Loan. Builder deposits decreased as a result of the refund of deposits.

PROJECT DEBT

The project debt terms, balances, and conditions remain consistent with the prior year.

WORKING CAPITAL

The balance of the Corporation's liabilities as at December 31, 2023 was significant relative to the balance of its cash and receivables. The Corporation plans to settle its liabilities as follows:

Accounts payable and accrued liabilities – The majority of accounts payable and accrued liabilities of the Corporation are for development related expenses. These expenses will be funded by sale proceeds, cash on hand, and from the loan with WGH.

Due to related parties – The payment of outstanding development fees and asset management and servicing fees will be made from working capital, the proceeds from the sale of land, collection of project recoveries, and future construction loans. The balance of the loan with WWMN ("**New Loan Program**") was amended and the Corporation ultimately expects to repay the New Loan Program and WTCF Loan through future bulk land sales.

Project debt – It is anticipated that the balance of Project debt will be repaid from the proceeds from future bulk land sales.

TRANSACTIONS WITH RELATED PARTIES

The related party transactions and balances have been described in note 4 of the Financial Statements.

WAM, WDMI, WGI, WWE, Walton International Group (USA), Inc. (“**WUSA**”), WDM, WGH, WMD, WUSF, and WWMN are all related to the Corporation through common ownership or common directors. WIGI Restructured Bond Corporation (“**WIGI RBC**”) is related to the Corporation through common management and a common Director. All transactions between the related parties during the period were under terms and conditions agreed upon between the parties. The following are the significant transactions that have occurred with related parties during the period:

- Interest of \$6,162,948 was incurred for the year ended December 31, 2023 (2022 - \$5,427,667) on the Amended New Loan Program.
- The Corporation entered into the WTCF Bridge Loan. See “Financing Activities” section in this MD&A and note 4 to the Financial Statements. Interest of \$50,335 was incurred for the year ended December 31, 2023.
- The Corporation entered into the WTCF Loan. See “Financing Activities” section in this MD&A and note 4 to the Financial Statements. Interest of \$895,936 was incurred for the year ended December 31, 2023.
- Development fees of \$107,093 (2022- \$35,259) were charged by WDM to the Corporation which were incurred in accordance with the Project Management Agreement between the Corporation and WDM.
- Management fees of \$1,040,025 (2022 - \$838,609) were charged to the Corporation, in accordance with the terms of the Management Services Agreement between the Corporation and WGI. The total amount outstanding and payable to WAM and WGI for management fees as at December 31, 2023 was \$1,814,330 (December 31, 2022 - \$1,814,330) and \$4,611,939 (2022 – \$3,571,914), respectively.
- For the year ended December 31, 2023, the Corporation paid \$178,754 (2022 - \$178,500) 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.

SUMMARY OF QUARTERLY RESULTS

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

	Three months ended							
	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022
Total assets (\$)	56,869,748	57,608,825	56,016,888	51,590,045	46,768,398	52,144,072	46,574,636	39,755,262
Total liabilities (\$)	82,034,995	80,129,176	75,058,166	70,465,467	65,294,758	67,751,182	60,973,783	53,659,745
Total deficit (\$)	(25,165,247)	(22,520,351)	(19,041,278)	(18,875,422)	(18,526,360)	(15,607,110)	(14,399,147)	(13,904,483)
Total revenues (\$)	-	-	-	-	-	-	-	-
Total cost of sales (\$)	-	-	-	-	-	-	-	-
Gross margin (\$)	-	-	-	-	-	-	-	-
Total expenses (\$)	(2,992,320)	(3,256,819)	(369,705)	(354,303)	(3,015,914)	(797,527)	(316,352)	(289,982)
Total other items (\$)	(49,326)	46,519	(52,449)	(4,307)	(25,126)	142,236	73,787	(37,869)
Net loss before tax (\$)	(3,041,646)	(3,210,300)	(422,154)	(358,610)	(3,041,040)	(655,291)	(242,565)	(327,851)
Income tax expense (\$)	-	-	-	-	-	-	-	-
Net loss after tax (\$)	(3,041,646)	(3,210,300)	(422,154)	(358,610)	(3,041,040)	(655,291)	(242,565)	(327,851)
Cumulative translation gain/(loss) (\$)	396,750	(268,773)	256,298	9,548	121,791	(552,673)	(252,099)	118,080
Comprehensive loss (\$)	(2,644,896)	(3,479,073)	(165,856)	(349,062)	(2,919,249)	(1,207,964)	(494,664)	(209,771)
Weighted average shares outstanding ¹	53,425,728	53,425,728	53,425,728	53,425,728	53,425,728	53,425,728	53,425,728	53,425,728
Basic net loss per Class B share (\$)	(0.05)	(0.06)	(0.01)	(0.01)	(0.05)	(0.01)	(0.01)	(0.01)
Diluted net loss per Class B share (\$)	(0.05)	(0.06)	(0.01)	(0.01)	(0.05)	(0.01)	(0.01)	(0.01)
Class B shares outstanding – end of period	53,425,728	53,425,728	53,425,728	53,425,728	53,425,728	53,425,728	53,425,728	53,425,728

Notes:(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.

Other than Q3 and Q4 of 2023, the total expenses of the Corporation have remained consistent over the last eight quarters, with some fluctuation occurring quarter over quarter, as a result of one-time occurrences. In Q3 and Q4 of 2023 total expenses increased due to interest and financing costs now expensed rather than capitalized as Phase 1 is now substantially complete. In Q4 2022 total expenses increased due to an impairment on land development inventory. Q3 2022 total expenses increased primarily as a result of increased property taxes.

The total other items and cumulative translation gain/(loss) has fluctuated from quarter to quarter due to fluctuations in the foreign currency rate between U.S. and Canada. Within total other items, foreign exchange gains and losses are recorded in the U.S. Subsidiary's intercompany payables denominated in Canadian dollars. Changes in the cumulative translation gain/(loss) within other comprehensive income (loss) results from the translation of the U.S. entity's accounts from the functional currency of U.S. dollars to Canadian dollars for reporting purposes.

Total assets have increased throughout 2022 and 2023 due to increased development activity, with the exception of a decrease in Q4 2022 as a result of an impairment on land development inventory.

Total liabilities continue to increase primarily from interest accruing and advances received on the Amended New Loan Program and the WTCF Loan.

SUPPLEMENTAL INFORMATION

Liquidity and Capital Resources

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 capital resources of the Corporation as at December 31, 2023 are the Amended New Loan Program, the WTCF Loan and the MCFI Loan and are described in notes 4 and 7 in the Financial Statements.

Specific costs incurred by the Corporation such as servicing fees and management fees are with related parties. In the event of a working capital deficiency, management has the ability to negotiate and discuss with related parties different payment terms. There is no guarantee that WGI will continue to provide management services with the deferral of the payment of the management fees.

Cash Requirements

The table summarizes the Corporation's undiscounted contractual obligations as at December 31, 2023:

	2024	2025	2026	TOTAL
	\$	\$	\$	\$
Project debt	694,490	5,579,874	2,908,544	9,182,908
Accounts payable and accrued liabilities	1,314,793	-	-	1,314,793
Due to related parties	77,063,516	-	-	77,063,516
Total	79,072,799	5,579,874	2,908,544	87,561,217

Future undiscounted obligations relating to project debt and due to related party include expected, unpaid interest.

In addition to these items in the table, based on the current loan amounts outstanding and as a result of the joint and several nature of the MCFI Loan, the Amended New Loan Program, and the WTCF Loan, the U.S. Subsidiary may be liable for WWE, WUSF and WMD's portion of the loans. As at December 31, 2023, this amount is \$22,498,946 (2022 - \$10,074,711).

Commitments

Under the Management Services Agreement (note 4), the commitment for management fees will extend for the length of the project, however, 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 development fee payable to WDM under the Project Management Agreement cannot be reasonably estimated at this time.

The Corporation also has a commitment to complete the construction of onsite water, sewer and lines, as well as the construction of an offsite sewer outfall as part of the permits issued by Prince George's County, Maryland. The Corporation has provided the Washington Suburban Sanitary Commission, Prince George's County and the Maryland National Park and Planning Commission with bonds which are used as construction guarantees. As at December 31, 2023, the outstanding value of these bonds total \$15,311,109 USD (2022 - \$15,330,409 USD).

Sources and Uses of Cash

The Corporation's primary use of capital includes paying operating expenses, incurring project development costs on the land development inventory, and principal and interest repayments on Project debt, the Amended New Loan Program, and the WTCF Loan.

The Corporation believes that internally generated cash flows from the sale of land, supplemented by borrowings from related parties where required, will be sufficient to cover the Corporation's normal operating expenditures. Subsequent to year end, The Corporation received funding of \$165,470 from WGH.

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

	For the year ended December 31	
	2023	2022
Cash flows used in operating activities (\$)	(9,454,177)	(9,242,609)
Cash flows provided by investing activities (\$)	583,704	20,682
Cash flows provided by financing activities (\$)	11,715,348	8,941,293

During the year ended December 31, 2023, operating cash was used to fund regular operating activities, land development costs, and interest payments. Cash provided by financing activities reflects advances received on the WTCF Loan. During the year ended December 31, 2022, the cash was used to fund regular operating activities in addition to interest payments and the cash provided by financing activities reflects additional advances received under an operating loan with WWMN and repayment of the WGH Loan 1.

Off-Balance Sheet Arrangements

As a result of entering into the MCFI Loan, the WTCF Loan and Amended New Loan Program, while the U.S. Subsidiary, WWE, WUSF and WMD each account for their proportionate share of the long-term debt thereunder, management has assessed the risk resulting from U.S. Subsidiary's relative size and proportion of interest in the Project from the joint and several nature of these various loan agreements. In the unlikely event of a default on such long-term debt, the U.S. Subsidiary may have a greater than its proportionate share of exposure to any default conditions. The total amount (face value) of the MCFI Loan, the WTCF Loan, the Amended New Loan Program, and accrued interest as at December 31, 2023, is 97,166,634 and the unrecorded portion to which the Corporation may be party to is \$22,498,947. This amount has not been recognized on the consolidated statements of financial position in the Financial Statements.

Financial Instruments

The Corporation's financial instruments consist of amounts due from related parties, restricted cash, cash, accounts receivable, project debt, accounts payable and accrued liabilities, and amounts due to related parties. Due from related parties, accounts receivable, restricted cash and cash are classified as loans and receivables and are carried at amortized cost using the effective interest rate method. Project debt, 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.

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 or interest rate risk, the Corporation is exposed to significant currency risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from cash held with banks and financial institutions, restricted cash, accounts receivable and due from related parties. The balance of accounts receivable is due from government and municipal authorities, therefore the exposure to credit risk from accounts receivable is not significant. Restricted cash and cash are each on deposit with financial institutions, which is intended to minimize its exposure of cash to credit risk.

Concentration risk

The Corporation is not exposed to concentration risk at this time as no revenue was recorded for 2023. As contracts are entered into with purchasers in the future, the Corporation could become exposed to this type of risk again.

Liquidity risk

Liquidity risk arises on the land development inventory as the Property would be difficult to liquidate quickly. The Corporation is dependent on financing to complete the development. If the Corporation was unable to secure financing or the lenders were to call the loans, the Corporation would not be able to meet its financial obligations as they become due. The Corporation manages its liquidity risk by monitoring the economic environment and lot absorption rates in nearby developments, monitoring forecast and actual cash flows associated with the development and maintaining project debt and related party financing facilities to cover development costs.

Please see the above Going Concern disclosure for additional risk to project liquidity.

Interest rate risk

The Corporation has managed interest rate risk by entering into fixed rate arrangements on its debt including with the MCFI Loan, the WTCF Loan and the Amended New Loan Program. The Corporation monitors the effects of market changes in interest rates.

Currency risk

The Corporation is exposed to foreign exchange risk, primarily the US dollar, as the U.S. Subsidiary's functional currency is the US dollar. The exposure to the risk of changes in foreign exchange rates relates primarily to its net investment in its foreign subsidiary. The Corporation has limited exposure due to a natural hedge where revenue and expenses are in the same US dollar currency.

As at December 31, 2023, 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 53,425,728 Class B Shares outstanding.

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 period. The estimates and assumptions that have the most significant effect on the amounts recognized in the Corporation's 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 of land parcels, the timing of sales 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.

Capitalization of Borrowing Costs

The Corporation capitalizes borrowing costs to qualifying assets by determining if borrowings are general or specific to the Property. Phases of the Project will be active throughout the period of capitalization and whether it takes 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 loan with MCFI Global Fund Westphalia, LLC ("MCFI") and the loan with WWMN, LLC ("WWMN"). The corporation also has joint and several liability with WWE, Walton Maryland, LLC ("WMD"), WUSF 1 Westphalia, LLC ("WUSF") in respect of the loan with WTCF, LLC ("WTCF"). 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 recognize an additional provision for WWE, WMD and WUSF's proportion of the obligation if it was determined to be probable that an economic outflow of resources would be required.

ADOPTION OF RECENT ACCOUNTING PRONOUNCEMENTS

The Corporation has adopted the following revised standard, including any consequential amendments thereto, for the period effective January 1, 2023. The Corporation has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Changes in accounting policies adopted by the Corporation were made in accordance with applicable transitional provisions as provided in those standards and amendments.

Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurements techniques and inputs to develop accounting estimates. The amendments had no impact on the Corporation's financial statements.

Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 *Making Materiality Judgments* provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments have had no impact on the Corporation's financial statements.

Standards Issued but not yet Effective

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify what is meant by a right to defer settlement, that a right to defer must exist at the end of the reporting period, that classification is unaffected by the likelihood that an entity will exercise its deferral right and that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Corporation is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

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 through an appropriate system of corporate governance and internal control processes and procedures.

The Board of Directors currently consists of Jon N. Hagan, Greg Pollard and Bryce Tingle, with Mr. Tingle currently being the Chairman of the Board of Directors.

Within the meaning of National Instrument 52-110 – Audit Committees ("**NI 52-110**"), Mr. Hagan, Mr. Pollard and Mr. Tingle are independent of management of the Corporation.

The Board of Directors facilitates its exercise of supervision over management of the Corporation through, among other things, the adoption by the Board of Directors 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.

The only standing committee of the Board of Directors is the audit committee (the "**Audit Committee**"), which consists of Mr. Hagan, Mr. Pollard and Mr. Tingle. Mr. Hagan is the Chairman of the Audit Committee.

Compensation

The Corporation has agreed to pay to each of the directors who are “independent” within the meaning of NI 52-110 an annual retainer of \$50,000 per year, paid quarterly in advance. The Corporation has agreed to pay the Chairman of the Board of Directors an additional 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 is 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.

Each member of the Audit Committee is financially literate, meaning that each has the ability to read and understand a set of financial statements that present the 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.

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

Risk the Corporation may not continue as a going concern

Due to the risks and uncertainties associated with the maturity of MCFI Loan, the WTCF Loan and the Amended New Loan Program, and timing to receive project cash flows, there is significant doubt as to whether the Corporation will be able to continue as a going concern. The Corporation's ability to continue as a going concern is dependent on its ability to successfully execute lot and land sales and manage liquidity to meet development obligations and repay due to related party amounts. See 'Going concern' section above.

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.

The development of the Property may not be completed in accordance with the existing plan, on time or on budget, or 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 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 U.S. 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.

In general, vertical development of real estate is riskier than horizontal development. This is because, among other things, vertical development is more costly and requires more third-party financing, there is a higher risk of loss and liability in the course of vertical development, more third party service providers are required to be engaged for vertical development and vertical development is more susceptible to changes in the economy and industry conditions. While the potential for returns may be higher with vertical development, the risk of loss and the venture being unsuccessful is also higher.

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 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.

Development and Construction Costs

The Corporation may experience losses due to inflation causing higher prices of labour and cost of materials which costs would typically be passed on to the customer through increased pricing. Any significant increase that the Corporation cannot pass on to the customer may have a negative impact on the Corporation's ability to generate revenue.

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

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 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 any of the current loans for any reason, (ii) if any of the current loans are terminated for any reason, or (iii) when other credit facilities, loans or borrowings are required to be entered into by them to pay for the development of the Property, including development of the Property beyond the current phases in development and vertical development, 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 Class B Shares, will be on such terms as the Corporation and/or the U.S. Subsidiary determines to be appropriate. In the case of borrowings for vertical development, any security required by lenders may also be placed on portions of the Property on which no vertical development is undertaken. 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 U.S. 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.

If any vertical development is carried out on any portion of the Property that is held through a separate entity in which the Corporation or the U.S. Subsidiary owns an interest, the Corporation and/or the U.S. Subsidiary may be required to guarantee the repayment of any financing required to fund such vertical development, which guarantee may be required to be secured by the remainder of the Property which is not being vertically developed.

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 neighboring landowners 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 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, sometimes, by private parties. 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 WGI'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 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, including WGI and WDM, administer 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.

Internal rate of returns (“**IRR**”) from the project may be lower and the timelines for the project may be longer as a result of vertical development.

While management is of the view that appropriate vertical development of one or more portions of the Property can increase the overall IRR from the Property to Shareholders than what is currently projected for the Property, there is no guarantee that the IRR from the Property will not be lower from vertical development from what is currently projected. In addition, there is no guarantee that management's current views as to the timing of the completion of the development of the Property and the sale of all of the lands, serviced lots and buildings thereon will not be incorrect and that the time that will be required for the same may not be longer than management's current views.

Agreements with third-party developers may need to be negotiated

In the event that any vertical development of the Property is proposed to be undertaken with the assistance of third-party vertical developers, the development and management of such vertical developments will be carried out by such third-party developers and managers on behalf of the Corporation. In those circumstances, the Corporation will need to negotiate, at that time, specific project management agreements with such third parties for their management services which negotiation will need to include the fees to be paid to them, which could include, among other things, a percentage of the costs of the vertical development and potentially, further performance fees and/or share of the revenues from the sale and/or management of the vertically developed buildings and/or lots. There can be no assurances that the Corporation will be able to negotiate suitable terms with such third-party developers that are acceptable to the Corporation. If reasonable terms cannot be reached with such third-party developers, the Corporation may not be able to proceed with such vertical development which could lower the potential returns available to the Shareholders.

The Corporation may build buildings for sale to unidentified purchasers

While it is management's current intention to undertake vertical development projects for purchasers who are under contract prior to commencement of construction, the Corporation may undertake vertical development projects to build buildings that are built for sale to unidentified purchasers. There is no guarantee that, if the Corporation does do so, a purchaser will be identified to acquire the buildings upon their completion. It may take a material amount of time for the Corporation to find a purchaser for such buildings or a purchaser may not be found at all. Until such time as a purchaser is found, there will be a need for the maintenance and upkeep of such buildings.

The Corporation may become subject to construction defect and warranty claims


The Corporation may become subject to construction defect and warranty claims arising in the ordinary course of business. These claims are common in the homebuilding industry. Further, the Corporation may become exposed to claims for construction defects, personal injury or property damage caused by subcontractors. In the event there are unforeseen events like the bankruptcy of, or an uninsured or under-insured loss claimed against any general contractor engaged in connection with any vertical development, the Corporation may become responsible for the losses or other obligations of the general contractor. The cost of insuring against construction defect and product liability claims are high, and the amount of coverage offered by insurance companies may be limited. There can be no assurance that this coverage will not be further restricted and become more costly. If any vertical development in which the Corporation participates is unable to obtain adequate insurance against these claims, the Corporation's business and results of operations may be adversely affected.

The Walton Group has limited vertical development experience

The Walton group of companies has not undertaken any significant vertical development and therefore has limited experience in this type of business. As a result, the Walton group of companies may need to rely on third parties in connection with any vertical development. Furthermore, the vertical development business is highly competitive and, if it is decided that vertical development will occur on the Property, the Corporation and any vertical development venture in respect thereof may be competing against industry participants with more vertical development experience.

This is **Exhibit "B-2"** referred to in the Affidavit of
BRUCE TINGLE, KC.

Sworn/Affirmed before me at the City of Calgary, Alberta
the 13 day of January, 2025



A Commissioner for Oaths in and for the
Province of Alberta

Meghan Parker
Barrister and Solicitor

MANAGEMENT'S DISCUSSION & ANALYSIS

For the three and nine months ended September 30, 2024 and September 30, 2023

December 1, 2024

The following management's discussion and analysis ("**MD&A**") is a review of the condensed interim consolidated financial condition and condensed interim consolidated results of operations of Westphalia Dev. Corp. (the "**Corporation**") for the nine months ended September 30, 2024 and September 30, 2023. The MD&A is to be read in conjunction with the Corporation's condensed interim consolidated financial statements for the nine months ended September 30, 2024 and September 30, 2023 (the "**Financial Statements**").

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

MATERIAL DEVELOPMENT

On December 1, 2024, the manager informed the Corporation that it is no longer willing to fund its monetary shortfalls unless a plan is implemented to address a) the liquidity of the Corporation, and b) payment of its outstanding debts to secured creditors, unsecured creditors, and the manager. Management and the Board of Directors have committed to constructing and implementing a plan as soon as possible to deal with these matters which will include a restructuring of the Corporation.

MATERIAL GOING CONCERN UNCERTAINTY

These condensed interim consolidated financial statements, including comparatives, have been prepared on a going concern basis in accordance with International Accounting Standard ("**IAS**") 34: Interim Financial Reporting and using accounting policies that are consistent with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**").

Management believes that the going concern basis of presentation continues to be appropriate and assumes the Corporation will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they become due as there is an expectation that a restructuring plan will be put in place.

For the nine months ended September 30, 2024, the Corporation reported no revenue, a comprehensive loss of \$9,248,800 (September 30, 2023 – \$3,993,991), negative operating cash flows of \$8,496,682 (September 30, 2023 – negative \$8,875,284), and an accumulated deficit of \$73,808,903 (December 31, 2023 – \$64,575,681).

It is anticipated that the Corporation will continue to incur operating and development costs and has related party payables due on demand within the next 12 months and loan interest payable quarterly and semi-annually. The Corporation expects to pay these obligations by way of proceeds from the bulk sales of land and cash on hand. The Corporation has signed non-binding purchase and sale agreements ("**PSA**") to sell a portion of the land in Phase 2 and 3; however, there are no assurances that the sales will close. Should the sales not close with the prospective purchasers, then management would actively pursue other avenues of monetizing the Phase 2 and 3 lands. Other land expected to be sold to meet these obligations is not yet under PSA. Without the proceeds from selling the lands, monetary support from the manager, and/or the extension or modification of loan terms, the Corporation will not have sufficient working capital to cover the loans due. The Corporation had received a signed commitment letter of financial support from a related party, Walton Global Holdings, LLC ("**WGH**") to support the Corporation in the event of any cash shortfalls up to \$7 million; however, on December 1, 2024, WGH informed the Corporation that they are no longer willing to fund its monetary shortfalls until a restructuring plan is put in place.

These circumstances indicate the existence of material uncertainty that may cast significant doubt on the Corporation's ability to meet its obligations as they come due, and accordingly, continue as a going concern.

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

FORWARD-LOOKING STATEMENTS

Certain information set forth in this MD&A, including but not limited to, the Corporation's ability to obtain alternative financing, manage its liquidity position and fund working capital requirements and meet contractual and other commitments, including the disclosure of the anticipated completion dates of key project milestones, are based on management's current expectations, intentions, plans and beliefs, which are based on experience and management'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 risk that the Corporation is unable to find alternative financing at acceptable terms, the level of indebtedness of the Corporation, the timing of approval by municipalities, the estimated time required for construction, the estimated costs for construction, risks related to access to capital, interest rates 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.

RESPONSIBILITY OF MANAGEMENT

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

The address of the registered office is 25th Floor, 500 – 4th Avenue SW, Calgary, Alberta, T2P 2V6.

APPROVAL BY THE BOARD OF DIRECTORS

This MD&A was authorized for issue by the Board of Directors on December 1, 2024.

BUSINESS OVERVIEW

The Corporation, managed by Walton Global Investments Ltd. ("**WGI**") as of April 1, 2018 (previously 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 (the "**Property**") located in Prince George's County ("the **County**") in Maryland, U.S.A., approximately 7 miles southeast of the District of Columbia. The Westphalia development project (the "**Project**") is broken down into various phases of development.

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 tranches under an 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 aggregate 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 documentation for the Offerings. 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.

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

On April 23, 2019, the Board of Directors approved the conversion of both the principal amount and unpaid accrued interest up until May 5, 2019 relating to the Debentures and Interest Debentures into Class B non-voting common shares of the Corporation. On May 6, 2019, the Corporation converted the estimated total amount outstanding of \$23,952,602 of Debentures and Interest Debentures and interest thereon outstanding into approximately 50,408,558 Class B Shares.

Equity distributions by the Corporation are neither guaranteed nor will they be paid in a steady or stable stream, if any such distributions are able to be made. 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 fees payable to WAM, WGI and Walton Development and Management (USA), Inc. (“WDM”) (including the performance fee as defined below), 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 if 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

The Corporation continues to actively seek purchasers and developers for the lands associated with Phases 2 and 3 as well as other more immediate opportunities associated with the Phase 1 retail lands. The Corporation is moving forward with work to receive entitlements on all the remaining land available for sale.

The key activities undertaken by the Corporation during the nine months ended September 30, 2024 were as follows:

Sales Activities

- The Corporation received multiple purchase offers on its Phase 1 retail lands from best-in-class retail developers to build a first-class, mixed use commercial development. Negotiations are underway and management expects to have an agreement in place within 90 days.
- Management completed two purchase and sale agreements for approximately 50 acres of the Phase 2 and 3 lands which are anticipated to close between the first and third quarter of 2025.

Construction Activities

- Construction on the Woodyard Road Interchange project was substantially completed. Finishing work remains, which is expected to be completed within the second quarter of 2025.
- Work is substantially complete on the Presidential Parkway East project with final finishing work and landscaping being scheduled for the fourth quarter of 2024 and the first quarter of 2025.
- Work continued on the Presidential Parkway West project. Management plans to complete the work remaining, apart from the utility dependent work, by the end of the second quarter of 2025.

Development Activities

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

- Management received unanimous approval of its Detailed Infrastructure Site Plan for the Phase 1 retail lands.
- Management engaged a best-in-class engineering and planning firm to complete the entitlements for the remaining land available for sale.

- The Corporation continues to work with the local community, County leadership, and internal staff to re-plan additional development with the Westphalia Town Center.

Financing Activities

On April 1, 2022, U.S. Subsidiary and WWE amended its senior debt with its existing lender, WWMN, LLC. The overall loan amount increased to \$44.5 million USD, bearing interest at 12% with a new maturity date of June 30, 2023, and at the option of the holder to extend the maturity date to June 30, 2024. On April 4, 2023, the option was exercised to extend the maturity date to June 30, 2024. On August 27, 2024, the loan was amended to extend the maturity date to July 31, 2025.

On January 18, 2023, The U.S. Subsidiary, WWE, WUSF 1 Westphalia, LLC (“WUSF”) and Walton Maryland, LLC (“WMD”) entered into a \$8,500,000 USD loan agreement with WTCF, LLC (“WTCF”) bearing interest at 12% per annum, non-compounding (the “WTCF Bridge Loan”). Interest accrued monthly and was payable on the earliest of (i) the loan maturity date of March 31, 2023, (ii) the date of the closing of any refinancing transaction, (iii) the date that an event of default occurred. Loan proceeds for the U.S. Subsidiary and WWE were not to exceed \$5,100,000 USD and loan proceeds for WUSF and WMD were not to exceed \$3,400,000 USD. The loan was unsecured.

On March 22, 2023, The U.S. Subsidiary, WWE, WUSF and WMD entered into a \$18,500,000 USD loan agreement with WTCF, bearing interest at 12% per annum, payable semi-annually, with a maturity date of December 31, 2024 (the “WTCF Loan”). At the option of the borrower the maturity date may be extended by one year to December 31, 2025. All funds advanced under the January 18, 2023, WTCF Bridge Loan were rolled over into the new WTCF Loan, the U.S Subsidiary received total loan proceeds up to \$9,414,994 USD. In accordance with the intercreditor agreement that was signed by all lenders prior to the execution of the WTCF Loan, the Amended New Loan Program remains in first position for priority in right of payment, WTCF in second position, and MCFI Loan moved into third position. Any sales proceeds from the sale of property will be applied first to WTCF. Subsequent to the end of the period, the option on the WTCF was exercised and the maturity date was extended to December 31, 2025.

On August 27, 2024, the WTCF Loan was amended to add a second \$11,000,000 advance bearing interest at 15% per annum, payable semi-annually, with a maturity date of June 30, 2025 (the “WTCF2 Loan”). The U.S. Subsidiary will receive total loan proceeds from the second advance of \$6,761,678 USD. An amended intercreditor agreement was also signed which places WTCF and WWMN jointly in first position for priority in right of payment. Any sales proceeds from the same of property will be applied first to WWMN and WTCF on a pro rata basis and secondly to MCFI.

SUMMARY OF CONSOLIDATED FINANCIAL INFORMATION

	For the three months ended		For the nine months ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Total revenues (\$)	-	-	-	-
Cost of sales (\$)	-	-	-	-
Gross margin (\$)	-	-	-	-
Total expenses (\$)	(3,277,775)	(3,256,819)	(9,275,957)	(3,980,827)
Total other items (\$)	(29,525)	46,519	42,735	(10,237)
Net loss before tax (\$)	(3,307,300)	(3,210,300)	(9,233,222)	(3,991,064)
Net loss (\$)	(3,307,300)	(3,210,300)	(9,233,222)	(3,991,064)
Total comprehensive loss (\$)	(2,841,616)	(3,479,073)	(9,248,800)	(3,993,991)
Weighted average shares outstanding¹	53,425,728	53,425,728	53,425,728	53,425,728
Basic net loss per share (\$)	(0.06)	(0.06)	(0.17)	(0.07)
Diluted net loss per share (\$)	(0.06)	(0.06)	(0.17)	(0.07)

Notes:

(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.

	September 30, 2024	December 31, 2023
Total assets (\$)	56,916,535	56,869,748
Total non-current liabilities (\$)	8,124,492	7,906,015
Total other liabilities (\$)	83,206,090	72,644,383
Total liabilities (\$)	91,330,582	82,034,995
Total deficit (\$)	(34,414,047)	(25,165,247)
Class B Shares outstanding – end of year	56,916,535	53,425,728

ANALYSIS OF FINANCIAL PERFORMANCE

During the three and nine months ended September 30, 2024 and September 30, 2023, the Corporation did not recognize revenue on contracts.

Total expenses increased by \$5,295,130 for the nine months ended September 30, 2024, relative to 2023. The increase is primarily due to an increase in interest expenses of \$4,465,413, financing costs of \$834,261, management fees of \$113,751, professional fees \$13,523, and office and other expenses \$5,786, as well as a decrease in interest income of \$12,474. This was partially offset by a decrease in property tax expense of \$121,124, and marketing expense of \$28,954. Interest expense and financing costs increased from the prior year due to Phase 1 reaching substantial completion on June 30, 2023. These costs are considered carrying costs for the Phase 1 land and are now expensed.

For the nine months ended September 30, 2024, total other items consist of a foreign exchange gain of \$42,735. When compared to the nine months ended September 30, 2023 loss of \$10,237, there is a variance of \$52,972 in total other items due to fluctuations in the exchange rate between the Canadian dollar and United States dollar.

For the nine months ended September 30, 2024, the total comprehensive loss was \$9,248,800. When compared to total comprehensive loss of \$3,993,991 for the nine months ended September 30, 2023, there is a variance of \$5,254,809 between the respective periods. The variance is due to the items discussed above, as well as a \$12,651, change in other comprehensive income/(loss) due to changes in the cumulative translation gains/losses recorded on the translation of the U.S. Subsidiary accounts from a functional currency of U.S. dollars to Canadian dollars for reporting purposes.

ANALYSIS OF FINANCIAL CONDITION

The Corporation's total assets increased by \$46,787 from \$56,869,748 at December 31, 2023 to \$56,916,535 at September 30, 2024, primarily due to an increase in land development inventory of \$1,295,045, due from related parties of \$171,789, restricted cash of \$176,813 and accounts receivable of \$864. This was partially offset by a decrease in cash \$1,570,520 and prepaid expenses of \$30,204. The decrease in cash is a result of interest payments made in the 2024. Land development inventory increased primarily from capitalized development costs relating to the TIF project in addition to foreign exchange differences recorded on the translation of the U.S. Subsidiary accounts from a functional currency of U.S. dollars to Canadian dollars for reporting purposes. Carrying costs on land development inventory are expensed after substantial completion, which was achieved at the end of the second quarter of 2023. Restricted cash increased as a result of receiving a builder deposit.

Total liabilities increased by \$9,295,587 from \$82,034,995 at December 31, 2023 to \$91,330,582 at September 30, 2024 primarily due to an increase in due to related parties of \$8,895,010, project debt of \$218,477, builder deposits of \$176,813 and accounts payable and accrued liabilities of \$5,287. The increase in due to related parties is primarily due to advances from WGH, the additional WTCF2 Loan, and loan interest accruing.

PROJECT DEBT

The project debt terms, balances, and conditions remain consistent with the prior year.

WORKING CAPITAL

The balance of the Corporation's liabilities as at September 30, 2024 was significant relative to the balance of its cash and receivables. The Corporation plans to settle its liabilities as follows:

Accounts payable and accrued liabilities – The majority of accounts payable and accrued liabilities of the Corporation are for development related expenses. These expenses will be funded by sale proceeds, cash on hand, and from the loan with WGH.

Due to related parties – The payment of outstanding development fees and asset management and servicing fees will be made from working capital, the proceeds from the sale of land and the collection of project recoveries. The balance of the loan with WWMN (“**New Loan Program**”) was amended and the Corporation ultimately expects to repay the New Loan Program, the WTCF Loan and WTCF2 Loan through future bulk land sales.

Project debt – It is anticipated that the balance of Project debt will be repaid from the proceeds from future bulk land sales.

TRANSACTIONS WITH RELATED PARTIES

The related party transactions and balances have been described in note 4 of the Financial Statements.

WAM, WDMI, WGI, WWE, Walton International Group (USA), Inc.(“**WUSA**”), WGH, WDM, WGH, WMD, WUSF, and WWMN are all related to the Corporation through common ownership or common directors. WIGI Restructured Bond Corporation (“**WIGI RBC**”) is related to the Corporation through common management and a common Director. All transactions between the related parties during the period were under terms and conditions agreed upon between the parties. The following are the significant transactions that have occurred with related parties during the period:

- Interest of \$4,652,839 was incurred for the nine months ended September 30, 2024 (September 30, 2023 - \$4,600,863) on the Amended New Loan Program.
- Interest of \$1,286,476 was incurred for the nine months ended September 30, 2024 (September 30, 2023 - \$560,137) on the WTCF and WTCF2 Loan.
- Advances of \$465,139 were received from WGH.
- The Corporation entered into the WTCF2 Loan. See “Financing Activities” section.
- Development fees of \$2,212 (September 30, 2022- \$80,073) were charged by WDM to the Corporation which were incurred in accordance with the Project Management Agreement between the Corporation and WDM.
- Management fees of \$870,900 (September 30, 2023 - \$757,149) were charged to the Corporation, in accordance with the terms of the Management Services Agreement between the Corporation and WGI. The total amount outstanding and payable to WAM and WGI for management fees as at September 30, 2024 was \$1,814,330 (December 31, 2023 - \$1,814,330) and \$5,839,376 (December 31, 2023 – \$4,968,035), respectively. The Corporation has not paid management fees since the first quarter of 2016.
- For the nine months ended September 30, 2024, the Corporation paid \$134,441 (September 30, 2023 - \$134,441) 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.

SUMMARY OF QUARTERLY RESULTS

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

	Three months ended							
	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022
Total assets (\$)	56,916,535	56,735,313	55,699,110	56,869,748	57,608,825	56,016,888	51,590,045	46,768,398
Total liabilities (\$)	91,330,582	88,307,745	84,198,284	82,034,995	80,129,176	75,058,166	70,465,467	65,294,758
Total deficit (\$)	(34,414,047)	(31,572,432)	(28,499,174)	(25,165,247)	(22,520,351)	(19,041,278)	(18,875,422)	(18,526,360)
Total revenues (\$)	-	-	-	-	-	-	-	-
Total cost of sales (\$)	-	-	-	-	-	-	-	-
Gross margin (\$)	-	-	-	-	-	-	-	-
Total expenses (\$)	(3,277,775)	(3,039,475)	(2,958,707)	(2,992,320)	(3,256,819)	(369,705)	(354,303)	(3,015,914)
Total other items (\$)	(29,525)	20,137	52,123	(49,326)	46,519	(52,449)	(4,307)	(25,126)
Net loss before tax (\$)	(3,307,300)	(3,019,338)	(2,906,584)	(3,041,646)	(3,210,300)	(422,154)	(358,610)	(3,041,040)
Income tax expense (\$)	-	-	-	-	-	-	-	-
Net loss after tax (\$)	(3,307,300)	(3,019,338)	(2,906,584)	(3,041,646)	(3,210,300)	(422,154)	(358,610)	(3,041,040)
Cumulative translation gain/(loss) (\$)	465,684	(53,919)	(427,343)	396,750	(268,773)	256,298	9,548	121,791
Comprehensive loss (\$)	(2,841,616)	(3,073,257)	(3,333,927)	(2,644,896)	(3,479,073)	(165,856)	(349,062)	(2,919,249)
Weighted average shares outstanding ¹	53,425,728	53,425,728	53,425,728	53,425,728	53,425,728	53,425,728	53,425,728	53,425,728
Basic net loss per Class B share (\$)	(0.06)	(0.06)	(0.05)	(0.05)	(0.06)	(0.01)	(0.01)	(0.05)
Diluted net loss per Class B share (\$)	(0.06)	(0.06)	(0.05)	(0.05)	(0.06)	(0.01)	(0.01)	(0.05)
Class B shares outstanding – end of period	53,425,728	53,425,728	53,425,728	53,425,728	53,425,728	53,425,728	53,425,728	53,425,728

Notes:(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.

Other than Q1 2024, Q3 2023 and Q4 2023, the total expenses of the Corporation have remained consistent over the last eight quarters, with some fluctuation occurring quarter over quarter as a result of one-time occurrences. Total expenses began increasing in Q3 2023 as a result of interest and financing costs being expensed rather than capitalized now that Phase 1 is substantially complete. In Q4 2022 total expenses increased due to an impairment on land development inventory.

The total other items and cumulative translation gain/(loss) has fluctuated from quarter to quarter due to fluctuations in the foreign currency rate between U.S. and Canada. Within total other items, foreign exchange gains and losses are recorded in the U.S. Subsidiary's intercompany payables denominated in Canadian dollars. Changes in the cumulative translation gain/(loss) within other comprehensive income (loss) results from the translation of the U.S. entity's accounts from the functional currency of U.S. dollars to Canadian dollars for reporting purposes.

Total assets increased throughout 2022 and 2023 due to increased development activity, with the exception of a decrease in Q4 2022 as a result of an impairment on land development inventory.

Total liabilities continue to increase primarily from interest accruing on the Amended New Loan Program and the WTCF Loans.

SUPPLEMENTAL INFORMATION

Liquidity and Capital Resources

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 capital resources of the Corporation as at September 30, 2024 are the Amended New Loan Program, the WTCF Loan, the WTCF2 Loan and the MCFI Loan and are described in notes 4 and 7 in the Financial Statements.

Specific costs incurred by the Corporation such as servicing fees and management fees are with related parties. In the event of a working capital deficiency, management has the ability to negotiate and discuss with related parties different payment terms.

There is no guarantee that WGI will continue to provide management services with the deferral of the payment of the management fees.

Cash Requirements

The table summarizes the Corporation's undiscounted contractual obligations as at September 30, 2024:

	2024	2025	2026	TOTAL
	\$	\$	\$	\$
Project debt	283,829	5,694,799	2,968,441	8,947,069
Accounts payable and accrued liabilities	1,320,081	-	-	1,320,081
Due to related parties	14,123,297	74,575,195	-	88,698,492
Total	15,727,207	80,269,994	2,968,441	98,965,642

Future undiscounted obligations relating to project debt and due to related party include expected, unpaid interest.

In addition to these items in the table, based on the current loan amounts outstanding and as a result of the joint and several nature of the MCFI Loan, the Amended New Loan Program, the WTCF Loan, and the WTCF2 Loan, the U.S. Subsidiary may be liable for WWE, WUSF and WMD's portion of the loans. As at September 30, 2024, this amount is \$33,150,124 (December 31, 2023 - \$22,498,946).

Commitments

Under the Management Services Agreement (note 4), the commitment for management fees will extend for the length of the project, however, 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 development fee payable to WDMI under the Project Management Agreement cannot be reasonably estimated at this time.

The Corporation also has a commitment to complete the construction of onsite water, sewer and lines, as well as the construction of an offsite sewer outfall as part of the permits issued by Prince George's County, Maryland. The Corporation has provided the WSSC, Prince George's County and the Maryland National Park and Planning Commission with bonds, which are used as construction guarantees. As at September 30, 2024, the outstanding value of these bonds total \$15,311,109 USD (December 31, 2023 - \$15,311,109 USD).

Sources and Uses of Cash

The Corporation's primary use of capital includes paying operating expenses, incurring project development costs on the land development inventory, and principal and interest repayments on Project debt, the Amended New Loan Program, the WTCF Loan and the WTCF2 Loan.

The Corporation believes that internally generated cash flows from the sale of land, supplemented by borrowings from related parties where required, will be sufficient to cover the Corporation's normal operating expenditures.

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

	For the nine months ended	
	September 30, 2024	September 30, 2023
Cash flows used in operating activities (\$)	(8,496,682)	(8,875,284)
Cash flows provided by investing activities (\$)	(168,166)	579,930
Cash flows provided by financing activities (\$)	7,136,240	11,715,348

During the nine months ended September 30, 2024, operating cash was used to fund regular operating activities, land development costs, and interest payments. During the nine months ended September 30, 2024 and 2023, cash provided by financing activities reflects advances received on the WTCF2 Loan and the WTCF Loan, respectively.

Off-Balance Sheet Arrangements

As a result of entering into the MCFI Loan, the WTCF Loan, the WTCF2 Loan, and Amended New Loan Program, while the U.S. Subsidiary, WWE, WUSF and WMD each account for their proportionate share of the long-term debt thereunder, management has assessed the risk resulting from U.S. Subsidiary's relative size and proportion of interest in the Project from the joint and several nature of these various loan agreements. In the unlikely event of a default on such long-term debt, the U.S. Subsidiary may have a greater than its proportionate share of exposure to any default conditions. The total amount (face value) of the MCFI Loan, the WTCF Loan, the WTCF2 Loan, the Amended New Loan Program, and accrued interest as at September 30, 2024, is \$107,770,154 and the unrecorded portion to which the Corporation may be party to is \$26,731,326. This amount has not been recognized on the condensed interim consolidated statements of financial position in the Financial Statements.

Financial Instruments

There have been no significant changes to classification or risks of the Corporation's financial instruments in the preparation of these Financial Statements from those disclosed in the Corporation's audited consolidated financial statements for the year ended December 31, 2023.

Outstanding Shares

As of the date of this MD&A, the Corporation had 100 Class A shares outstanding and 53,425,728 Class B Shares outstanding.

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 period. There have been no significant changes in accounting judgements, estimates and assumptions made by the Corporation in the preparation of these Financial Statements from those judgements, estimates and assumptions disclosed in the Corporation's audited consolidated financial statements for the year ended December 31, 2023.

ADOPTION OF RECENT ACCOUNTING PRONOUNCEMENTS

The Corporation has adopted the following revised standard, including any consequential amendments thereto, for the period effective January 1, 2023. The Corporation has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Changes in accounting policies adopted by the Corporation were made in accordance with applicable transitional provisions as provided in those standards and amendments.

Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurements techniques and inputs to develop accounting estimates. The amendments had no impact on the Corporation's financial statements.

Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 *Making Materiality Judgments* provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments have had no impact on the Corporation's financial statements.

Standards Issued but not yet Effective

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify what is meant by a right to defer settlement, that a right to defer must exist at the end of the reporting period, that classification is unaffected by the likelihood that an entity will exercise its

deferral right and that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Corporation is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

CORPORATE GOVERNANCE

The corporate governance policies for the nine months ended September 30, 2024 are unchanged from those disclosed in the MD&A for the year ended December 31, 2023.

RISK FACTORS

The risk factors for the nine months ended September 30, 2024 are unchanged from those risk factors disclosed in the MD&A for the year ended December 31, 2023.

This is **Exhibit "C-1"** referred to in the Affidavit of
BRYCE TINGLE, KC

Sworn/Affirmed before me at the City of Calgary, Alberta
the 13 day of January, 2025



A Commissioner for Oaths in and for the
Province of Alberta

Meghan Parker
Barrister and Solicitor

MANAGEMENT SERVICES AGREEMENT

THIS AGREEMENT is made effective as of February 27, 2012

BETWEEN:

WALTON WESTPHALIA DEVELOPMENT CORPORATION (the "**Corporation**"), a corporation existing under the laws of the Province of Alberta;

– and –

WALTON ASSET MANAGEMENT L.P. (the "**Manager**"), a limited partnership established pursuant to the laws of the Province of Alberta, by its general partner Walton Asset Management GP Ltd. (the "**WAM GP**"), a corporation existing under the laws of the Province of Alberta;

WHEREAS the Corporation will apply certain of the proceeds it receives in consideration for the issuance of Offering Units to acquire, through the Subsidiary, up to a 100% interest in the Property;

AND WHEREAS thereafter the Subsidiary will, either on its own or in conjunction with other co-owners of the Property, develop the Property and sell the Property over time in a number of parcels or lots, with a view to making a gain and distributing those gains to its securityholders;

AND WHEREAS the Corporation wishes to retain the Manager to provide certain management, administrative and support services and the Manager is willing to render such management, administrative and support services to the Corporation and the Subsidiary on the terms and conditions hereinafter set forth;

NOW THEREFORE in consideration of the premises and mutual covenants and agreements herein contained, the sufficiency of which is hereby acknowledged by each of the parties to this Agreement, the parties agree as follows:

ARTICLE 1 INTERPRETATION

1.1 **Definitions.** In this Agreement the following terms have the following meanings:

- (a) "**Advisor**" has the meaning ascribed thereto in Section 8.1;
- (b) "**Affiliate**" means a Person who is affiliated or associated with the Person who is the object of the description for the purposes of the *Securities Act* (Alberta);
- (c) "**Agency Agreement**" has the meaning ascribed thereto in Section 3.1;
- (d) "**Agreement**" means this management services agreement as it may from time to time be supplemented or amended;

- (e) **“Business Day”** means any day other than a Saturday, Sunday or public holiday, on which banks are open for business in the Province of Alberta;
- (f) **“Book Value of the Property”** means, for a fiscal calendar quarter of the Subsidiary, the book value of the Property as shown on the balance sheet of the Subsidiary at the end of such fiscal quarter;
- (g) **“Claims”** has the meaning ascribed thereto in Section 6.1;
- (h) **“Co-ownership Agreement”** means the Co-ownership Agreement entered into among the Subsidiary and Walton Maryland, LLC;
- (i) **“Corporation”** means Walton Westphalia Development Corporation;
- (j) **“Funded Commission Amounts”** has the meaning ascribed thereto in Section 3.2;
- (k) **“Funded Offering Expense Amounts”** has the meaning ascribed thereto in Section 3.3;
- (l) **“Generally Accepted Accounting Principles”** means, for the Corporation, generally accepted accounting principles used in Canada as at the applicable time and, for the Subsidiary, generally accepted accounting principles used in the United States as at the applicable time.
- (m) **“Management Fee”** means the meaning ascribed to it in Section 4.1;
- (n) **“Management Services”** means the services described in Section 2.3 hereof;
- (o) **“Manager”** means Walton Asset Management L.P.;
- (p) **“Net Proceeds”** means, with respect to any Offering Unit issued pursuant to an Offering, the gross proceeds raised by the Corporation from the sale of that Offering Unit less any selling commissions relating to the sale of the Offering Unit and the share of the Offering Expenses of that Offering attributable to that Offering Unit;
- (q) **“Notice of Termination”** has the meaning ascribed thereto in Section 7.3;
- (r) **“Offerings”** means the offering and issuance by the Corporation of Offering Units under (i) the Prospectus, and (ii) a Private Placement;
- (s) **“Offering Expenses”** means legal, accounting, audit, printing, filing, transfer agent and other costs and fees associated with an Offering (excluding commissions and fees payable to any selling group with respect thereto), including the preparation of the Prospectus and any other applicable disclosure document and forming the Corporation, that is incurred by the Corporation;
- (t) **“Offering Debentures”** means the 8%, unsecured, subordinated, convertible, extendable debentures of the Corporation;
- (u) **“Offering Unit”** means the units proposed to be issued by the Corporation, with

each such Offering Unit being comprised of \$5.00 principal amount of Offering Debentures and one Share;

- (v) **“Person”** includes any individual, partnership, corporation, trust, unincorporated organization or a government (or any department, agency or instrumentality thereof) or any other entity;
- (w) **“Private Placement”** means any issuance and sale by the Corporation of Offering Units pursuant to an exemption from the prospectus requirements of applicable Canadian provincial and territorial securities laws that may occur concurrent with, or subsequent to, the offering of Offering Units under the Prospectus;
- (x) **“Project Management Agreement”** means the Project Management Agreement entered into among Walton Development & Management (USA), Inc., the Corporation, the Subsidiary and Walton Maryland, LLC;
- (y) **“Property”** means the property constituting approximately 310 acres of land, more or less, located in Prince George’s County, Maryland, USA and, where the context requires, the interest in that property that is acquired by the Subsidiary, as further described in the Prospectus;
- (z) **“Prospectus”** means the final prospectus of the Corporation to be filed with the securities regulatory authorities in each jurisdiction in Canada which qualifies for distribution Offering Units, the proceeds of which are to be used by the Corporation to, among other things, acquire undivided interests in the Property;
- (aa) **“Shares”** means the Class B non-voting common shares in the capital of the Corporation;
- (bb) **“Servicing Fee”** means the servicing fee that will be paid by the Manager pursuant to this Agreement to registered dealers whose clients hold Offering Units equal to 0.50% annually of the Net Proceeds for each Offering Unit sold under any Offering and held by clients of such registered dealers (plus applicable taxes), calculated from the date of the applicable closing and calculated semi-annually based on the client list as at the applicable semi-annual end date and paid as soon as practicable after that date, commencing on June 30, 2012 and continuing until the earlier of the dissolution of the Corporation and December 31, 2018;
- (cc) **“Subsidiary”** means Walton Westphalia Development (USA), LLC;
- (dd) **“Term”** has the meaning ascribed thereto in Section 7.1;
- (ee) **“Walton”** means Walton International Group Inc.; and
- (ff) **“WAM GP”** means Walton Asset Management GP Ltd.

1.2 **Sections and Headings.** The division of this Agreement into Articles and Sections and the insertion of headings are for the convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms **“this Agreement”**, **“hereof”**, **“hereunder”** and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof, and include any agreement or instrument supplemental or ancillary hereto. Unless something in the subject matter or context is

inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

1.3 **Interpretation.** In this Agreement:

- (a) words importing the masculine gender include the feminine and neuter genders, and words in the singular include the plural, and vice versa, wherever the context requires;
- (b) any reference to a statute will include and will be deemed to be a reference to the regulations made pursuant to it, and to all amendments made to the statute and regulations in force from time to time, and to any statute or regulation that may be passed which has the effect of supplementing or superseding the statute referred to or the relevant regulation;
- (c) any reference to a Person will include and will be deemed to be a reference to any Person that is a successor to that Person; and
- (d) unless otherwise specified, all references herein to currency shall be references to the currency of Canada.

1.4 **Accounting Principles.** Where the character or amount of any asset or liability or item of revenue or expense is required to be determined, or any consolidation or other accounting computation is required to be made for the purpose of this Agreement, such determination or calculation shall, to the extent applicable and except as otherwise specified herein or as otherwise agreed to in writing by the parties, be made in accordance with Generally Accepted Accounting Principles.

1.5 **General Limitation of Liability.** The parties hereto acknowledge that:

- (a) the obligations of the Corporation hereunder shall not be personally binding upon any securityholder of the Corporation, and that any recourse against the Corporation or any securityholder of the Corporation in any manner in respect of any indebtedness, obligation or liability of the Corporation or the US Subsidiary arising hereunder or arising in connection herewith or from the matters to which this Agreement relates, if any, including, without limitation, claims based on negligence or otherwise tortious behavior, shall be limited to, and satisfied only out of, the property of the Corporation, as applicable; and
- (b) WAM GP is entering into this Agreement solely in its capacity as the general partner on behalf of the Manager. The parties hereto acknowledge that the obligations of the Manager hereunder shall not be personally binding upon any limited partner of the Manager, and that any recourse against the Manager, WAM GP or any limited partner of the Manager in any manner in respect of any indebtedness, obligation or liability of the Manager arising hereunder or arising in connection herewith or from the matters to which this Agreement relates, if any, including, without limitation, claims based on negligence or otherwise tortious behavior, shall be limited in total to the fees paid to the Manager hereunder and satisfied only out of the property of the Manager.

ARTICLE 2 APPOINTMENT OF MANAGER AND ACCEPTANCE

- 2.1 **Appointment.** Subject to and upon the terms and conditions of this Agreement, the Corporation hereby appoints the Manager as the sole and exclusive manager of the Corporation and the Subsidiary and, in such regard, to have overall responsibility for the prudent management, administration and operation of the Corporation and the Subsidiary and their assets and to supervise, conduct, manage and administer the day-to-day business, affairs and operations of the Corporation and the Subsidiary in accordance with the best interests of the Corporation and the Subsidiary.
- 2.2 **Acceptance and Covenants.** The Manager hereby accepts such appointment and represents to and covenants with the Corporation that it will provide to the Corporation and the Subsidiary the functions and services set forth in this Agreement in a reasonable and prudent manner.
- 2.3 **Management, Administrative and Support Services.** Without limiting the generality of the foregoing, and subject to the approval and direction of the Corporation, the Manager shall be responsible to provide the following services (the “**Management Services**”) to the Corporation and the Subsidiary:
- (a) assisting in the creation and organization of the Corporation and the Subsidiary;
 - (b) supervising the management of the business and affairs of the Corporation and the Subsidiary, as set out in this Agreement;
 - (c) preparing and/or reviewing budgets for the Corporation and the Subsidiary;
 - (d) providing oversight of the Offerings (including the Private Placements), including the execution, delivery and filing, as applicable, of the Prospectus and all other required disclosure documentation in connection therewith;
 - (e) overseeing the preparation, printing and distribution of the Prospectus and all other required disclosure documentation in connection with the Offerings, including appointing and acting as liaison with legal and accounting advisors to assist with the foregoing;
 - (f) overseeing the offering and sale of securities of the Corporation and the completion of all matters related to the closing of subscriptions, including appointing, acting as liaison with, and supervising the payment of, financial agents and securities dealers;
 - (g) obtaining the services of dealers in connection with the Offerings;
 - (h) negotiating for, and on behalf of, the Corporation and the Subsidiary, as applicable, all contracts and agreements as are necessary and desirable for the operation of the Corporation and the Subsidiary in the ordinary course of business;
 - (i) monitoring on behalf of the Corporation and the Subsidiary the management of the development on the Property by the development manager or managers appointed for that purpose, including:

- (i) monitoring the establishment of procedures with respect to internal financial controls; and
- (ii) reviewing budgets and financial performance with respect to those budgets;

including under the terms of the Project Management Agreement and potentially other parties in connection with the Property;

- (j) responding to inquiries from financial advisors, investors, potential investors and others as they may arise from time to time, and generally handling investor relations in respect of the Corporation;
- (k) overseeing the preparation and filing of all reports required in the jurisdictions in which securities have been sold in order to comply with applicable securities legislation;
- (l) arranging for cash reserve management and valuation services for the Corporation and the Subsidiary;
- (m) arranging for the installation and maintenance of full, true and accurate records and books of account of the business and transactions of the Corporation and the Subsidiary in accordance with Generally Accepted Accounting Principles prepared on a consistent basis from year to year;
- (n) overseeing the authorization of expenditures and bills for payment on behalf of the Corporation and the Subsidiary;
- (o) ensuring the preparation and delivery to shareholders of the Corporation of annual and periodic reports, notices of distribution, disclosure documentation, and other correspondence and special communications with individual shareholders, including those required under applicable laws;
- (p) assisting the Corporation and the Subsidiary in calculating the amount and determining the frequency of the dividends by the Corporation and the Subsidiary;
- (q) ensuring that the Corporation and the Subsidiary complies with all applicable regulatory requirements, including, without limitation, continuous disclosure obligations;
- (r) monitoring the setting of debt levels of the Corporation and the Subsidiary, as applicable;
- (s) providing personnel to carry out the services under this Agreement;
- (t) assisting with the preparation on behalf of the Corporation of any circular or other disclosure document required under the applicable securities legislation in response to an offer to purchase Offering Units;
- (u) assisting with the calling and holding meetings of shareholders, as necessary, and assisting with the preparation and distribution of all materials (including notices of meetings and information circulars) in respect thereof;

- (v) assisting with the preparation of all returns, filings and documents and making all determinations necessary for the discharge of the Corporation's and the Subsidiary's obligations under applicable law;
- (w) overseeing the preparation and submission of all income tax filings for the Corporation and the Subsidiary in sufficient time prior to the dates upon which they must be filed so that the Corporation and the Subsidiary have a reasonable opportunity to review them, execute them and return them to the Manager and arrange for their filing within the time required by applicable tax law;
- (x) assisting with the negotiation and arrangement for mortgage financing in respect of real property, including overseeing the preparation, execution, delivery and registration of all documents required in connection therewith, and to cause to be provided to each of the lenders guarantees as required by them in respect of the mortgage loans, as applicable;
- (y) maintaining ongoing liaison with the lenders of any loans;
- (z) monitoring the structuring of the leasing of the real property owned by the Subsidiary, including overseeing the preparation, execution and delivery of all agreements, leases, documents and instruments required for leasing the real property or other interests, as applicable;
- (aa) establishing and maintaining bank accounts on behalf of the Corporation and the Subsidiary;
- (bb) assisting with the preparation of annual financial reports and arranging for an audit of such annual financial reports, as necessary;
- (cc) undertaking any matters required to be undertaken by the Subsidiary pursuant to the terms of the Co-ownership Agreement as the Corporation requests from time to time; and
- (dd) performing such other administrative duties as a reasonably prudent administrative manager would provide in the same or comparable circumstances, and such other administrative duties as the Corporation may reasonably request from time to time.

2.4 **Acknowledgement of Non-Exclusivity.** The Corporation acknowledges that the Manager is not required to devote its personnel and resources exclusively to, or for the benefit of, the Corporation and the Subsidiary; provided, however, that this acknowledgement in no way reduces or waives any of the Manager's duties and obligations to the Corporation and the Subsidiary hereunder.

2.5 **Standard of Care.** The Manager represents to the Corporation that the Manager is competent to carry out its responsibilities hereunder. All duties, powers and authorities imposed or conferred upon the Manager hereunder will be exercised by the Manager honestly, in good faith and with a view to the best interests of the Corporation and the Subsidiary. In connection therewith, the Manager will exercise the care, diligence and skill that a reasonably prudent manager would exercise in comparable circumstances.

- 2.6 **Control and Discretion.** Subject to the terms and conditions of this Agreement, the Manager shall have complete control and discretion in the management, administration and operation of the Corporation and the Subsidiary and in the performance of its services pursuant to this Agreement to do all acts and things as in the sole judgment are necessary or incidental to or desirable for the carrying out of the purposes of the Corporation and the Subsidiary and in conducting the business and affairs of the Corporation and the Subsidiary. In construing the provisions of this Agreement, the presumption shall be in favor of the grant of power and authority to the Manager.
- 2.7 **Notification of Claims.** The Manager shall promptly notify the Corporation of any claim, demand, right or cause of action, that has been asserted, threatened or instituted against the Corporation or the Subsidiary. The Manager shall provide assistance in defending or commencing any legal proceedings that the Corporation deems necessary and proper in connection with the Corporation and the Subsidiary;
- 2.8 **Covenants of the Manager.** The Manager covenants and agrees that in the performance of its services under this Agreement, it shall:
- (a) perform all services at all times in compliance with applicable laws;
 - (b) manage, administer and operate the Corporation and the Subsidiary in an efficient manner with the objective of maximizing the profitability of the Corporation and the Subsidiary;
 - (c) comply with all reasonable instructions of the Corporation in relation to the performance of its services hereunder; and
 - (d) observe and perform, or cause to be observed and performed, on behalf of the Corporation and the Subsidiary in every material respect the provisions of (i) the agreements from time to time entered into in connection with the activities of the Corporation and the Subsidiary and (ii) all applicable laws.

ARTICLE 3 FUNDING ARRANGEMENTS

- 3.1 **Responsibility for Agent Commissions.** The Corporation may, in its sole discretion, engage certain selling agents, properly registered where so required, from time to time who will introduce Persons to the Corporation for the purpose of such Persons participating in the Offerings by purchasing the Offering Units. The Corporation will be responsible for the payment to selling agents of any and all commissions and fees payable under any applicable agreement that the Corporation may enter into with such selling agents (each an “Agency Agreement”).
- 3.2 **Funding by the Manager of Agent Commissions Prior to Closings.** The Manager, in its sole discretion, may, prior to any closing of any Private Placement, on behalf of the Corporation, pay for or fund any amount (the “Funded Commission Amounts”) of fees to the selling agents thereof that the Corporation is responsible for pursuant to an Agency Agreement.
- 3.3 **Funding by the Manager of Corporation Offering Expenses.** The Manager, in its sole discretion, may, prior to the first closing of any Offering, on behalf of the Corporation,

pay for or fund any amounts (the “**Funded Offering Expense Amounts**”) of the Corporation’s Offering Expenses relating to the Offering.

3.4 **Amounts Funded Shall Constitute Loans.** All Funded Commission Amounts and Funded Offering Expense Amounts paid or funded by the Manager under this Agreement shall constitute loans made by the Manager to the Corporation, for which the Corporation shall be, and is, hereby liable. All Funded Commission Amounts so paid or funded by the Manager, on behalf of the Corporation, in connection with fees to selling agents for Offering Units to be issued at any closing of a Private Placement shall be fully repaid and reimbursed to the Manager by the Corporation from the gross proceeds raised at that closing, and shall be repaid and reimbursed by the Corporation to the Manager on the date on which that closing occurs plus interest thereon from the date such amounts were incurred to the time of full repayment thereof at a rate equal to the amount prescribed from time to time under the Income Tax Act (Canada) and the regulations thereunder for low interest loans and other related party transactions, not compounded. All Funded Offering Expense Amounts so paid or funded by the Manager, on behalf of the Corporation, for a particular Offering shall be fully repaid and reimbursed to the Manager by the Corporation from the gross proceeds raised at the first closing of that Offering, and shall be repaid and reimbursed by the Corporation to Manager on the date on which such first closing occurs plus interest thereon from the date such amounts were incurred to the time of full repayment thereof at a rate equal to the amount prescribed from time to time under the Income Tax Act (Canada) and the regulations thereunder for low interest loans and other related party transactions, not compounded.

3.5 **If Closings Do Not Occur.** In the event that the Manager has paid or funded Funded Commission Amounts in connection with a future closing of a Private Placement and that Private Placement is terminated by the Corporation without that closing occurring, those Funded Commission Amounts that remain unpaid by the Corporation to the Manager will not be reimbursed or subject to reimbursement by the Corporation. In the event that the Manager has paid or funded Funded Offering Expense Amounts in connection with an Offering and that Offering is terminated without the first closing occurring, those Funded Offering Expense Amounts that remain unpaid by the Corporation to the Manager will not be reimbursed or subject to reimbursement by the Corporation. For greater certainty, all such amounts that are not reimbursed or subject to reimbursement will be settled and extinguished in favour of the Corporation.

ARTICLE 4 COMPENSATION

4.1 **Management Fee.** In consideration for the provision of the Management Services, the Corporation covenants and agrees to pay the Manager a management fee (the “**Management Fee**”), plus applicable goods and services tax (or harmonized sales tax) thereon, which Management Fee shall consist of:

(a) a fee:

(i) from the date that the first closing of the Offering under the Prospectus occurs (the “**First Closing Date**”) until the earlier of the date of termination of this Agreement and March 31, 2019, equal to 2% annually of the aggregate of the Net Proceeds raised from the Offerings, paid quarterly at the end of each fiscal calendar quarter. This fee shall first be paid at the end of the fiscal calendar quarter in which the First Closing

Date occurs pro-rated for the period commencing on the First Closing Date and ending on the last day of that quarter; and

- (ii) for each fiscal calendar quarter after April 1, 2019 until the date of the termination of this Agreement, an amount to be paid on the last day of such quarter equal to 0.5% of the Book Value of the Property at the end of the previous fiscal calendar quarter;

plus

- (b) an amount calculated semi-annually and paid as soon as practicable after the end of each calendar semi-annual period equal to the Servicing Fee for that calendar semi-annual period.

If this Agreement is terminated during a quarter in which the Management Fee has been accruing but not paid, then the Manager shall still be entitled to such portion of the fee as is in proportion to the amount of the calendar quarter that has elapsed up to the effective date of such termination.

If the Manager is no longer Manager hereunder, whether due to resignation or removal, and provided that the provisions of Section 7.2 have been adhered to (in the case of a resignation), the Manager shall be entitled to be paid the accrued but unpaid portion of the Management Fee referred to in Section 4.1(a) above and relating to the number of days that have elapsed in such calendar quarter and shall not thereafter be entitled to any further Management Fee. Any amount of the Servicing Fee payable for the calendar quarter in which the Manager ceases to be the Manager hereunder, whether due to resignation or removal, shall not be payable to the Manager that so ceased to be the Manager in that calendar quarter, but to the successor Manager that replaces such Manager.

- 4.2 **Reimbursement of Expenses.** In addition to the Management Fee, the Corporation shall be responsible for reimbursing the Manager for all operating, general, administrative and such other costs and expenses, including any applicable taxes incurred on behalf of the Corporation by the Manager in connection with the operation and administration of the Corporation and the Subsidiary whether incurred before or after the execution hereof. For greater certainty, such costs and expenses shall include, without limitation, travel expenses, phone, fax and internet expenses, office administrative expenses, legal, accounting and audit fees, advertising costs and insurance premiums. The Manager will be reimbursed monthly in arrears for all expenses reasonably incurred by it on behalf of the Corporation or the Subsidiary.
- 4.3 **Amendment.** Any amendment to this Agreement changing the basis of the calculation of the Management Fee to be paid to the Manager must be approved by holders of Shares (other than holders that are Walton or Affiliates of Walton) holding a majority of the Shares that vote on such matter.

ARTICLE 5 REPRESENTATIONS AND WARRANTIES

- 5.1 **Manager.** WAM GP, for an on behalf of the Manager, hereby represents and warrants to the Corporation, and agrees that:

- (a) the Manager is a limited partnership duly formed and validly existing under the laws of the Province of Alberta;
- (b) the Manager holds all governmental and regulatory licenses, registrations and approvals required by law as may be necessary to perform its obligations under this Agreement;
- (c) WAM GP has full capacity and authority to execute and deliver this Agreement for and on behalf of the Manager and to act as described herein;
- (d) WAM GP has duly authorized, executed and delivered this Agreement in its capacity as general partner of the Manager, and this Agreement constitutes a legal, valid and binding obligation of the Manager enforceable against it in accordance with its terms; and
- (e) the Manager is conducting its business in all material respects in compliance with all applicable laws, rules and regulations of each jurisdiction in which its business is carried on.

5.2 **Corporation.** The Corporation, hereby represents and warrants to the Manager, and agrees that:

- (a) the Corporation is a corporation duly incorporated and validly existing under the laws of the Province of Alberta;
- (b) the Corporation has full capacity and authority to execute and deliver this Agreement and to act as described herein;
- (c) the Corporation has duly authorized, executed and delivered this Agreement and this Agreement constitutes a legal, valid and binding obligation of the Corporation enforceable against it in accordance with its terms; and
- (d) the Corporation is the sole member and manager of the Subsidiary under the formation documentation of the Subsidiary.

ARTICLE 6 RECIPROCAL INDEMNITIES

6.1 **From the Corporation.** The Corporation shall indemnify and save harmless each of the Manager and WAM GP and their respective officers, directors, employees and agents (the "**WAM Indemnified Parties**"), as applicable, from and against all debts, obligations, duties, agreements, claims, losses, actions, proceedings, costs, expenses and damages (collectively, the "**Claims**") brought, incurred or suffered by the WAM Indemnified Parties in connection with, or arising out of, the performance of the Manager's obligations under this Agreement, save and except for such costs, expenses and damages as are occasioned by the negligence, wrongful act or willful omission of any of the WAM Indemnified Parties. For greater certainty, nothing herein shall entitle the Manager to seek reimbursement from, or be indemnified by, any of the securityholders of the Corporation.

6.2 **From The Manager.** The Manager shall indemnify and save harmless each of the Corporation, the Subsidiary and their respective officers, directors, employees and agents (the "**Corporation Indemnified Parties**"), as applicable, from and against all Claims

brought, incurred or suffered by the Corporation Indemnified Parties in connection with, or arising out of, any material breach of any material provision of this Agreement by, or by reason of any negligence or wrongful act or omission of, the Manager.

ARTICLE 7 TERM AND TERMINATION

- 7.1 **Term.** This Agreement as it pertains to the Corporation, unless terminated as provided for in Sections 7.2, 7.3 and 7.4 hereof, shall continue until the dissolution of the Corporation.
- 7.2 **Resignation.** The Manager may resign at any time in its sole discretion by providing ninety (90) days' prior notice in writing to the Corporation. No such resignation shall become effective until a successor manager shall have assumed in writing the responsibilities and obligations of the Manager under this Agreement.
- 7.3 **Termination Due to Breach of Material Obligations, Bankruptcy, Insolvency, etc.** If at any time:
- (a) the Manager breaches or fails to observe or perform any of its material obligations under this Agreement and, within thirty (30) days after notice from the Corporation to the Manager specifying the nature of such breach or failure, the Manager fails to cure the breach or fails to provide satisfactory evidence that such breach or failure will be cured or remedied within a reasonable period of time or after providing such satisfactory evidence thereafter fails to diligently pursue such cure or remedy;
 - (b) either of the Corporation or the Manager is wound up, dissolved, liquidated, or has its existence terminated (unless such existence is immediately reinstated), or has any resolution passed therefor, or makes a general assignment for the benefit of its creditors or a proposal under the *Bankruptcy and Insolvency Act* (Canada), or is adjudged bankrupt or insolvent pursuant to a final and binding order of a court of competent jurisdiction; or if it proposes a compromise or arrangement under the *Companies Creditors Arrangement Act* (Canada), or files any petition or answer seeking any reorganization, arrangement, compromise, composition, readjustment, liquidation, or similar relief for itself under any present or future law relating to bankruptcy, insolvency, or other relief for or against debtors generally;
 - (c) if a court of competent jurisdiction enters an order, judgment or decree against either of the Corporation or the Manager seeking any reorganization, arrangement, compromise, composition, readjustment, liquidation, dissolution, winding-up, termination of existence, declaration of bankruptcy or insolvency or similar relief under any present or future law relating to bankruptcy, insolvency or other relief for or against debtors generally, and such order, judgment or decree remains unvacated and unstayed for an aggregate of forty-five (45) days (whether or not consecutive) from the date of entry thereof, or if a trustee in bankruptcy, receiver, receiver and manager, liquidator or any other officer with similar powers is appointed for such party with the consent or acquiescence of such party and such appointment remains unvacated and unstayed for an aggregate of forty-five (45) days (whether or not consecutive); or

(d) the Corporation sells or otherwise divests itself of all of its assets,

then (i) the Corporation, in the case of Section 7.3(a), (ii) the Corporation or the Manager (being the party not bankrupt or insolvent, etc.), in the case of Section 7.3(b) or (c), or the Corporation or the Manager, in the case of Section 7.3(d), may thereafter give written notice (a “**Notice of Termination**”) to the other stating that this Agreement is terminated in respect of such party and the reasons therefor. Such termination shall be, and the Corporation may terminate this Agreement, effective on the tenth (10th) Business Day after the date on which the Notice of Termination was given to the other parties.

7.4 **Termination Due to Failure to Perform Duties, etc.** The Corporation may terminate the Manager’s engagement hereunder on ninety (90) days’ written notice to the Manager in the event of:

- (a) the Manager’s persistent failure to perform its duties or discharge its obligations under this Agreement; or
- (b) the continuing malfeasance or misfeasance of the Manager in the performance of its duties under this Agreement.

7.5 **Rights Upon Termination or Resignation.** Upon termination of this Agreement or upon the effective date of the resignation of the Manager, each party shall retain the right to pursue any other remedy it may have at law or in equity against the other party. All rights and remedies that the Corporation or the Manager, as applicable, may have at law, or in equity, upon breach of any term or condition of this Agreement, shall be distinct, separate and cumulative and no one of them, whether or not exercised by either of the Corporation or the Manager, as applicable, shall be deemed to be in exclusion to any other right or remedy of either of the Corporation or the Manager, as applicable.

7.6 **Obligations Upon Termination or Resignation.** Upon termination of this Agreement or upon the effective date of the resignation of the Manager, the Corporation shall pay to the Manager all expenses incurred pursuant to Section 4.2 and each party shall perform all its obligations that have accrued in compliance with this Agreement up to the date of termination of this Agreement. In the event that the termination of this Agreement, or the effective date of the resignation of the Manager, is other than at a month-end, expenses incurred pursuant to Section 4.2 shall be payable to the Manager to the date of termination of this Agreement.

7.7 **Return of All Material.** Upon termination of this Agreement or upon the effective date of the resignation of the Manager, the Manager shall forthwith deliver to the Corporation, or the successor Manager, as applicable, all information, materials, records, plans, documents, manuals, books of account and other items concerning the Corporation and the Subsidiary, including, without limiting the generality of the foregoing:

- (a) original records, documents and computer disks in the possession or control of the Manager, including, without limitation, all contracts, books of account and accounting materials, invoices and the like maintained in accordance with the provisions of this Agreement; and
- (b) all uncashed cheques and other monies not yet deposited into the Corporation’s or the Subsidiary’s bank accounts at the date of termination or received subsequent

to the date of termination by the Manager or its employees, servants or agents.

- 7.8 **Manager's Accounting Obligations.** In addition, upon termination of this Agreement or upon the effective date of the resignation of the Manager, the Manager shall forthwith deliver to the Corporation a final accounting and pay over any balance of the Corporation's or the Subsidiary's funds held by the Manager, if any, less any amounts then owing to the Manager pursuant to this Agreement. The Manager shall cooperate fully in effecting and communicating all applicable assignments and in assuring the prompt delivery to the Corporation of such materials.
- 7.9 **The Corporation's Obligations.** Upon termination of this Agreement or upon the effective date of the resignation of the Manager, the Corporation or the successor Manager, as applicable, shall:
- (a) assume all contracts entered into by the Manager relating to the management of the Corporation, if such contracts have been entered into in accordance with the provisions of this Agreement, and indemnify the Manager against any liability by reason of anything done or required to be done under any such contracts after the effective date of termination of this Agreement unless resulting from the misconduct or negligence of the Manager; and
 - (b) pay for the costs of all services, material and supplies, if any, that may have been ordered by the Manager as a result of its obligations arising from this Agreement but which may not have been charged to and paid for by the Manager and reimbursed under this Agreement at the time of termination or the effective date of the resignation of the Manager, if such services, materials and supplies have been ordered in accordance with the provisions of this Agreement.
- 7.10 **Survival Rights.** Any termination under this Agreement shall terminate all rights and obligations under this Agreement except:
- (a) those provided for in this Article 7;
 - (b) rights and obligations in respect to amounts owing including, if applicable, the Management Fee in accordance with the terms hereof to the date of termination;
 - (c) remedies in respect of any defaults or breach of this Agreement prior to the effective date of the termination; and
 - (d) matters with respect to which indemnities have been given pursuant to this Agreement.

ARTICLE 8 GENERAL

- 8.1 **Delegation and Consultants.** In connection with its services hereunder, the Manager may, from time to time, appoint, retain, engage the services of and rely on the advice of any Person as agent, representative or independent contractor, including lawyers, bankers, notaries, registrars, accountants, brokers or dealers in one or more capacities and any other advisors, including Persons that are Affiliates of the Manager, (each, an "**Advisor**"), on behalf of and for the account of the Corporation, to assist the Manager in the performance of its services hereunder and to perform such services as the Manager may specify, and to provide any services that the Manager may request from time to time

and that are necessary or appropriate to perform for the Corporation and the Subsidiary, and the Manager may at any time and from time to time dismiss any such Advisor so appointed, and shall pay any such Advisor all reasonable fees or charges for such services as may be agreed to by the Manager and the relevant Advisor, provided, however, that the Manager will remain fully liable for the performance of the duties and obligations so subcontracted and all other services of the Manager pursuant to the terms hereof.

- 8.2 **Assignment.** Subject to this Agreement, all rights, entitlements, duties and obligations arising from it shall not be assignable in whole or in part by any party, except with the prior approval of the other parties, which approval may not be unreasonably withheld.
- 8.3 **Appointment of Manager as Attorney-in-Fact.** The Corporation hereby irrevocably appoints the Manager as an attorney-in-fact during the Term of this Agreement, with full authority in the place and stead of and in the name of the Corporation, or otherwise, from time to time in the Manager's discretion or as required by this Agreement, to take such actions on behalf of the Corporation as the Manager may deem necessary or advisable to comply with or effect the purposes of this Agreement, including, without limitation, to execute any documents, instruments or certificates in connection therewith, to ask, demand, collect, sue for, recover, compound, receive and give acquittance and receipts or monies due and to become due in connection with assets owned by the Corporation or otherwise owed thereto, to receive, endorse, and collect any drafts or other instruments, documents and chattel paper in connection therewith, and to file any claims or take any action or institute any proceedings which the Manager may deem to be necessary or desirable for the collection thereof or to enforce compliance with the terms and conditions of this Agreement.
- 8.4 **Relationship of the Parties.** In taking any action pursuant to this Agreement, the Manager will be acting only as the appointed representative and manager of the Corporation and the Subsidiary, and nothing in this Agreement shall be construed as creating a partnership, joint venture or any other relationship between the parties.
- 8.5 **Waivers.** No consent to or waiver of any breach by any party in the performance of its obligations hereunder shall be valid unless made in writing and no such consent to or waiver of any breach will be deemed or construed to be a consent to or waiver of any other breach in the performance by such party of the same or any other obligations of such party hereunder.
- 8.6 **Notices.** Any notice or other instrument required or permitted to be given under this Agreement (a "Notice") shall be in writing and may be given by delivery or by fax, telecommunication device, or other similar form of electronic communication to the parties at the following addresses:
- (a) if to the Corporation:
WALTON WESTPHALIA DEVELOPMENT CORPORATION
23rd Floor, 605 – 5th Avenue S.W.
Calgary, AB CANADA T2P 3H5
Attention: Chief Executive Officer
Fax No.: (403) 213-3184
 - (b) if to the Manager or WAM GP:
WALTON ASSET MANAGEMENT L.P.

c/o WAM GP Ltd.
23rd Floor, 605 – 5th Avenue S.W.
Calgary, AB CANADA T2P 3H5
Attention: President
Fax No.: (403) 213-3184

Any Notice shall:

- (i) if delivered by hand or courier, be deemed to have been given or made at the time of delivery; and
- (ii) if sent by fax, telecommunication device or other similar form of electronic communication, be deemed to have been given or made on the first Business Day following the day on which it was sent.

Any Party may give written notice of change of its address in the same manner, in which event that Notice shall thereafter be given to it as above provided at that changed address.

- 8.7 **Binding Agreement.** Subject to the restrictions on assignment and transfer herein contained, this Agreement will enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, managers, legal representatives, successors and assigns, as the case may be.
- 8.8 **Time.** Time shall be of the essence hereof.
- 8.9 **Counterparts.** This Agreement, or any amendment to it, may be executed in multiple counterparts, each of which will be deemed an original agreement. All counterparts and adopting instruments shall be construed together and shall constitute one and the same agreement and delivery of the counterparts may be effected by means of electronic transmission and each such electronic copy and any photocopy thereof shall be treated as binding as if originals.
- 8.10 **Governing Law.** This Agreement shall be governed by the laws of the Province of Alberta and the federal laws of Canada applicable therein.
- 8.11 **Severability.** If any part of this Agreement is declared invalid or unenforceable, then such part will be deemed to be severable from this Agreement and will not affect the remainder of this Agreement.
- 8.12 **Entire Agreement; Paramountcy.** This Agreement constitutes the entire agreement between the parties with respect to the subject matter herein. Each party hereby acknowledges and agrees that no party has made any warranties, representations, covenants or agreements, expressed or implied, other than those expressly set forth in this Agreement and that each party, in entering into and executing this Agreement, has relied upon no warranties, representations, covenants or agreements other than those expressly set forth in this Agreement.
- 8.13 **Amendment.** This Agreement shall not be changed or modified in whole or in part, except by instrument in writing by the parties hereto or their respective successors or permitted assigns otherwise as provided herein.

8.14 **Further Assurances.** Each party shall from time to time at the reasonable request of any other party execute and deliver such instruments and take such further action as may be required to accomplish the purposes of this Agreement.

IN WITNESS WHEREOF the parties have executed this Agreement as of the date first above written.

WALTON WESTPHALIA DEVELOPMENT CORPORATION

Per: _____ **Blair Nixon, Q.C.
Authorized Signatory**

Per: _____ **Kurtis T. Kulman**

**WALTON ASSET MANAGEMENT L.P.,
by its general partner, WALTON ASSET
MANAGEMENT GP LTD.**

Per: _____ **Blair Nixon, Q.C.
Authorized Signatory**

Per: _____ **Kurtis T. Kulman**

**ASSIGNMENT AND NOVATION OF MANAGEMENT
AGREEMENTS**

This Assignment and Assumption Agreement is made effective as of the 1st day of April, 2018;

BETWEEN:

WALTON ASSET MANAGEMENT L.P., a limited partnership established pursuant to the laws of the Province of Alberta, by its general partner **WALTON ASSET MANAGEMENT GP LTD.** (referred to herein as the "**Assignor**")

- and -

WALTON GLOBAL INVESTMENTS LTD., a corporation formed pursuant to the *Business Corporations Act* (Alberta) (referred to herein as the "**Assignee**")

- and -

WALTON WESTPHALIA DEVELOPMENT CORPORATION, a corporation incorporated pursuant to the laws of the Province of Alberta (referred to herein as the "**Owner**")

WHEREAS:

- A. The Owner has delegated the performance of certain project management services to the Assignor, pursuant to the agreements listed in Schedule "A", attached hereto (collectively, the "**Assumed Contracts**")
- B. The Assignor, together with certain other parties, is an applicant under the *Companies' Creditors Arrangement Act*, RSC 1985, C-36 proceedings in respect of Walton International Group Inc., and the other applicants named therein, commenced pursuant to an initial order granted by the Alberta Court of Queen's Bench in Action No. 1701-05845 (the "**CCAA Proceedings**"); and
- C. In connection with the CCAA Proceedings and the Joint Plan of Compromise and Arrangement dated March 6, 2018, in respect thereof, the Assignor has agreed to assign to the Assignee and the Assignee has agreed to assume all of the right, title and interest in and to, and all benefits of the Assignor of the Assumed Contracts, effective as of April 1, 2018 (the "**Effective Date**").

NOW THEREFORE in consideration of good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by the Assignor), the parties agree as follows:

- 1. The Owner hereby consent so the assignment and assumption of the Assumed Contracts upon the terms and conditions of this Agreement and covenants and agrees with the Assignee that, from and after the Effective Date, the Assignee shall assume all of the Assignor's covenants, liabilities and indemnities, as manager, under the Assumed Contracts and shall enjoy the benefit of any covenants, representations, warranties and indemnities by the Owner in favour of the Assignor as if the Assignee were the original manager thereunder. This consent is limited solely to the present assignment and assumption provided for in this Agreement and any further assignment shall require the Owner's prior written consent.

2. The Assignor hereby absolutely assigns and transfers to the Assignee, with effect as of the Effective Date, all of the Assignor's right, title and interest in and to, and all benefits of the Assignor under, each of the Assumed Contracts.
3. The Assignee hereby accepts the foregoing assignments and covenants with the Assignor that it will, as and from the Effective Date, assume, discharge, perform and fulfill all the obligations and liabilities of the Assignor under each of the Assumed Contracts, and the Assignee hereby agrees to save the Assignor harmless from any loss, liability, claim, damage or expense suffered or incurred by the Assignor as a result of any failure by the Assignee to discharge, perform or fulfill such assumed obligations and liabilities as and from the Effective Date.
4. This Assignment is made pursuant to the Asset Purchase Agreement and is not in derogation of any of the rights of the Assignor or the Assignee under the Asset Purchase Agreement. The terms of the Asset Purchase Agreement shall not merge in this Assignment. In the event of any conflict or inconsistency between this Assignment and the Asset Purchase Agreement, the Asset Purchase Agreement shall govern and prevail.
5. Each of the parties will, from time to time, do all such further acts and things and execute and deliver all such further transfers, assignments, instruments and other documents as the other Party may reasonably request to carry out the intent of this Assignment.
6. This Agreement shall enure to the benefit of and be binding upon the parties and their respective successors and permitted assigns and shall not be assignable by any party without the prior written consent of the other party, which consent will not be unreasonably withheld, delayed or conditioned.
7. This Agreement shall be governed by and interpreted and enforced in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.
8. This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall constitute an original and all of which, when taken together, shall constitute one and the same instrument. Delivery of an executed counterpart of this Agreement by facsimile transmission or in portable document format shall constitute delivery of an executed counterpart of this instrument.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF the parties have executed this Assignment as of the date first above written.

The Assignors:

WALTON ASSET MANAGEMENT L.P., by
its general partner, WALTON ASSET
MANAGEMENT GP LTD.

Per: 
Name: **MICHAEL MAIER**
Title: Authorized Signatory

Per: 
Name: **CLARA CHONG**
Title: Authorized Signatory

The Assignee:

WALTON GLOBAL INVESTMENTS LTD.

Per: 
Name: **MICHAEL MAIER**
Title: Authorized Signatory

Per: 
Name: **CLARA CHONG**
Title: Authorized Signatory

The Owner:

WALTON WESTPHALIA
DEVELOPMENT CORPORATION

Per: 
Name: **MICHAEL MAIER**
Title: Authorized Signatory

Per: 
Name: **CLARA CHONG**
Title: Authorized Signatory

SCHEDULE "A"

Assumed Contracts

1. The management services agreement made effective as of February 27, 2012, between Walton Westphalia Development Corporation and Walton Asset Management L.P. by its general partner, Walton Asset Management GP Ltd.

This is Exhibit "C-2" referred to in the Affidavit of
BRYCE TINGLE, KC.

Sworn/Affirmed before me at the City of Calgary, Alberta
the 13 day of January, 2025



A Commissioner for Oaths in and for the
Province of Alberta

Meghan Parker
Barrister and Solicitor

INTERIM FINANCING COMMITMENT LETTER
made as of [●], 2025

WHEREAS the Borrower (as defined below) has requested that the Interim Lender (as defined below) provide financing to fund certain of the Borrower's cash requirements during the pendency of the Borrower's (as defined below) proceedings (the "CCAA Proceedings") under the Companies' Creditors Arrangement Act (Canada) (the "CCAA") to be commenced before the Court of King's Bench of Alberta (the "Court") in accordance with the terms and conditions set forth herein;

NOW THEREFORE, the parties, in consideration of the foregoing and the mutual agreements contained herein (the receipt and sufficiency of which are hereby irrevocably acknowledged), agree as follows:

1. **BORROWER:** Westphalia Dev. Corp. (the "**Borrower**").
2. **LENDER:** Walton Global Investments Ltd. or its affiliates (the "**Interim Lender**").
3. **DEFINED TERMS:** Unless otherwise defined herein, capitalized terms used in this Interim Financing Commitment Letter have the meanings given thereto in Schedule "A".
4. **PURPOSE:** The Borrower shall use the proceeds of the Interim Facility solely for the following purposes and in the following order:
 - (a) to fund the reasonable and documented professional fees and disbursements associated with the CCAA Proceedings. The Borrower and the Interim Lender agree that those fees and expenses incurred to the date hereof and those provided for in the Cash Flow Projections as of the date hereof are reasonable;
 - (b) to fund the payment of interest, fees and other amounts payable under this Interim Financing Commitment Letter;
 - (c) to fund the operating expenses of the Borrower necessary for the preservation of the business and assets during the CCAA Proceedings in accordance with the Forecast and Cash Flow Projections; and
 - (d) to fund such other costs and expenses as agreed to in advance by the Interim Lender, in writing.

For greater certainty, the Borrower may not use the proceeds of the Interim Facility to pay any pre-filing obligations of the Borrower without the prior written consent of the Interim Lender; it being agreed by the Interim Lender that such consent is not required for the Borrower to pay any amounts owing by the Borrower to the extent specifically identified in the Cash Flow Projections or the CCAA Initial Order. No proceeds may be used for any other purposes except with the prior written approval of the Interim Lender.

5. **INTERIM FACILITY,** A super priority (debtor-in-possession), interim, non-revolving credit facility (the "**Interim Facility**") up to a maximum principal amount of

MAXIMUM AMOUNT: \$[•] (the “**Maximum Amount**”) in increments as set out in the Forecast or the Cash Flow Projections, subject to the terms and conditions contained herein. Interim Advances (as defined below) shall be deposited into the Borrower Bank Account and utilized by the Borrower in accordance with the terms hereof.

Interim advances shall be made to the Borrower from the Interim Facility (such advances being referred to herein as “**Interim Advances**”, and “**Interim Advance**” means each such advance) by the Interim Lender in accordance with the conditions set out in Sections 8 and 9 hereof.

6. **CLOSING DATE** The earlier of (i) the date of the first Interim Advance (the “**Initial Advance**”); and (ii) the date on which the Interim Lender confirms in writing to the Borrower that all Initial Funding Conditions not waived by the Interim Lender have been satisfied (the “**Closing Date**”).
7. **DOCUMENTATION:** All of the obligations of the Borrower under or in connection with the Interim Facility, this Interim Financing Commitment Letter and any other documentation in respect of the Interim Facility that is requested by the Interim Lender (the “**Interim Financing Credit Documentation**”) each of which shall be acceptable in form and substance to the Interim Lender and shall be secured by the Interim Lender Charge.
8. **CONDITIONS PRECEDENT TO THE INITIAL ADVANCE:** The Interim Lender’s agreement to make the Initial Advance to the Borrower is subject to the satisfaction of the following conditions precedent (these conditions, the “**Initial Funding Conditions**”), as determined by the Interim Lender:
 - (a) The Court shall have issued the Initial Order on or before January 14, 2025 (the “**Outside Date**”), satisfactory to the Interim Lender and substantially in the form attached hereto on notice to such parties as are acceptable to the Interim Lender, approving this Interim Financing Commitment Letter, the Interim Facility, and granting the Interim Lender, a charge on all of the property of the Borrower (the “**Interim Lender Charge**”), to a maximum amount satisfactory to the Interim Lender and the Monitor securing all obligations owing by the Borrower to the Interim Lender under this Interim Financing Commitment Letter, the other Interim Financing Credit Documentation, and, without limitation, all principal of the Interim Advances, interest thereon and Interim Financing Fees and Expenses (collectively, the “**Interim Financing Obligations**”), which shall have priority over all Liens other than the Permitted Priority Liens, and providing that the Interim Lender Charge shall be valid and effective to secure all of the Interim Financing Obligations, without the necessity of making any registrations or filings, and the Initial Order shall not have been stayed, vacated or otherwise caused to be ineffective or amended, restated or modified in a way that adversely impacts the rights and interests of the Interim Lender, as determined by

the Interim Lender, without the consent of the Interim Lender;

- (b) The Interim Lender shall be satisfied that the Borrower has complied with and is continuing to comply in all material respects with all applicable laws, regulations and policies in relation to their businesses other than as may be permitted under a Restructuring Court Order or as to which any enforcement in respect of non-compliance is stayed by a Restructuring Court Order, provided the issuance of such Restructuring Court Order does not result in the occurrence of an Event of Default;
- (c) The Interim Lender shall have received the Cash Flow Projections and the Forecast, and the Initial Advance shall be made in accordance with the Cash Flow Projections;
- (d) The Interim Lender shall have received a written request for an Interim Advance from the Borrower, substantially in the form attached hereto, which shall be executed by an officer of the Borrower, and shall certify, *inter alia*, that the requested Interim Advance is within the Maximum Amount, is consistent with the Forecast or the Cash Flow Projections, and that the Borrower is in compliance with this Interim Financing Commitment Letter and the Restructuring Court Orders;
- (e) The requested Interim Advance shall not cause the aggregate amount of all outstanding Interim Advances to exceed the Maximum Amount or be greater than the amount shown on the Cash Flow Projections as at the date of such Interim Advance;
- (f) All Interim Financing Fees and Expenses for which invoices have been provided to the Borrower, shall have been paid, or will be paid from the proceeds of the requested Interim Advance within such period of time as is acceptable to the Interim Lender;
- (g) All of the representations and warranties of the Borrower as set forth herein are true and accurate at the time of such Interim Advance and the Interim Lender shall have received an officer's certificate of the Borrower certifying same;
- (h) No Default or Event of Default has occurred, or will occur as a result of the requested Interim Advance;
- (i) The Interim Lender is satisfied that no Material Adverse Change shall have occurred after the date of the issuance of the Initial Order;
- (j) There are no Liens ranking in priority to the Interim Lender Charge, other than the Permitted Priority Liens;
- (k) Neither the Borrower nor any shareholder of the Borrower shall have commenced or be continuing any action, application, petition, arbitration or litigation against the Interim Lender; and

- (l) The Initial Order shall not have been stayed, vacated or otherwise caused to be ineffective or amended, restated or modified in a manner that materially adversely impacts the rights and interests of the Interim Lender, as determined by the Interim Lender, without the consent of the Interim Lender.

- (m) For greater certainty, the Interim Lender shall not be obligated to make any Interim Advance or otherwise make available funds pursuant to this Interim Financing Commitment Letter unless and until all the foregoing conditions have been satisfied or waived by the Interim Lender and all the foregoing documentation and confirmations have been obtained (for certainty, each of the same as a condition precedent to each Interim Advance), each in form and content satisfactory to the Interim Lender.

9. **CONDITIONS TO
SUBSEQUENT
ADVANCES**

The Interim Lender's agreement to make subsequent Interim Advances to the Borrower is subject to the satisfaction of the following conditions precedent (these conditions, the "**Funding Conditions**"), as determined by the Interim Lender:

1. The Court shall have issued the ARIO, in a form satisfactory to the Interim Lender, including:
 - (a) increasing the Interim Lender Charge in favour of the Interim Lender, to an amount satisfactory to the Interim Lender;
 - (b) authorizing the Interim Lender to effect registrations, filings and recordings wherever it deems appropriate regarding the Interim Lender Charge;
 - (c) providing that the increased Interim Lender Charge shall be valid and effective to secure all of the obligations of the Borrower to the Interim Lender hereunder, without the necessity of the making of any registrations or filings and whether or not any other documents have been executed by the Borrower;
 - (d) declaring that the granting of the Interim Lender Charge and all other documents executed and delivered to the Interim Lender as contemplated herein, including, without limitation, all actions taken to perfect, record and register the Interim Lender Charge, do not constitute conduct meriting an oppression remedy, settlement, fraudulent preference, fraudulent conveyance or other challengeable or reviewable transaction under any applicable federal or provincial legislation; and
 - (e) provisions restricting the granting of any additional liens or encumbrances on the assets of the Borrower, other than as permitted herein and the Interim Lender Charge.
2. The Initial Funding Conditions continue to be satisfied.
3. The operations of the Borrower shall comply in all material respects (as determined by the Interim Lender, in its sole discretion) with the Cash Flow Projections and the Forecast.
4. The Cash Flow Projections and the Forecast shall be acceptable to the Interim Lender and the timing and amount of each advance shall be in accordance with the Cash Flow Projections and the Forecast.

10. **COSTS AND
EXPENSES**

The Borrower shall pay all of the Interim Lender's legal fees (on a solicitor-client, full indemnity basis) and out-of-pocket disbursements and any costs of realization or enforcement, including fees and disbursements of the Interim Lender's financial advisor, in each case in connection with or otherwise related to the Interim Facility, the Interim Lender Charge, the other Interim Financing Credit Documentation, or the CCAA Proceedings (collectively, the "**Interim Financing Fees and Expenses**") and such payment shall be made forthwith upon receipt of

the applicable invoice.

11. INTERIM FACILITY SECURITY:

All Interim Financing Obligations shall be secured by the Interim Lender Charge.

The Interim Lender Charge shall be a priority Lien, subordinate only to the Permitted Priority Liens.

Except as set out in the Cash Flow Projections, the Borrower shall not effect, and shall not permit to occur, any distribution of funds (whether from proceeds of the Interim Facility or otherwise) from the Borrower to any shareholder, sponsor, subsidiary or affiliate.

12. PERMITTED LIENS AND PRIORITY:

All Collateral will be free and clear of all Liens, except for the Permitted Liens.

13. MONITOR:

The Court-appointed monitor in the CCAA Proceedings shall be FTI Consulting Canada Inc. (the "**Monitor**"). The Monitor shall be authorized to have direct discussions with the Interim Lender, and the Interim Lender shall be entitled to receive information from the Monitor as may be requested by the Interim Lender from time to time.

14. REPAYMENT:

The Interim Facility shall be repayable in full on the earlier of: (i) the occurrence of any Event of Default hereunder which is continuing and has not been cured; (ii) the implementation of a plan of compromise or arrangement within the CCAA Proceedings (a "**Plan**") which has been approved by the requisite majorities of the Borrower's creditors and by an order entered by the Court; (iii) conversion of the CCAA Proceedings into a proceeding under the *Bankruptcy and Insolvency Act* (Canada); and (iv) April 30, 2025 (the earliest of such dates being the "**Maturity Date**").

The Commitment of the Interim Lender in respect of the Interim Facility shall expire on the Maturity Date and all amounts outstanding under the Interim Facility shall be repaid in full no later than the Maturity Date, without the Interim Lender being required to make demand upon the Borrower or to give notice that the Interim Facility has expired and the obligations are due and payable. The order of the Court sanctioning any Plan shall not discharge or otherwise affect in any way any of the obligations of the Borrower to the Interim Lender under the Interim Facility, other than after the permanent and indefeasible payment in cash to the Interim Lender of all Interim Financing Obligations on or before the date the Plan is implemented.

15. REPORTING REQUIREMENTS:

The Borrower shall provide to the Interim Lender:

- (n) **Weekly Cash Flow Projections.** Prior to 5:00 p.m. (Calgary time) on [DATE] and each week thereafter, the Cash Flow Projections. The Cash Flow Projections shall be certified by the Chief Financial Officer of the Borrower or other senior officer of the Borrower acceptable to the Interim Lender, to be complete, true and accurate.

- (o) **Forecast.** Prior to 5:00 p.m. (Calgary time) on [DATE], the Borrower shall provide a forecast (the "**Forecast**"), on a month-by-month basis, for the period from [DATE] to [DATE], on a consolidated [**and non-consolidated**] basis, which discloses all material assumptions utilized and includes the following items set out on a monthly basis: balance sheet, income statement, cash flow statement, EBITDA, capital expenditures budget, operating leases and tax liabilities. The Forecast shall be updated monthly.
- (p) **[Monthly Financial Statements.** As soon as available, but in any event within [30] days after the end of each calendar month, the unaudited consolidated [**and unconsolidated**] balance sheet of the Borrower as at the end of such month and the related unaudited consolidated [**and unconsolidated**] statement of income and of cash flows. The financial statements shall be accompanied by a management discussion and analysis for such month and the portion of the fiscal year through the end of such month, and shall include an analysis of any material variances in the Borrower's financial results in such month from the projections contained in the Borrower's most recent Forecast, certified by the Chief Financial Officer of the Borrower or other senior officer of the Borrower, acceptable to the Interim Lender, to be complete, true and accurate.]
- (q) **[Priority Payables.** Within [•] days after the end of each calendar month, evidence of payment of all statutory remittances, withholdings, taxes, wages, property taxes and other amounts (including, without limitation, in respect of sales tax, harmonized sales tax (HST), goods and services tax (GST) and employee source deductions), that, if unpaid, would or may have the benefit of an encumbrance, lien or deemed trust ranking in priority or *pari passu* to the security of the Interim Lender.]
- (r) **Materials Filed in CCAA Proceeding.** Deliver to the Interim Lender draft copies of any court materials to be filed by the Borrower with the CCAA Court, for review, comment and approval by the Interim Lender not less than [•] Business Days prior to the date of service and filing.
- (s) **Default/Event of Default.** Prompt notice of a Default or Event of Default.
- (t) **Other Information.** Promptly, from time to time, such other information as may be reasonably requested by the Interim Lender including, without limitation regarding the business, assets, liabilities, operations and financial condition of the Borrower and the CCAA Proceeding.

**16. AVAILABILITY
UNDER INTERIM**

Provided that no Default or Event of Default has occurred, each Interim Advance shall be made by the Interim Lender to the Borrower within two (2) Business Days after satisfaction, as determined by the

FACILITY: Interim Lender of all of the Initial Funding Conditions or the Funding Conditions, as applicable, set out in this Interim Financing Commitment Letter. No more than two Interim Advances will be available in any week.

Interim Advances shall be available to the Borrower in Canadian Dollars. Each Interim Advance shall be in a minimum aggregate amount that is no less than Cdn. \$[250,000] and in excess thereof in integral multiples of Cdn. \$[25,000] and in accordance with the Cash Flow Projections.

All proceeds of Interim Advances shall be deposited into the Borrower Bank Account. The Borrower Bank Account shall be subject to a priority Lien in favour of the Interim Lender, subordinate only to the Permitted Priority Liens.

17. USE OF PROCEEDS: The proceeds of the Interim Facility shall only be used: (i) to finance operating expenses, restructuring costs in the CCAA Proceedings, professional fees (including fees of legal counsel to the Borrower, the Monitor and the Monitor's legal counsel), and for general corporate purposes of the Borrower, all in accordance with the Forecast and the Cash Flow Projections, and (ii) to pay fees and expenses related to the Interim Facility and the CCAA Proceedings, provided that no proceeds from the Interim Facility or the Collateral shall be used other than in accordance with the Interim Financing Commitment Letter unless otherwise agreed in writing by the Interim Lender.

18. EVIDENCE OF INDEBTEDNESS: The Interim Lender's accounts and records constitute, in the absence of manifest error, conclusive evidence of the indebtedness of the Borrower to the Interim Lender pursuant to the Interim Facility.

19. INTEREST RATE AND DEFAULT INTEREST RATE: The Interim Advances shall bear interest at a rate *per annum* equal to the **Prime Rate plus 4%** (the "**Interest Rate**"). Such interest shall accrue daily and shall be payable, in arrears, in cash on each Interest Payment Date for each Interim Advance for the period from and including the date upon which the Interim Lender advance such Interim Advance to the Borrower to and including the day such Interim Advance is repaid or paid, as the case may be, and shall be calculated on the principal amount of each Interim Advance outstanding during such period and on the basis of the actual number of days elapsed in a year of 365 or 366 days, as applicable. **[NTD: Margin to be confirmed; inclusion of standby fee to be confirmed.]**

Overdue amounts of principal, interest and any fee or other amounts payable under the Interim Facility shall bear interest at a rate of the Interest Rate plus an additional **[3]% per annum** (the "**Default Interest Rate**") from the date that such amount is due until the date that such amounts are paid.

During any period in which an Event of Default has occurred and is continuing, the Default Interest Rate shall apply to all Interim Advances, interest, the Interim Financing Fees and Expenses and any

other amounts owing hereunder.

20. CURRENCY:

Unless otherwise stated, all monetary denominations shall be in Canadian Dollars. Any payment under this Interim Financing Commitment Letter which the Borrower pays to the Interim Lender in a currency other than Canadian Dollars (the “**Other Currency**”), whether voluntarily or pursuant to an order or judgment of a court or tribunal of any jurisdiction, will only discharge the Credit Parties' liability under this Interim Financing Commitment Letter to the extent of the Equivalent Amount in Canadian Dollars of the Other Currency so paid.

21. REPRESENTATIONS AND WARRANTIES:

The Borrower represents and warrants to the Interim Lender, upon which the Interim Lender relies on in entering into this Interim Financing Commitment Letter and the other Interim Financing Credit Documentation, that:

- (a) The transactions contemplated by this Interim Financing Commitment Letter and the other Interim Financing Credit Documentation to which the Borrower is party, subject to obtaining the Initial Order and the terms thereof:
 - (i) are within the corporate powers of the Borrower;
 - (ii) have been duly authorized by all necessary corporate authority, and, if required, shareholder approval of the Borrower;
 - (iii) have been duly executed and delivered by or on behalf of the Borrower;
 - (iv) constitute legal, valid, and binding obligations of the Borrower; and
 - (v) do not require the consent or approval of, registration or filing with, or any other action by, any Governmental Authority, other than filings which may be made to register or otherwise record the Interim Lender Charge.
- (b) The activities of the Borrower have been conducted in material compliance with all applicable provincial, state and federal laws, subject to the provisions of the CCAA, and any Restructuring Court Order, unless: (i) otherwise ordered by the Court, or (ii) the sanctions for non-compliance are stayed by a Restructuring Court Order.
- (c) The Borrower has maintained its obligations for payroll, source deductions, goods and services tax, harmonized sales tax, and any other liabilities that have, or could have, a statutory priority to registered contractual security interests, as applicable, and is not in arrears in respect of payment of these obligations, except for any taxes that are being contested in good faith by appropriate proceedings being diligently conducted, in which

case appropriate reserves have been made.

- (d) The Forecast, the Cash Flow Projections and any forward-looking statements, estimates, and pro forma financial information furnished to the Lender pursuant to any Loan Document, are based on good-faith estimates and assumptions believed by the Loan Parties to be reasonable at the time made.
- (e) No Default or Event of Default has occurred and is continuing.
- (f) All representations and warranties made by the Borrower in all other documentation are materially true and correct in all respects.
- (g) The Borrower has made full and complete disclosure in writing to the Interim Lender of all litigation or other proceedings involving the Borrower (or any one or more of them) and (ii) all claims and/or threatened claims, litigation or proceedings against the Borrower.
- (h) All material contracts to which the Borrower is a party are in full force and effect and are valid, binding and enforceable in accordance with their terms.
- (i) Other than as previously disclosed in writing to the Interim Lender, the Borrower does not have any defined benefit pension plans or similar plans.
- (j) The Borrower is not liable for any indebtedness for borrowed money, except as disclosed in the CCAA Proceedings.
- (k) The Borrower, from and after the granting of the Initial Order, will be and shall remain in compliance with the Initial Order.

22. AFFIRMATIVE COVENANTS:

The Borrower covenants and agrees to perform and do each of the following until the Interim Financing Obligations are permanently and indefeasibly repaid in full and the Interim Facility is terminated:

- (a) Allow the Interim Lender or its agents and advisors, on reasonable notice during regular business hours, to enter on and inspect the Borrower's assets and properties, and provide the Interim Lender or its agents or advisors, on reasonable notice and during normal business hours, full access to the books and records of the Borrower and cause management thereof to fully co-operate with the Interim Lender or its agents and advisors, as applicable.
- (b) Use reasonable efforts to keep the Interim Lender apprised on a timely basis of all material developments with respect to the business and affairs of the Borrower, including (without limitation) the development of a Plan or a Restructuring Option.
- (c) Deliver to the Interim Lender periodic reporting packages and other information requested by the Interim Lender from time to time, including (i) the reporting materials requirement under

Section 15; (ii) at least three (3) business days prior to filing with the Court, copies of all pleadings, motions, applications, judicial or financial information and other documents to be filed by or on behalf of the Borrower with the Court including, for certainty, with respect to the CCAA Proceedings; (iii) as soon as reasonably practicable, notice of material events, including, without limitation, defaults, new litigation or changes in status of ongoing litigation, regulatory and other filings and any other event that could reasonably be expected to result in a Material Adverse Change; and (iv) without limiting the foregoing, copies of any financial reporting provided to the Monitor in a timely manner and forthwith provide to the Interim Lender any reports or commentary received from the Monitor regarding the financial position of the Borrower.

- (d) Use the proceeds of the Interim Facility only for the purposes described in Section 17, and in a manner consistent with the restrictions set out herein.
- (e) Comply with the provisions of the Court orders made in the CCAA Proceedings applicable to the Borrower (collectively, the **“Restructuring Court Orders”** and each a **“Restructuring Court Order”**); provided that if any such Restructuring Court Order contravenes this Interim Financing Commitment Letter or any other Interim Financing Credit Documentation so as to materially adversely impact the rights or interests of the Interim Lender, as determined by the Interim Lender, the same shall be an Event of Default hereunder.
- (f) Preserve, renew and keep in full force its respective corporate existence and its respective material licenses, permits, approvals, and other authorizations required in respect of its business, properties, assets or any activities or operations carried out therein, unless otherwise agreed by the Interim Lender.
- (g) Conduct all activities in a manner consistent with the Forecast and the Cash Flow Projections, as applicable.
- (h) Forthwith notify the Interim Lender of the occurrence of any Default or Event of Default.

- (i) Provide to the Interim Lender regular updates regarding the status of the CCAA Proceedings including, without limitation, reports on the progress of any Plan or Restructuring Option, and any information which may otherwise be confidential subject to same being maintained as confidential by the Interim Lender and respond to all inquiries of the Interim Lender as soon as reasonably possible.
- (j) Comply in all respects with all laws to which it may be subject, if failure so to comply would (i) materially impair its ability to perform its obligations under this Interim Financing Commitment Letter or the other Interim Financing Credit Documentation; (ii) have a significantly unfavourable effect on their activities, their assets and their financial situation; or (iii) constitute a breach of any Court order.

23. NEGATIVE COVENANTS:

The Borrower covenants and agrees not to do the following, other than with the prior written consent of the Interim Lender:

- (a) Transfer, lease, or otherwise dispose of all or any part of its property, assets or undertaking except for: (a) in the ordinary course of business, (b) in accordance with the Cash Flow Projections, the Forecast, the CCAA Initial Order or any further orders in the CCAA Proceedings, or (c) the disposition of obsolete or worn-out equipment or assets consistent with past practice, and, in each case, not to exceed Cdn. \$[100,000] at any one time, or through a series of related transactions over Cdn. \$[250,000] in the aggregate after the date hereof.
- (b) Make any payment, including, without limitation, any payment of principal, interest or fees, on account of pre-filing indebtedness or in respect of any other pre-filing liabilities, including payments with respect to pre-filing trade or unsecured liabilities of the Borrower, royalties, forward contracts or any similar arrangements, other than as required or permitted pursuant to the Cash Flow Projections, the Forecast or any Restructuring Court Order, provided that the Borrower shall be permitted to pay the professional fees and expenses of the Interim Lender in its capacity as holder of pre-filing indebtedness.
- (c) Create or permit to exist indebtedness (including guarantees thereof or indemnities or other financial assistance in respect thereof) other than existing (pre-filing) debt, debt contemplated by this Interim Financing Commitment Letter, the Forecast, the Cash Flow Projections and post-filing trade payables.
- (d) Make or give any additional financial assurances, in the form of bonds, letters of credit, guarantees or otherwise, to any person (including, without limitation, any Governmental Authority).
- (e) Create, permit to exist or seek or support a motion by another party to provide to any third party a Lien on the Collateral which

is senior to or *pari passu* with the Interim Lender Charge, other than the Permitted Priority Liens.

- (f) Change its name, amalgamate, consolidate with or merge into, or enter into any similar transaction with any other entity.
- (g) Make any payment in respect of post-employment benefit payments.
- (h) Enter into any sale and leaseback agreement.
- (i) Cease (or threaten to cease) to carry on their business or activities as currently being conducted or modify or alter in any material manner the nature and type of their operations, business or the manner in which such business is conducted.
- (j) Amend or terminate any material agreement to which the Borrower is a party.

**24. INDEMNITY AND
RELEASE:**

The Borrower agrees, on a joint and several basis, to indemnify and hold harmless the Interim Lender and their respective directors, officers, partners, employees, agents, attorneys, advisors and affiliates (all such Persons and entities being referred to hereafter as "**Indemnified Persons**") from and against any and all actions, suits, proceedings (including any investigations or inquiries), claims, losses, damages, liabilities or expenses of any kind or nature whatsoever (excluding indirect or consequential damages and claims for lost profits) which may be incurred by or asserted against or involve any Indemnified Person (collectively, "**Claims**") as a result of or arising out of or in any way related to or resulting from this Interim Financing Commitment Letter and the other Interim Financing Credit Documentation (regardless of whether such Claim is made in the CCAA Proceedings or any other proceeding, including a bankruptcy or insolvency proceeding) and, upon demand, to pay and reimburse any Indemnified Person for any legal or other out-of-pocket expenses incurred in connection with investigating, defending or preparing to defend any such action, suit, proceeding (including, without limitation, any inquiry or investigation) or claim (whether or not any Indemnified Person is a party to any action or proceeding out of which any such expenses arise); provided, however, the Borrower shall not be obligated to indemnify pursuant to this Section any Indemnified Person against any loss, claim, damage, expense or liability (a) to the extent it resulted from the gross negligence or wilful misconduct of such Indemnified Person as finally determined by a court of competent jurisdiction, or (b) to the extent arising from any dispute solely among Indemnified Persons other than any claims arising out of any act or omission on the part of the Borrower. The Borrower shall not be responsible or liable to any Indemnified Person or any other person for consequential or punitive damages. Each of the Indemnified Persons undertakes to repay any and all costs paid to such Indemnified Person in accordance with this Section 24 if it is ultimately determined that such Indemnified Person is not entitled to be indemnified therefor.

The indemnities granted under Interim Financing Credit Documentation shall survive any termination of the Interim Facility.

25. EVENTS OF DEFAULT:

The occurrence of any one or more of the following events without the Interim Lender's prior written consent shall constitute an event of default ("**Event of Default**") under this Interim Financing Commitment Letter:

- (a) the issuance of an order of the Court (including any Restructuring Court Order) or any other court of competent jurisdiction:
 - (i) terminating or dismissing the CCAA Proceedings, or lifting the stay in the CCAA Proceedings to permit (A) the enforcement of any Lien against the Borrower, or a material portion of its property, assets or undertaking, or (B) the appointment of a receiver and manager, receiver, interim receiver or similar official or the making of a bankruptcy order against the Borrower;
 - (ii) granting any Lien which is senior to or *pari passu* with the Interim Lender Charge, other than the Permitted Priority Liens;
 - (iii) staying, reversing, vacating or otherwise modifying this Interim Financing Commitment Letter, the other Interim Financing Credit Documentation, or any Restructuring Court Order in a manner materially adverse to the interests of the Interim Lender, as determined by the Interim Lender;
 - (iv) materially adversely impacting the rights and interests of the Interim Lender, as determined by the Interim Lender; and
 - (v) directing the Borrower to pay any post-employment benefits;
- (b) the filing of any pleading by the Borrower seeking any of the matters set forth in clause (a) above or failure of the Borrower to diligently oppose any party that brings an application or motion for the relief set out in paragraph (a) above and/or fails to secure the dismissal of such motion or application within 10 days from the date such application or motion is brought;
- (c) any update in the Forecast or the Cash Flow Projections contemplates or forecasts an adverse change to the rights and interests of the Interim Lender or changes from the then existing Forecast or the Cash Flow Projections and such change(s) constitute a Material Adverse Change, or any update in the Forecast or the Cash Flow Projections forecasts that borrowings under the Interim Facility will exceed the Maximum Amount at any time (unless and until the Interim Lender

consents to increase the Maximum Amount) (each, an “**Updated Budget Default**”), or the Borrower does not meet the Cash Flow Test at any time;

- (d) the occurrence of a Material Adverse Change;
- (e) any representation or warranty by the Borrower in this Interim Financing Commitment Letter or any other Interim Financing Credit Documentation shall be incorrect or misleading in any material respect when made;
- (f) borrowings under the Interim Facility exceed the Maximum Amount at any time;
- (g) any material violation or breach of any Restructuring Court Order upon receipt by the Borrower of notice from the Interim Lender of such violation or breach;
- (h) the Borrower fails to perform or observe any of its obligations or covenants under any Interim Financing Credit Documentation in any material respect;
- (i) if a proceeding is commenced or consented to by the Borrower challenging the validity, priority, perfection or enforceability of any of the Interim Financing Credit Documentation;
- (j) the sale of all or substantially all the assets of the Borrower that does not provide for the payment in full of the Interim Financing Obligations, without the consent of the Interim Lender;
- (k) any proceeding, motion or application is commenced or filed by the Borrower, or if commenced by another party, supported or otherwise consented to by the Borrower, seeking the invalidation, subordination or other challenging of the terms of the Interim Facility, the Interim Lender Charge, this Interim Financing Commitment Letter or any of the other Interim Financing Credit Documentation or, unless the Plan or Restructuring Option provides for repayment in full of the Interim Facility, the approval of any Plan or Restructuring Option which does not have the prior written consent of the Interim Lender;
- (l) any Plan is sanctioned or any Restructuring Option is consummated by the Borrower that is not consistent with or contravenes any provision of Interim Financing Commitment Letter or any of the other Interim Financing Credit Documentation in a manner that is materially adverse to the interests of the Interim Lender, as determined by the Interim Lender, or would reasonably be expected to materially adversely affect the interests of the Interim Lender, as determined by the Interim Lender, unless the Interim Lender has consented thereto;

- (m) if the Borrower pays or agrees to pay any of the legal, consulting or other professional fees and/or disbursements not otherwise listed on the Forecast or the Cash Flow Projections;
- (n) failure of the Borrower to pay any principal amount owing under this Interim Financing Commitment Letter when due;
- (o) failure of the Borrower to pay any interest or fees or any portion thereof owing under this Interim Financing Commitment Letter or any other Interim Financing Credit Documentation when due and such default shall remain unremedied for a period of five (5) Business Days after written notice from the Interim Lender to the Borrower that such amount is overdue;
- (p) except in the case of Section 25(o) (which shall have no cure period) and any other covenant or obligation whose breach or default in performance is specifically described elsewhere in this Section 25, failure of the Borrower to perform or comply with any other term or covenant under this Interim Financing Commitment Letter or any other Interim Financing Credit Documentation, and such default shall continue unremedied for a period of three (3) Business Days;
- (q) if the Borrower commences an action or takes any other proceeding to obtain any form of relief against the Interim Lender, or any affiliate thereof, including, without limitation, a proceeding to recover damages or to obtain payment of any amounts purported to be owing by the Interim Lender, or any affiliate thereof to the Borrower or any affiliate thereof if the Interim Lender or such affiliate disputes any of the same; and
- (r) the expiration of the stay issued under the CCAA Proceedings.

26. REMEDIES:

Upon the occurrence of an Event of Default, and subject to the Restructuring Court Orders, the Interim Lender may elect to terminate their and the Initial Lender's commitment to make Interim Advances to the Borrower hereunder and declare the obligations in respect of this Interim Financing Credit Documentation to be immediately due and payable and cease making any further Interim Advances. Without limiting the foregoing remedies, upon the occurrence of an Event of Default, the Interim Lender may elect to permanently reduce the Maximum Amount. In addition, upon the occurrence of an Event of Default, the Interim Lender may subject to any Restructuring Court Order:

- (a) apply to the Court for the appointment of a receiver, an interim receiver or a receiver and manager over the Collateral, or for the appointment of a trustee in bankruptcy of the Borrower;
- (b) set-off or combine any amounts then owing by the Interim Lender to the Borrower against the obligations of the Borrower to the Interim Lender hereunder or under any other Interim

Financing Credit Documentation;

- (c) apply to the Court, on notice to the Borrower, for an order or orders, on terms satisfactory to the Monitor, the Interim Lender, providing the Monitor with the power, in the name of and on behalf of the Borrower, to take all necessary steps in the CCAA Proceedings;
- (d) subject to obtaining prior approval from the Court, exercise the powers and rights of a secured party under the *PPSA* or any legislation of similar effect; and
- (e) subject to obtaining prior approval from the Court, exercise all such other rights and remedies under the Interim Financing Credit Documentation, the Restructuring Court Orders and applicable law.

27. INTERIM LENDER'S APPROVALS:

Any consent, approval, instruction or other expression of the Interim Lender shall be in the Interim Lender's sole and absolute discretion, unless otherwise provided in this Interim Financing Commitment Letter and shall be delivered by any written instrument, including by way of electronic mail, by the Interim Lender, or its counsel, pursuant to the terms of this Interim Financing Commitment Letter.

28. TERMINATION BY THE BORROWER:

Effective immediately upon the indefeasible payment in full in immediately available funds of all of the outstanding Interim Financing Obligations, (a) this Interim Financing Commitment Letter, the other Interim Financing Credit Documentation, the Interim Facility shall be cancelled without any further action from any party and (b) all obligations of the Borrower and the Interim Lender under this Interim Financing Commitment Letter and the other Interim Financing Credit Documentation shall cease, except those obligations in Section 24 that explicitly survive termination.

29. AMENDMENTS, WAIVERS, ETC.:

No waiver or delay on the part of the Interim Lender in exercising any right or privilege under this Interim Financing Commitment Letter or any Interim Financing Credit Documentation will operate as a waiver thereof unless made in writing by the Interim Lender and delivered in accordance with the terms thereof, and then such waiver shall be effective only in the specific instance and for the specific purpose given.

30. SUCCESSORS AND ASSIGNS:

The provisions of this Interim Financing Commitment Letter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that the Borrower may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Interim Lender, which consent may be refused in the sole and absolute discretion of the Interim Lender. The Interim Lender may, at any time, assign or participate to one or more assignees or participants all or a portion of its rights and obligations under this Interim Financing Commitment Letter.

**31. COUNTERPARTS
AND FACSIMILE
SIGNATURES:**

This Interim Financing Commitment Letter may be executed in any number of counterparts and by facsimile or other electronic transmission, each of which when executed and delivered shall be deemed to be an original and which when taken together shall constitute one and the same instrument. Any party may execute this Interim Financing Commitment Letter by signing any counterpart of it.

32. NOTICES:

Any notice, request or other communication hereunder to any of the parties shall be in writing and be well and sufficiently given if delivered to:

In the case of the Borrower:

Norton Rose Fulbright Canada LLP
400 3 Avenue SW, Suite 3700
Calgary, AB T2P 4H2

Attention: Howard A. Gorman, K.C./Meghan Parker
Email: howard.gorman@nortonrosefulbright.com/
meghan.parker@nortonrosefulbright.com

In the case of the Interim Lender:

[•]
Attention: [•]
Email: [•]

In the case of the Monitor:

FTI Consulting Canada Inc.
1610, 520, 5th Ave S.W.
Calgary, AB T2P 3R7 Canada

Attention: Deryck Helkaa / Dustin Olver
Email: Deryck.helkaa@fticonsulting.com
Dustin.olver@fticonsulting.com

33. GOVERNING LAW:

This Interim Financing Credit Documentation shall be governed by, and construed in accordance with, the laws of the Province of Alberta and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the parties hereto have executed this Interim Financing Commitment Letter.

BORROWER:

WESTPHALIA DEV. CORP., as Borrower

By: _____
Name:
Title:

By: _____
Name:
Title:

INTERIM LENDER:

WALTON GLOBAL INVESTMENTS LTD., as
Interim Lender

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE "A"

DEFINED TERMS

"Adjusted Term CORRA" means, for purposes of any calculation, the rate *per annum* equal to (a) Term CORRA for such calculation plus (b) the Term CORRA Adjustment; provided that, if Adjusted Term CORRA as so determined for any day shall be less than zero percent *per annum*, then Adjusted Term CORRA shall be deemed to be zero percent per annum for such day.

"Administration Charge" means the administration charge on the Collateral in an aggregate amount not to exceed Cdn. \$[•].

"ARIO" means, in the event the Initial Order is granted, an amended and restated Initial Order (as may be further amended or amended and restated from time to time) granted by the Court.

"Borrower" has the meaning given thereto in Section 1.

"Borrower Bank Account" means the following account to which payments and transfers under the Interim Financing Commitment Letter are to be affected:

Account:	[•]
Bank:	[•]
Bank Code:	[•]
Transit /Branch	[•]
Account:	[•]
Swift Code:	[•]

"Business Day" means a day, excluding Saturday and Sunday, on which banking institutions are open for the transaction of commercial business in Calgary, Alberta and Toronto, Ontario.

"Cash Flow Projections" means a statement indicating the Borrower's weekly cash-flow projections, in form, content and detail satisfactory to the Interim Lender setting forth (a) a rolling [13]-week cash flow forecast of the cash receipts and cash disbursements of the Borrower from [DATE]; and (b) a variance report comparing the actual cash receipts and cash disbursements for the preceding week to the projected cash receipts and cash disbursements for such week and explaining, to the reasonable satisfaction of the Interim Lender, variances of 15% or more, as such Cash Flow Projections may be updated, amended or modified from time to time by the Borrower.

"CCAA" has the meaning given thereto in the preamble.

"CCAA Proceedings" has the meaning given thereto in the preamble.

"Cdn. Dollars" and the symbol **"Cdn. \$"** and the symbol **"\$"** each mean lawful money of Canada.

"Claims" has the meaning given thereto in Section 24.

“Closing Date” has the meaning given thereto in Section 6.

“Collateral” means all present and future assets and property of the Borrower, real and personal, tangible or intangible, and whether now owned or which are hereafter acquired or otherwise become the property of the Borrower.

“Commitment” means, as to the Interim Lender, its obligation to make Interim Advances to the Borrower pursuant to Section 8 and 9 in an aggregate principal amount at any one time outstanding not to exceed the Maximum Amount, as such amount may be adjusted from time to time in accordance with this Interim Financing Commitment Letter.

“CORRA” means the Canadian Overnight Repo Rate Average administered and published by the Bank of Canada (or any successor administrator).

“Court” has the meaning given thereto in the preamble.

“Default” means any event or condition which, with the giving of notice, lapse of time or upon a declaration or determination being made (or any combination thereof), would constitute an Event of Default.

“Default Interest Rate” has the meaning given thereto in Section 19.

“Directors’ Charge” means a charge in an amount not to exceed Cdn. \$25,000 on all the present and future assets, property and undertaking of the Borrower, real and personal, tangible and intangible, and whether now owned or which are hereafter acquired or otherwise become the property of the Borrower, granted in favour of the current and future directors and officers of the Borrower.

“Disposition” or **“Dispose”** means the sale, transfer, license, lease or other disposition (including any sale and leaseback transaction), whether in one transaction or in a series of transactions, of any property (including, without limitation, any equity interests) by any Person (or the granting of any option or other right to do any of the foregoing), including any sale, assignment, transfer or other disposal, with or without recourse, of any notes or accounts receivable or any rights and claims associated therewith.

“Dollars” and **“\$”** and **“Canadian Dollars”** and **“Cdn.\$”** mean lawful money of Canada.

“Equivalent Amount” means, with respect to any two currencies, the amount obtained in one such currency when an amount in the other currency is converted into the first currency using the spot rate of exchange for such conversion as quoted by the Bank of Canada at the close of business on the Business Day that such conversion is to be made (or, if such conversion is to be made before close of business on such Business Day, then at close of business on the immediately preceding Business Day).

“Event of Default” has the meaning given thereto in Section 25.

“Filing Date” means the date in which the Initial Order is granted.

“Funding Conditions” has the meaning given thereto in Section 9.

“Governmental Authority” means any federal, provincial, state, regional, municipal or local government or any department, agency, board, tribunal or authority thereof or other political

subdivision thereof and any entity or Person exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, government or the operation thereof.

"Indemnified Persons" has the meaning given thereto in Section 24.

"Initial Advance" has the meaning given thereto in Section 6.

"Initial Funding Conditions" has the meaning given thereto in Section 8.

"Initial Order" means the initial order anticipated to be granted by the Court on January 14, 2025 pursuant to which the Borrower will become subject to the CCAA Proceedings.

"Interest Payment Date" means the first after the end of each month provided that, in any case, on the Maturity Date or, if applicable, any earlier date on which the Interim Facility is fully cancelled or permanently reduced in full, shall be an Interest Payment Date with respect to all Interim Advances then outstanding under the Interim Facility.

"Interest Period" means, as to any loan, the period commencing on the date such loan is disbursed and ending on the date one month thereafter; provided that:

- (a) any Interest Period that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day;
- (b) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period; and
- (c) no Interest Period shall extend beyond the Maturity Date.

"Interim Advance" and **"Interim Advances"** have the meanings given thereto in Section 5.

"Interim Facility" has the meaning given thereto in Section 5.

"Interim Financing Credit Documentation" has the meaning given thereto in Section 7.

"Interim Financing Fees and Expenses" has the meaning given thereto in Section 10.

"Interim Financing Obligations" has the meaning given thereto in Section 8.

"Interim Lender" has the meaning given thereto in Section 2.

"Interim Lender Charge" has the meaning given thereto in Section 8.

"Liens" means all mortgages, charges, pledges, hypothecs, assignments by way of security, conditional sales or other title retention arrangements, security created under the *Bank Act* (Canada), liens, encumbrances, security interests or other interests in property, howsoever created or arising, whether fixed or floating, perfected or not, which secure payment or performance of an obligation and, including, in any event:

- (a) deposits or transfers of cash, marketable securities or other financial assets under any agreement or arrangement whereby such cash, securities or assets may be withdrawn, returned or transferred only upon fulfilment of any condition as to the discharge of any other indebtedness or other obligation to any creditor;
- (b) (i) rights of set-off or (ii) any other right of or arrangement of any kind with any creditor, which in any case are made, created or entered into, as the case may be, for the purpose of or having the effect (directly or indirectly) of (A) securing indebtedness, (B) preferring some holders of indebtedness over other holders of indebtedness or (C) having the claims of any creditor be satisfied prior to the claims of other creditors with or from the proceeds of any properties, assets or revenues of any kind now owned or later acquired (other than, with respect to (C) only, rights of set-off granted or arising in the ordinary course of business); and
- (c) absolute assignments of accounts receivable,

in each of the foregoing cases, granted by the Borrower or against the Collateral.

“Material Adverse Change” means any event, circumstance, occurrence or change which results, or which would reasonably be expected to result, in a material adverse change in:

- (a) the ability of the Borrower to perform any material obligation under this Interim Financing Commitment Letter and any other Interim Financing Credit Documentation or any Restructuring Court Order, or the ability of the Borrower to carry out a Plan or Restructuring Option;
- (b) the validity or enforceability of any of the Interim Lender Charge or the ranking of any of the Liens granted thereby or the material rights or remedies intended or purported to be granted to the Interim Lender, under or pursuant to such Interim Lender Charge; or
- (c) the business, operations, assets, condition (financial or otherwise) or results of operations of the Borrower, on a consolidated basis.

“Maturity Date” has the meaning given thereto in Section 14.

“Maximum Amount” has the meaning attributed thereto in Section 5.

“Monitor” has the meaning given thereto in Section 13.

“Outside Date” has the meaning given thereto in Section 8.

“Permitted Liens” means (i) the Interim Lender Charge; (ii) any charges created under the Initial Order or other order of the Court in the CCAA Proceedings subsequent in priority to the Interim Lender Charge (including, without limitation, the Directors’ Charge and the Administration Charge), the limit and priority of each of which shall be acceptable to the Interim Lender; (iii) valid and perfected Liens existing prior to the date hereof; (iv) inchoate statutory Liens arising after the Filing Date in respect of any accounts payable arising after the Filing Date in the ordinary course of business, provided to pay all such amounts are paid as and when due; and (v) the Permitted Priority Liens.

“Permitted Priority Liens” means: (a) the Priority Charge; (b) statutory super-priority Liens for unpaid employee source deductions; and (c) such other Liens as may be agreed to in writing by the Interim Lender. For greater certainty, except as expressly set forth herein, Liens arising from the

construction, repair, maintenance and/or improvement of real or personal property, shall not be **"Permitted Priority Liens"**.

"Person" includes any natural person, corporation, company, limited liability company, trust, joint venture, association, incorporated organization, partnership, Governmental Authority or other entity.

"Plan" has the meaning given thereto in Section 17.

"PPSA" means the *Personal Property Security Act* (Alberta) and the regulations promulgated thereunder, as amended from time to time, provided if validity, perfection and effect of perfection and non-perfection of the Interim Lender's security interest in or Lien on any Collateral of the Borrower are governed by the personal property security laws of any jurisdiction other than Alberta, then PPSA shall mean those personal property security laws (including the Civil Code of Quebec) in such other jurisdiction for the purposes of the provisions hereof relating to such validity, perfection, and effect of perfection and non-perfection and for the definitions related to such provisions, as from time to time in effect.

"Prime Rate" means, on any day, the greater of:

- (a) the annual rate of interest announced from time to time by the **[Interim Lender]** as being its reference rate then in effect on such day for determining interest rates on Canadian Dollar denominated commercial loans made by it in Canada; and
- (b) the *per annum* rate of interest equal to Adjusted Term CORRA for an Interest Period of one (1) month in effect on such day plus 1.00% *per annum*,

provided that, (i) if both such rates are equal or if such one (1) month Adjusted Term CORRA rate in effect on such day is unavailable for any reason on any date of determination, then the Prime Rate shall be the rate specified in subparagraph (a) above and (ii) if the Prime Rate as so determined for any day would be less than zero percent *per annum*, the Prime Rate will be deemed to be zero percent *per annum* for such day.

"Priority Charge" means the Administration Charge.

"Restructuring Court Order" and **"Restructuring Court Orders"** have the meanings given thereto in Section 22(e).

"Restructuring Option" means any transaction involving the refinancing of the Borrower, the sale of all or substantially all of the assets of the Borrower or any other restructuring of the Borrower's businesses and operations, including any liquidation, bankruptcy or other insolvency proceeding in respect of the Borrower.

"Term CORRA" means the Term CORRA Reference Rate for a tenor comparable to the applicable Interest Period on the day (such day, the **"Periodic Term CORRA Determination Day"**) that is two (2) Business Days prior to the first (1st) day of such Interest Period, as such rate is published by the Term CORRA Administrator; provided, however, that if as of 1:00 p.m. (Toronto time) on any Periodic Term CORRA Determination Day the Term CORRA Reference Rate for the applicable tenor has not been published by the Term CORRA Administrator and a Benchmark Replacement Date with respect to the Term CORRA Reference Rate has not occurred, then Term CORRA will be the Term CORRA Reference Rate for such tenor as published by the Term CORRA Administrator on the first (1st) preceding Business Day for which such Term CORRA Reference Rate for such tenor was published by the Term CORRA Administrator so long as such first (1st) preceding Business Day is not more than three (3) Business Days prior to such Periodic Term CORRA Determination Day. If

such first preceding Business Day is more than three (3) Business Days prior to such Periodic Term CORRA Determination Day, Section [●] will apply.

“Term CORRA Adjustment” means 0.29547% (29.547 basis points) *per annum* for an Available Tenor of one (1) month’s duration or 0.32138% (32.138 basis points) *per annum* for an Available Tenor of three (3) months’ duration.

“Term CORRA Administrator” means Candean Benchmark Administration Services Inc., TSX Inc. (or any successor administrator of the Term CORRA Reference Rate selected by the Interim Lender in its discretion, acting reasonably).

“Term CORRA Reference Rate” means the forward-looking term rate based on CORRA.

This is Exhibit "C-3" referred to in the Affidavit of
BRUCE TINGLE, KC.

Sworn/Affirmed before me at the City of Calgary, Alberta
the 13 day of January, 2025



A Commissioner for Oaths in and for the
Province of Alberta

Meghan Parker
Barrister and Solicitor

RESTRUCTURING SUPPORT AGREEMENT

THIS RESTRUCTURING SUPPORT AGREEMENT made as of [●], 2025.

BETWEEN:

WESTPHALIA DEV. CORP., a corporation existing under the laws of the Province of Alberta

(the “**Company**”)

- and -

WALTON WESTPHALIA DEVELOPMENT (USA), LLC., a limited liability company existing under the laws of the State of Maryland

(the “**Subsidiary**”)

- and -

WALTON GLOBAL INVESTMENTS LTD., a corporation existing under the laws of the Province of Alberta

(the “**Plan Sponsor**” and “**DIP Lender**” as specifically identified herein)

WHEREAS on January 14, 2025 the Company was granted protection and permission to commence proceedings (the “**CCAA Proceedings**”) pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, C-36, as amended (the “**CCAA**”), pursuant to an Order of the Court of King’s Bench of Alberta (the “**Court**”) (as may be further amended, restated or varied from time to time);

AND WHEREAS the Company is indebted to the Plan Sponsor, among other things, pursuant to the terms of a Management Services Agreement, dated February 27, 2012, as assigned and novated to the Plan Sponsor on April 1, 2018 (the “**Management Services Agreement**”);

AND WHEREAS the Subsidiary requires further and ongoing financial support in order to complete the project for the “Westphalia” property located along Pennsylvania Avenue in Prince George County, Maryland;

AND WHEREAS the Parties have entered into this Agreement in support of certain transactions which will be implemented through the CCAA Proceedings and will be effected through the WGIL Agreements on terms more particularly described in a plan of compromise and arrangement substantially in the form attached as Schedule “A” hereto (the “**CCAA Plan**”);

ARTICLE 1 INTERPRETATION

1.1 Definitions

Additionally, in this Agreement, unless the context otherwise requires:

- (a) “**Agreement**” means this Restructuring Support Agreement, including the attached Schedules.
- (b) “**Applicable Law**” means, in relation to any Person, property or circumstance, all laws and statutes, including regulations, rules, by-laws, ordinances and other statutory instruments enacted

thereunder; all judgments, decrees, rulings and orders of courts, tribunals, commissions and other similar bodies of competent jurisdiction; all orders, rules, directives, policies and guidelines having force of law issued by any Governmental Authority; requirements of a stock exchange; and all terms and conditions of any permits; that are in each case in effect as of the relevant time and are applicable to such Person, property or circumstance.

- (c) **“Authorization Order”** means an order of the Court, in form and substance satisfactory to the Company and the Plan Sponsor, each acting reasonably, among other things, authorizing the Company to enter into this Agreement and to pursue the Plan Transaction in accordance with the terms of this Agreement.
- (d) **“Business Day”** means a day, other than a Saturday, Sunday or a statutory or civic holiday, on which banks are generally open for business in Calgary, Alberta.
- (e) **“CCAA”** has the meaning ascribed thereto in the recitals of this Agreement.
- (f) **“CCAA Plan”** has the meaning ascribed thereto in the recitals of this Agreement.
- (g) **“CCAA Proceedings”** has the meaning ascribed thereto in the recitals of this Agreement.
- (h) **“Claim”** has the meaning ascribed thereto in the CCAA Plan.
- (i) **“Claims Procedure Order”** has the meaning ascribed thereto in the CCAA Plan.
- (j) **“Contract(s)”** means all agreements, contracts, leases (whether for real or personal property), purchase orders, undertakings, covenants not to compete, employment agreements, confidentiality agreements, licenses, instruments, obligations and commitments to which a Person is a party or by which a Person or any of its assets are bound or affected, whether written or oral.
- (k) **“Court”** has the meaning ascribed thereto in the recitals of this Agreement.
- (l) **“DIP Facility”** has the meaning ascribed thereto in the CCAA Plan.
- (m) **“Effective Date”** means the date on which the Plan Transaction is implemented.
- (n) **“Financial Statements”** means the audited consolidated financial statements for the years ended December 31, 2023 and December 31, 2022 of the Company together with the notes thereto and for the three and nine months ended September 30, 2024 and 2023 together with the notes thereto.
- (o) **“IFRS”** means International Financial Reporting Standards as issued by the International Accounting Standards Board, as in effect from time to time.
- (p) **“Governmental Authority”** means any:
 - (i) governmental entity or authority of any nature, including any governmental ministry, agency, branch, department or official, and any court, regulatory board or other tribunal; or
 - (ii) individual or body exercising, or entitled to exercise, any administrative, executive, judicial, legislative, regulatory or taxing authority or power of any nature;

having jurisdiction or power over any Person, property, operation, transaction or other matter or circumstance.

- (q) **“Management Services Agreement”** has the meaning ascribed thereto in the recitals of this Agreement.
- (r) **“Material Contract”** means each Contract and other instrument or document (including any amendment to any of the foregoing) of the Company:
 - (i) with any director, officer or affiliate of the Company;
 - (ii) that in any way purports to materially restrict the business activity of the Company or to limit the freedom of the Company to engage in any line of business or to compete with any Person or in any geographic area or to hire or retain any Person;
 - (iii) that could reasonably be expected to have a material effect on the business, affairs, condition, capitalization, properties, assets, liabilities, prospects, operations or financial performance of the Company, including the Management Services Agreement, or on the Plan Transaction; and
 - (iv) any other Contract, if a breach of such Contract could reasonably be expected to result in a material adverse effect.
- (s) **“Meeting Order”** has the meaning ascribed to such term in the CCAA Plan.
- (t) **“Monitor”** means FTI Consulting Canada Inc., in its capacity as Court-appointed Monitor of the Company in the CCAA Proceedings.
- (u) **“Party”** means a party to this Agreement, and **“Parties”** means both of the parties to this Agreement.
- (v) **“Plan Outside Date”** means April 30, 2025, or such other date as the Plan Sponsor and the Company may agree.
- (w) **“Plan Sponsor Claims”** means the claims of the Plan Sponsor against the Company, set forth on the Plan Sponsor’s signature page.
- (x) **“Plan Transaction”** means, collectively, the transactions set forth in the CCAA Plan.
- (y) **“Person”** includes any individual, body corporate, partnership (limited or general), trust, trustee, executor or similar official, Governmental Authority or other entity.
- (z) **“Requisite Transaction Approvals”** means: (i) the Authorization Order; (ii) the Meeting Order and the Sanction Order; and (iii) any other order of the Court in connection with the implementation of the Plan Transaction.
- (aa) **“Sanction Order”** means an order of the Court, in form and substance satisfactory to the Company and the Plan Sponsor, each acting reasonably, among other things, approving the CCAA Plan and providing for the releases and other relief from the Court contemplated by the CCAA Plan.
- (bb) **“Tax”** or **“Taxes”** includes all present and future taxes, surtaxes, duties, levies, imposts, rates, fees, assessments, withholdings, dues and other charges of any nature imposed by any Governmental Authority, including income, capital, withholding, consumption, sales, use, transfer, goods and services, harmonized or other value added, excise, customs, anti-dumping, countervail, net worth, stamp, registration, franchise, payroll, employment health, education, business, school, property, local improvement, development, education development and occupation taxes, surtaxes, duties, levies, imposts rates, fees, assessments, withholdings, dues and charges, and other assessments

or similar charges in the nature of a tax, including Canada Pension Plan and provincial pension plan contributions, employment insurance and unemployment insurance premiums and workers compensation premiums, together with all fines, interest, penalties on or in respect of, or in lieu of or for non-collection of, those taxes, surtaxes, duties, levies, imposts, rates, fees, assessments, withholdings, dues and other charges, whether disputed or not.

- (cc) **“Tax Return”** or **“Tax Returns”** means all returns, declarations of estimated tax payments, reports, estimates, information returns, and statements, including any related or supporting information with respect to any of the foregoing, filed or required to be filed with any taxing authority.
- (dd) **“WGIL Agreements”** means, collectively, any agreements and related documents, as required, entered into between the Company, the Plan Sponsor, and any further parties, pursuant to which the Plan Sponsor will agree, among other things and on the terms and conditions set forth therein, to extend the maturity date of the liabilities owed by the Company to the Plan Sponsor.

1.2 Schedules

Appended to this Agreement is Schedule “A” - CCAA Plan. This Schedule is incorporated into and forms part of this Agreement. If any term or condition of such Schedule conflicts or is inconsistent with any term or condition in the main body of this Agreement, the term or condition in the main body of this Agreement shall prevail to the extent of the conflict or inconsistency.

1.3 Headings

The use of “Article”, “Section”, “sub-clause”, “paragraph” and “Schedule”, whether or not followed by a number or letter or combination thereof, refers to the applicable article, clause, sub-clause, paragraph or schedule of or to this Agreement.

1.4 Interpretation Not Affected by Headings

The division of this Agreement into articles, clauses, sub-clauses, paragraphs and other sub-divisions and the insertion of headings for any of the foregoing are for convenience and reference only and shall not affect the construction or interpretation of this Agreement.

1.5 Words Importing Number or Gender

When the context reasonably permits, words in this Agreement that suggest the singular shall be construed to suggest the plural and vice versa, and words in this Agreement that suggest gender or gender neutrality shall be construed to suggest the masculine, feminine and neutral genders.

1.6 Contra Proferentem

The Parties acknowledge that their respective legal counsel have reviewed and participated in settling the terms of this Agreement, and agree that any rule of construction to the effect that any ambiguity is to be resolved against the drafting Party shall not apply to the interpretation hereof.

1.7 Use of Derivative Terms

If a derivative form of a term or expression that is already specifically defined in this Agreement is also used in this Agreement, then such derivative form shall have a meaning that corresponds to the applicable defined term or expression.

1.8 Use of “Including”

The use of “including” or “includes” or similar words in this Agreement, when following any general statement, term or matter, is not to be construed to limit such general statement, term or matter to the specific items immediately following such word to those or similar items, whether or not non-limiting language (such as “without limitation” or “but not limited to” or words or phrases of similar import) is used, but rather such references shall be construed to refer to all items that could reasonably fall within the broadest possible scope of such general statement, term or matter.

1.9 Statutory References

Any reference in this Agreement to a law, statute, regulation, rule, by-law or other requirement of law or any governmental consent, approval, permit or other authorization shall be deemed to refer to such law, statute, regulation, rule, by-law or other requirement of law or such governmental consent, approval, permit or other authorization as it has amended, supplemented, re-enacted, varied, amended or otherwise modified or replaced from time to time up to the applicable time.

1.10 Contractual References

Any reference in this Agreement to another contract, agreement, instrument or other document shall be deemed to refer to such contract, agreement instrument or other document as it has been amended, modified, replaced or supplemented from time to time up to the applicable time.

1.11 Monetary References

Any reference in this Agreement to a monetary amount, including the use of the term “Dollar” or the symbol “\$”, shall mean the lawful currency of Canada unless the contrary is specified or provided for elsewhere in this Agreement.

1.12 References to Time

Any reference in this Agreement to any particular time shall mean the local time in Calgary, Alberta on the relevant day.

1.13 Calculation of Time Periods

Unless otherwise specified, time periods within or following which any payment is to be made or any act is to be done under this Agreement shall be calculated by excluding the day on which the period commences and including the day on which such period ends.

1.14 Conflict

In the case of a conflict between the provisions contained in the text of this Agreement and the CCAA Plan, the terms of the CCAA Plan shall govern.

ARTICLE 2 IMPLEMENTATION OF PLAN TRANSACTION

2.1 Implementation of Plan Transaction

- (a) The Parties will each use commercially reasonable efforts to give effect to the Plan Transaction by way of the CCAA Plan prior to the Plan Outside Date on the terms set out in and consistent in all material respects with this Agreement and the CCAA Plan.

- (b) The Parties agree to cooperate with each other in order ensure that the Plan Transaction is structured and effectuated in a tax efficient manner acceptable to the Plan Sponsor.
- (c) The Parties agree to cooperate with each other in good faith and use commercially reasonable efforts to complete the steps set forth in the CCAA Plan in accordance with the timeline set forth therein (or such other timeline as may hereafter be agreed by the Company and the Plan Sponsor).

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of Plan Sponsor

The Plan Sponsor hereby represents and warrants to the Company (and acknowledges that the Company is relying upon such representations and warranties) that:

- (a) it is the legal or beneficial holder of, or exercises control and direction over the Plan Sponsor Claims, set forth on the Plan Sponsor's signature page to this Agreement;
- (b) this Agreement has been duly executed and delivered by it and, assuming the due authorization, execution and delivery by all Parties, this Agreement constitutes the legal, valid and binding obligation of the Plan Sponsor, enforceable in accordance with its terms, subject to laws of general application and bankruptcy, insolvency and other similar laws affecting creditors' rights generally and general principles of equity;
- (c) it is duly organized, validly existing and in good standing under the law of the Province of Alberta and has all necessary power and authority to execute and deliver this Agreement and to perform its obligations hereunder, including the power and authority to consummate the transactions contemplated hereby;
- (d) the execution and delivery of this Agreement by it and the completion by it of the transactions contemplated herein do not and will not violate or conflict with any judgment, order, notice, decree, statute, law, ordinance, rule or regulation applicable to it or any of its properties or assets, or will result (with or without notice or the passage of time) in a violation, conflict or breach of, or constitute a default under, or require any consent to be obtained under, its certificate of incorporation, articles, bylaws or other charter documents;
- (e) it is resident is not a non-resident of Canada within the meaning of the *Income Tax Act* (Canada);
- (f) except as contemplated by this Agreement, it has not deposited any of its Plan Sponsor Claims into a voting trust, or granted (or permitted to be granted) any proxies or powers of attorney or attorney in fact, or entered into a voting agreement, understanding or arrangement, with respect to the voting of its Plan Sponsor Claims where such trust, grant, agreement, understanding or arrangement would in any manner restrict the ability of the Plan Sponsor to comply with its obligations under this Agreement; and
- (g) there is not now pending or threatened against it or any of its properties, nor has it received notice in respect of, any claim, potential claim, litigation, action, suit, arbitration, investigation or other proceeding before any governmental entity that, individually or in the aggregate, would reasonably be expected to have an adverse effect on its ability to execute and deliver this Agreement and to consummate the Plan Transaction.

3.2 Representations and Warranties of the Company

The Company hereby represents and warrants to the Plan Sponsor (and the Company acknowledges that the Plan Sponsor is relying upon such representations and warranties) that:

- (a) as of the date hereof: (i) the Company is indebted to the Plan Sponsor in the principal amounts set forth on the Plan Sponsor's signature page to this Agreement; and (ii) the Company has no claim, demand, set-off, counterclaim or any similar right or claim against the Plan Sponsor (in any capacity) with respect to any Claims;
- (b) the board of directors of the Company has approved this Agreement and concluded that entering into this Agreement is in the best interests of the Company;
- (c) it is a sophisticated party with sufficient knowledge and experience to evaluate properly the terms and conditions of this Agreement; it has conducted its own analysis and made its own decision to enter into this Agreement and has obtained such independent advice in this regard as it deemed appropriate; and it has not relied in such analysis or decision on any Person other than its own independent advisors;
- (d) this Agreement has been duly executed and delivered by it, and, assuming the due authorization, execution and delivery by all Parties, and subject to approval of the Court, this Agreement constitutes its legal, valid and binding obligation, enforceable in accordance with its terms, subject to laws of general application and bankruptcy, insolvency and other similar laws affecting creditors' rights generally and general principles of equity;
- (e) it is duly organized, validly existing and in good standing under the law of the Province of Alberta and, subject to approval by the Court, has all necessary power and authority to execute and deliver this Agreement;
- (f) subject to the satisfaction of the conditions precedent contained herein and the Requisite Transaction Approvals, the execution and delivery of this Agreement by it and the completion by it of the Plan Transaction do not and will not:
 - (i) violate or conflict with any judgment, order, notice, decree, statute, law, ordinance, rule or regulation applicable to it or any of its properties or assets; or
 - (ii) as at the date hereof and except where such violation or conflict would not be reasonably expected to cause a material adverse effect on the Company, result (with or without notice or the passage of time) in a violation, conflict or breach of, or constitute a default under, or require any consent to be obtained under, or give rise to any third party right of termination, amendment, first refusal, cancellation or acceleration under, or result in any penalty or payment obligation or right of purchase or sale under, any provision of:
 - (A) its certificate of incorporation, articles, bylaws or other charter documents; or
 - (B) any agreement, arrangement or understanding to which the Company is a party or by which the Company or any of its properties or assets is bound or affected;
- (g) as at the date thereof, other than the CCAA Proceedings or as contemplated by the CCAA Plan, there is no proceeding, claim or investigation pending before any court, regulatory body, tribunal, agency, governmental or legislative body, or, to the knowledge of the Company, threatened against it or any of its properties that individually or in the aggregate (i) could reasonably be expected to have a material adverse effect on its ability to execute and deliver this Agreement and to consummate the Plan Transaction, or (ii) is material to its business;

- (h) the Financial Statements have been prepared in accordance with IFRS and the Company's accounting policies and practices consistently applied throughout the periods included therein. The Financial Statements present fairly, in all material respects, the financial condition of the business of the Company as of the dates set forth therein, and the results of operations and cash flows for the periods covered thereby, in conformity with IFRS;
- (i) as at the date hereof, the Company does not have any liabilities or obligations of any nature (whether absolute, accrued, contingent or otherwise) except: (i) as set forth in the Financial Statements; (ii) for liabilities incurred in the ordinary course of business consistent with past practice subsequent to the Financial Statements which would not have a material adverse affect on the Company; and (iii) for any liabilities incurred in connection with the DIP Facility or pursuant to the Plan Transaction;
- (j) except with respect to the Management Services Agreement, to the knowledge of the Company, as at the date hereof: (i) the Company was in compliance with the terms of the Material Contracts to which it is a party, and (ii) there is no existing breach or other event that provides a counterparty to any Material Contract (with or without notice) to terminate such Material Contract;
- (k) it has conducted its business in material compliance with all Applicable Laws and has not received any notice to the effect that, or has otherwise been advised that, it is not in material compliance with such laws;
- (l) the Company has timely filed when due (taking into account any extensions) with each relevant Governmental Authority all Tax Returns required to be filed by it in respect of any Taxes. To the knowledge of the Company, all such Tax Returns are correct and complete in all material respects, and no material fact has been omitted therefrom; and to the best of the Company's knowledge and subject to the claims process in the CCAA Proceedings, the Company has paid in full and when due all Taxes required to be paid by it, whether or not such Taxes are shown on a Tax Return or on any assessments or reassessments;
- (m) to the knowledge of the Company and subject to the claims process in the CCAA Proceedings, the Company has timely and properly withheld and remitted all Taxes required to be withheld and remitted in accordance with applicable Tax laws, including all Taxes arising in connection with any amounts paid or owing to any employee, independent contractor, creditor, equity holder, other third party or non-resident for purposes of applicable Tax laws; and to the best of the Company's knowledge and subject to the claims process in the CCAA Proceedings, there are no claims pending or, to the knowledge of the Company, threatened against any of the Company in respect of any Taxes;
- (n) to the knowledge of the Company, as at the date hereof, the assets of Company have been insured against risks normally covered by insurance policies by companies carrying on business of a similar nature of the Company and all such insurance policies are in full force and effect, all premiums due and payable thereon have been paid, all material terms and conditions of such policies have been complied with, and no written notice of cancellation or termination has been received by any Company with respect to any such policy that is not replaceable by the Company on substantially similar terms prior to the date of such cancellation;
- (o) since commencement of the CCAA Proceedings and except for the CCAA Proceedings, the Company has not undergone an adverse change that is material to its business or financial condition, excluding any such effect or effects that result from general economic, financial, currency exchange, securities or commodity market conditions in Canada or elsewhere; and
- (p) no representation or warranty of it contained in this Agreement contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained

herein not misleading. To the knowledge of the Company, all documents provided to the Plan Sponsor are true, accurate and complete copies in all material respects of the documents they purport to be.

ARTICLE 4 COVENANTS AND CONSENTS

4.1 Plan Sponsor's Covenants and Consents

- (a) The Plan Sponsor hereby consents and agrees to the terms of this Agreement.
- (b) In each case subject to Applicable Law and any order that may be granted by a court of competent jurisdiction, the Plan Sponsor covenants to the Company that it agrees to take all commercially reasonable actions necessary to consummate the Plan Transaction in accordance with the terms and conditions set forth in this Agreement and the CCAA Plan and for certainty, including as may be applicable:
 - (i) voting on a timely basis in favour of the CCAA Plan in respect of its portion of the Plan Sponsor Claims in accordance with the Meeting Order (unless otherwise deemed by the CCAA Plan to be voting in favour or unless restricted from doing so pursuant to the CCAA in which case the Plan Sponsor shall abstain from voting on the CCAA Plan);
 - (ii) voting against any action that would result in any breach of any representation, warranty, covenant or agreement of any obligation of the Plan Sponsor in this Agreement or the CCAA Plan;
 - (iii) supporting the Company's request for approval of any of the Requisite Transaction Approvals;
 - (iv) entering into, executing and delivering to the Company the WGIL Agreements in accordance with the CCAA Plan¹; and
 - (v) such other actions as may be reasonably required to complete the Plan Transaction and to assist the Company and the Monitor with the implementation of the CCAA Plan, including the transactions, payments and distributions contemplated therein.
- (c) The Plan Sponsor agrees that between the date of execution of this Agreement and the termination of this Agreement, it shall not, directly or indirectly:
 - (i) sell, assign, lend, pledge, hypothecate (except with respect to security generally applying to its investments which does not adversely affect its ability to perform its obligations under this Agreement) or otherwise transfer any Plan Sponsor Claims or any rights or interests therein (or permit any of the foregoing) in whole or in part, or enter into any agreement, arrangement or understanding in connection therewith;
 - (ii) except as contemplated by this Agreement, deposit any of the Plan Sponsor Claims into a voting trust, or grant (or permit to be granted) any proxies or powers of attorney or attorney in fact, or enter into a voting agreement, understanding or arrangement, with respect to the voting of its Plan Sponsor Claims if such trust, grant, agreement, understanding or

¹ **NTD:** If WAM is made a party to this Agreement, covenant to be added requirement WAM to enter into the WAM Agreements (as defined in the Plan).

arrangement would in any manner restrict the ability of the Plan Sponsor to comply with its obligations under this Agreement; or

- (iii) take any action inconsistent with this Agreement that would frustrate or hinder the consummation of the Plan Transaction.
- (d) The Plan Sponsor agrees that, until the termination of this Agreement, it shall, on and subject to the terms and conditions hereof:
- (i) use commercially reasonable efforts and take all reasonable necessary actions to support the approval of the Plan Transaction as promptly as practicable;
 - (ii) support all applications filed by the Company in any such court proceeding that are in furtherance of the Plan Transaction;
 - (iii) except as permitted herein, not propose, file, solicit, vote or otherwise support any alternative offer, restructuring, liquidation, workout or plan of compromise or arrangement or reorganization of the Company;
 - (iv) not accelerate or enforce or take any action or initiate any proceeding, directly or indirectly, to enforce the payment or repayment of any of its debt or the Plan Sponsor Claims;
 - (v) not take, or omit to take, any action, directly or indirectly, that is materially inconsistent with, or is intended or is likely to interfere with the approval or consummation of the Plan Transaction;
 - (vi) provide credit support to the Company and the Subsidiary in such a manner and on such terms so as to ensure that the Subsidiary or any of its affiliates involved in the development of the "Westphalia" property located along Pennsylvania Avenue in Prince George Country, Maryland (collectively, the "**Project Affiliates**") have access to funding for such project on terms satisfactory to the Company and the Subsidiary, each acting reasonably. Without limiting the generality of the foregoing, such credit support shall include providing financing to the Company, the Subsidiary and/or one or more Project Affiliates, guaranteeing the obligations of any of the Company, the Subsidiary or any of their Project Affiliates in respect of financing obtained by the Company, the Subsidiary or any Project Affiliate from other sources, or both; and
 - (vii) execute any and all documents and perform any and all commercially reasonable acts required by this Agreement to satisfy all of its obligations hereunder including any consent, approval or waiver requested by the Company in furtherance of the Plan Transaction, acting reasonably;

provided, however, that nothing contained herein shall limit the ability of any Plan Sponsor to appear in Court and be heard concerning any matter arising in the CCAA Proceedings so long as such appearance is not inconsistent with the Plan Sponsor's obligations hereunder.

4.2 Company's Covenants

In each case subject to obtaining the Authorization Order and subject to Applicable Law and any order that may be granted by a court of competent jurisdiction:

- (a) The Company consents and agrees to the terms of this Agreement.

- (b) The Company agrees to use its reasonable best efforts (including taking all reasonable actions necessary to obtain any regulatory and Court approvals for the Plan Transaction) to achieve the timelines set out in the CCAA Plan (which timelines may be extended at any time with the approval of the Plan Sponsor). The Company agrees that they shall be responsible for the payment of any filing fees or other costs in connection with the foregoing filings and applications.
- (c) The Company shall provide draft copies of all applications and other documents the Company intends to file with the Court to counsel for the Plan Sponsor at least three (3) Business Days prior to the date when the Company intends to file such document (or as soon as possible where it is not reasonably practicable to provide copies three (3) Business Days in advance), all such filings to be filed in form and substance reasonably acceptable to the Company and Plan Sponsor, each in their sole discretion.
- (d) The Company hereby agrees to promptly notify the Plan Sponsor if, at any time before the termination of this Agreement, the Company becomes aware: (i) that any information disclosure for the Plan Sponsor, an application for a regulatory approval or any other order, registration, consent, filing, ruling, exemption or approval under Applicable Laws contains a statement which is inaccurate or incomplete in any material respect; or (ii) of information that otherwise requires an amendment or supplement to such information disclosure or such application, and (in such event) the Company shall co-operate in the preparation of such amendment or supplement as required.
- (e) The Company hereby agrees to: (A) indemnify and hold harmless the Plan Sponsor, and its respective subsidiaries, affiliates, funds, shareholders, officers, directors, employees, partners, advisors, legal counsel and agents, in each case, solely when acting in such capacities (each an **"Indemnified Party"**) from and against any and all liabilities or claims by Persons who are not party to this Agreement (other than liabilities or claims attributable to any of such Persons' gross negligence, fraud or willful misconduct as determined by the final, non-appealable judgment of a court of competent jurisdiction) arising prior to the earlier of: (i) the Effective Date and (ii) the date on which this Agreement is terminated; and (B) reimburse each Indemnified Party, within a reasonable time after such request for reimbursement is made, for all reasonable legal and other expenses reasonably incurred by it in connection with investigating, preparing to defend or defending, or providing evidence in or preparing to serve or serving as a witness with respect to, any lawsuit, investigation, claim or other proceeding relating to any of the foregoing (including in connection with the enforcement of the indemnification obligations set forth herein).
- (f) With respect to Material Contracts, other than (i) entering into the DIP Facility, (ii) amending or modifying any existing loan agreements and related documents or instruments governing any liabilities owed by the Subsidiary to any third parties, and (iii) as contemplated by the CCAA Plan, the Company shall not, without the consent of the Plan Sponsor, materially amend, materially modify, replace, terminate, repudiate, disclaim, waive any material right under to take any other material steps or actions under or in respect of such Material Contract in any manner.
- (g) The Company shall not amalgamate, consolidate with or merge into or sell all or substantially all of its assets to another entity, or change the nature of its business or its corporate or capital structure, other than as contemplated by the CCAA Plan or with the consent of the Plan Sponsor.
- (h) Other than as contemplated by the DIP Facility, the Company shall not: (i) prepay, redeem prior to maturity, defease, repurchase or make other prepayments in respect of any indebtedness, (ii) directly or indirectly, create, incur, assume, guarantee or otherwise become directly or indirectly liable with respect to any indebtedness of any kind whatsoever, and (iii) create, incur, assume or otherwise cause or suffer to exist or become effective any lien, charge, mortgage, hypothec or security interest of any kind whatsoever on, over or against any of its assets or property, in each case other than as contemplated by the CCAA Plan or with the consent of the Plan Sponsor.

- (i) Subject to the terms of this Agreement, the Company shall not transfer, lease, license or otherwise dispose of all or any part of its property, assets or undertakings outside the ordinary course consistent with past practice, other than in accordance with the CCAA Plan or with the consent of the Plan Sponsor.
- (j) The Company shall use commercially reasonable efforts to maintain its assets in a proper and prudent manner in accordance with past practices, and in the ordinary course of business, in material compliance with all laws and directions of governmental entities, and pay or cause to be paid all costs and expenses relating to its assets which become due from the date hereof to the Effective Date.
- (k) The Company shall not, other than as contemplated by this Agreement or the CCAA Plan, enter into any Material Contract, other than with the consent of the Plan Sponsor.
- (l) Except as contemplated by this Agreement, the CCAA Plan and the DIP Facility, the Company shall not, directly or indirectly, do any of the following, other than as consented to by the Plan Sponsor:
 - (i) issue, sell, grant, pledge, assign, dispose of, encumber or agree to issue, sell, grant, pledge, assign, dispose of or encumber any shares or other securities of, or any options, warrants, calls, conversion privileges or rights of any kind to acquire any of its securities;
 - (ii) amend or propose to amend its certificate of incorporation, articles, by-laws or other constating documents;
 - (iii) declare, set aside or pay any dividend or other distribution payable in cash, stock, property or otherwise with respect to any of its shares;
 - (iv) redeem, purchase or offer to purchase any of its securities;
 - (v) reduce its capital or the stated capital;
 - (vi) (A) acquire or agree to acquire (by merger, amalgamation, acquisition of securities or assets or otherwise) any Person or (B) make any investment either by purchase of securities, contributions of capital, property transfer or purchase of any property or assets of any other Person;
 - (vii) admit, accept, permit, waive, release, assign, settle or compromise any Claims: (A) against the Company; (B) against any of the current or former directors or officers of any of the Company; or (C) which asserts or claims priority over any portion of the Plan Sponsor Claims or the security relating to the Plan Sponsor Claims (other than as it relates to the DIP Facility); or
 - (viii) make any changes in accounting methods, principles, policies or practices, except insofar as may be required by generally accepted accounting principles as in effect from time to time in Canada or Applicable Laws.
- (m) The Company shall promptly notify the Plan Sponsor of:
 - (i) any resignation of, or leave of absence taken by, any of its directors or senior officers;
 - (ii) including under the Claims Procedure Order, any Claims threatened or brought: (A) against the Company; (B) against any of the current or former directors or officers of any of the

Company; or (C) which asserts or claims priority over any portion of the Plan Sponsor Claims or the security relating to the Plan Sponsor Claims; or

- (iii) any event, condition or development that has resulted in the inaccuracy or breach of any representation or warranty, covenant or agreement contained in this Agreement made by or to be complied with by it.
- (n) Having regard to its financial condition, the Company shall at all times prior to the termination of this Agreement carry on its business only in the ordinary course consistent with past practice, and in accordance with generally accepted practices customary in the industry of the Company and in compliance with all laws, except as may be expressly otherwise provided for in this Agreement or as may be consented to by the Plan Sponsor.
- (o) The Company shall maintain and shall continue to maintain appropriate insurance coverage in amounts and on terms that are customary in the industry of the Company.

4.3 Negotiation of Documents

- (a) The Parties shall cooperate with each other and shall coordinate their activities (to the extent reasonably practicable) in respect of: (i) the timely satisfaction of conditions with respect to and the effectiveness of the Plan Transaction; (ii) all matters concerning the implementation of the Plan Transaction; and (iii) the pursuit and support of the Plan Transaction. Furthermore, subject to the terms hereof, each of the Company and the Plan Sponsor shall take such actions as may be reasonably necessary to carry out the purposes and intent of this Agreement, including making and filing any required regulatory filings (provided that the Plan Sponsor shall not be required to incur any expense, liability or other obligation that is not reimbursed by the Company).
- (b) Each Party hereby covenants and agrees: (i) to cooperate and negotiate in good faith, and consistent with this Agreement, the definitive documents implementing, achieving and relating to the Plan Transaction, all ancillary documents relating thereto, and any orders of the Court relating thereto, each of which shall contain terms and conditions consistent in all material respects with the CCAA Plan; and (ii) to execute (to the extent they are a party thereto) and otherwise support such documents.
- (c) The Company shall work cooperatively with the Plan Sponsor and its representatives, agents and advisors to prepare and, subject to approval of the Court as required, finalize all documentation (including the documents identified in the CCAA Plan) utilized or required to effect the Plan Transaction. All such documentation shall be in form and substance acceptable to the Company and the Plan Sponsor, acting reasonably.

ARTICLE 5 CONDITIONS PRECEDENT

5.1 Conditions to Plan Sponsor's Obligations

Notwithstanding anything to the contrary contained in this Agreement and without limiting any other rights of the Plan Sponsor hereunder, the obligations of the Plan Sponsor, and implementation of the Plan Transaction, shall be specifically and expressly subject to each and all of the following conditions:

- (a) the Authorization Order shall have been granted;
- (b) all material agreements, consents and other material documents relating to the Plan Transaction shall be in form and substance reasonably satisfactory to the Plan Sponsor;

- (c) all orders made and judgments rendered by any competent court of law in relation to the Plan Transaction, and all rulings and decrees of any competent regulatory body, agent or official in relation to the Plan Transaction shall be satisfactory to the Plan Sponsor, acting reasonably;
- (d) all actions taken by the Company in furtherance of the Plan Transaction shall be consistent in all material respects with this Agreement;
- (e) the Company shall have complied in all material respects with its covenants and obligations under or in respect of this Agreement;
- (f) the Company shall have executed and delivered to the DIP Lender, the DIP Facility, in the form acceptable to the Plan Sponsor in its sole discretion; and
- (g) there shall not have occurred, after the date hereof, any material and adverse change to the business of the Company, excluding any such material and adverse change that results from general economic, financial, currency exchange, securities or commodity market conditions.

5.2 Conditions to the Company's Obligations

Notwithstanding anything to the contrary contained in this Agreement and without limiting any other rights of the Company hereunder, the obligations of the Company under this Agreement, and the implementation of the Plan Transaction, shall be specifically and expressly subject to each and all of the following conditions:

- (a) the Authorization Order shall have been granted;
- (b) the Plan Sponsor shall have complied in all material respects with each of its covenants and obligations in this Agreement that is to be performed on or before the implementation of the Plan Transaction;
- (c) the DIP Lender shall have executed and delivered to the Company the DIP Facility;
- (d) all actions taken by the Plan Sponsor in furtherance of the Plan Transaction shall be consistent in all material respects with this Agreement; and
- (e) all orders made and judgments rendered by any competent court of law, and all rulings and decrees of any competent regulatory body, agent or official in relation to the Plan Transaction shall be satisfactory to the Company, acting reasonably.

5.3 Other Transactions

Subject to the terms of this Agreement, the Company shall keep the Plan Sponsor fully apprised on a contemporaneous basis of any discussions, inquiries or proposals made to the Company or initiated by a third party regarding any other proposed transaction out of the ordinary course of the Company's business (an "**Other Transaction**") and, except as permitted pursuant to this Agreement, the Company shall not initiate any discussions, inquiries or proposals with a third party in respect of any Other Transaction or agree to or enter into any non-binding or binding term sheets, commitments, understandings or agreements in respect of any Other Transaction without obtaining the prior approval of the Plan Sponsor, and the Company shall cease any discussions with third parties with respect to any Other Transaction upon the written direction of the Plan Sponsor; provided that, notwithstanding the foregoing, or any other term of this Agreement, the Company shall be permitted to negotiate an Other Transaction if, prior to any negotiation of definitive documents related to such Other Transaction, the board of directors of the Company determines, on the advice of its financial and legal advisors, that such proposal would be reasonably expected to result in a transaction that is more favorable in all respects to the Company and the Company's

stakeholders than the terms set forth in the CCAA Plan (a “**Superior Proposal**”), and the board of directors has determined, based on the advice of the Company’s financial and legal advisors, and after having considered all other relevant factors, including, among others, whether the Company’s stakeholders would support the Superior Proposal and the risk of completion, that the support of such Superior Proposal would be necessary for compliance with and discharge of their fiduciary duties as directors of the Company. In the event the Company or their financial or legal advisors receives any proposal from a third party that the board of directors believes may constitute a Superior Proposal, before accepting such Superior Proposal, the board of directors will promptly notify the Plan Sponsor of the terms thereof, including the identity of the proposing party(ies). In the event that the board of directors, after consultation with its financial and legal advisors, determines in good faith that it can no longer support or recommend the Plan Transaction because of the receipt of a Superior Proposal, the Company shall promptly (in any event no later than two (2) Business Day following such determination) so inform the Plan Sponsor (including as to the terms of any such proposal that the board of directors has determined is a Superior Proposal) and the Plan Sponsor shall have ten (10) Business Days in which to propose an alternative to the Superior Proposal that is of comparable value and provides for treatment to the Company and its stakeholders at least as favorable as the terms set forth in the Superior Proposal and, at which time, the Company shall commit to and pursue such alternative proposal (and prior to the expiration of such ten (10) Business Day period shall not accept such Superior Proposal).

ARTICLE 6 TERMINATION

6.1 Termination

- (a) This Agreement may be terminated by the Plan Sponsor, in its sole discretion, by providing written notice to the Company, upon:
- (i) the Company failing to meet any of the timeline requirements set forth in the CCAA Plan within the times set forth therein (as such times may be extended in accordance with the terms hereof);
 - (ii) the Company breaching any of its material obligations, covenants, representations or warranties under this Agreement, provided that if such obligation, covenant, representation or warranty is curable, it remains uncured for five (5) Business Days after receipt by the Company of written notice thereof;
 - (iii) the issuance of any final decision, order or decree by a governmental entity, or the commencement of an action or investigation by any governmental entity, in consequence of or in connection with the Plan Transaction, which restrains, impedes or prohibits the Plan Transaction;
 - (iv) the appointment of a receiver, interim receiver, receiver and manager, trustee in bankruptcy, liquidator or administrator with respect to any of the Company, unless such appointment is made with the prior written consent of the Plan Sponsor; or
 - (v) any of the conditions set out in Section 5.1 not being waived, or satisfied and discharged in accordance with the terms thereof,

in each case unless the event giving rise to the termination right is waived or cured in accordance with the terms hereof.

- (b) This Agreement may be terminated by the Company, by providing written notice to the Plan Sponsor, upon:

- (i) the Plan Sponsor breaching any of its material obligations, covenants, representations or warranties under this Agreement, provided that if such obligation, covenant, representation or warranty is curable, it remains uncured for five (5) Business Days after receipt by the Plan Sponsor of written notice thereof;
- (ii) the issuance of any final decision, order or decree by a governmental entity, or the commencement of an action or investigation by any governmental entity, in consequence of or in connection with the Plan Transaction, which restrains, impedes or prohibits the Plan Transaction;
- (iii) if the Company enters into an agreement with respect to a Superior Proposal as permitted herein; or
- (iv) any of the conditions set out in Section 5.2 not being waived, or satisfied and discharged in accordance with the terms thereof,

in each case unless the event giving rise to the termination right is waived or cured in accordance with the terms hereof.

- (c) This Agreement may be terminated at any time by written consent of the Company and the Plan Sponsor.
- (d) This Agreement shall automatically terminate following the completion of the Plan Transaction on the Effective Date.
- (e) Subject to (f) and (g) below, this Agreement, upon its termination, shall be of no further force and effect and each Party hereto shall be automatically and simultaneously released from its commitments, undertakings, and agreements under or related to this Agreement.
- (f) Each Party shall be responsible and shall remain liable for any breach of this Agreement by such Party occurring prior to the termination of this Agreement.
- (g) Notwithstanding the termination of this Agreement pursuant to this Section 6.1, the agreements and obligations of the Parties in Sections 4.2(e), **Error! Reference source not found.**, 7.4, 7.5, 7.7 and 7.10 shall survive such termination and shall continue in full force and effect for the benefit of the Parties in accordance with the terms hereof.

ARTICLE 7 GENERAL

7.1 Information and Access

The Company shall provide to the Plan Sponsor on a timely basis in accordance with the terms of any applicable Court order: (a) any and all information, documents, materials, and access reasonably requested by the Plan Sponsor, and (b) any and all other information which might be reasonably expected to be of material interest to them in relation to this Agreement or the Plan Transaction. The Company shall promptly notify the Plan Sponsor if there has been any material change in any of the information the Company have provided to the Plan Sponsor in connection with the transactions contemplated by this Agreement or the Plan Transaction.

7.2 Further Assurance

The Company and the Plan Sponsor shall do all such things in their control, take all such actions as are commercially reasonable, deliver to the other Parties such further information and documents and execute

and deliver to the other Parties such further instruments and agreements as another Party shall reasonably request to consummate or confirm the transactions provided for in this Agreement, to accomplish the purpose of this Agreement or to assure to the other Party the benefits of this Agreement.

7.3 Entire Agreement

The provisions contained in all documents and agreements collateral hereto shall at all times be read subject to the provisions of this Agreement and, in the event of conflict, the provisions of this Agreement shall prevail. This Agreement supersedes all other agreements, documents, writings and verbal understandings between the Parties relating to the subject matter of this Agreement and expresses the entire agreement of the Parties with respect to the subject matter of this Agreement.

7.4 Governing Law

- (a) This Agreement shall, in all respects, be subject to, interpreted, construed and enforced in accordance with and under the laws of the Province of Alberta and the laws of Canada applicable therein and shall, in every regard, be treated as a Contract made in the Province of Alberta.
- (b) The Parties shall attorn and submit to the jurisdiction of the courts of the Province of Alberta and courts of appeal therefrom in respect of all matters arising out of this Agreement.

7.5 Assignment; Enurement

Other than as specified herein, this Agreement may not be assigned by a Party without the prior written consent of the other Party, which consent may be unreasonably and arbitrarily withheld. This Agreement shall be binding upon and shall enure to the benefit of the Parties and their respective administrators, trustees, receivers, successors and permitted assigns.

7.6 Time of Essence

Time shall be of the essence in this Agreement.

7.7 Notices

Any notice or other communication to be delivered hereunder must be in writing and refer to this Agreement and may, as hereinafter provided, be made or given by personal delivery, ordinary mail, email or by facsimile addressed to the respective Parties as follows:

- (a) If to the Company:

Westphalia Dev. Corp.
500 – 4th Avenue SW, 25th Floor
Calgary, Alberta, T2P 2V6

Attention: [●]
Email: [●]

With a copy to:

Norton Rose Fulbright Canada LLP
400 3rd Avenue S.W., Suite 3700
Calgary, Alberta T2P 4H2

Attention: Howard A. Gorman, K.C.
Email: howard.gorman@nortonrosefulbright.com

(b) If to the Monitor:

FTI Consulting Canada Inc., Monitor of the Applicant
1610, 520, 5th Ave S.W.
Calgary, AB T2P 3R7

Attention: Dustin Olver
Email: dustin.olver@fticonsulting.com

With a copy to:

Blake, Cassels & Graydon LLP
855 - 2 St. S.W., Suite 3500
Calgary AB T2P 4J8

Attention: Kelly Bourassa
Email: kelly.bourassa@blakes.com

(c) If to the Plan Sponsor:

Walton Global Investments Ltd.

Attention: [●]
Email: [●]

With a copy to:

[●]

Attention: [●]
Email: [●]

or to such other address as any Party may from time to time notify the others in accordance with this Section 7.7. Any such communication so given or made shall be deemed to have been given or made and to have been received on the day of delivery if delivered, or on the day of emailing, provided that such day in either event is a Business Day and the communication is so delivered or emailed before 5:00 p.m. on such day. Otherwise, such communication shall be deemed to have been given and made and to have been received on the next following Business Day.

7.8 Invalidity of Provisions

In case any of the provisions of this Agreement should be invalid, illegal or unenforceable in any respect, the validity, legality or enforceability of the remaining provisions contained in this Agreement shall not in any way be affected or impaired thereby.

7.9 Waiver

No failure on the part of any Party in exercising any right or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or remedy preclude any other or further exercise thereof or the exercise of any right or remedy in law or in equity or by other Applicable Law

or otherwise conferred. No waiver of any provision of this Agreement, including this Section 7.9, shall be effective otherwise than by an instrument in writing dated subsequent to the date of this Agreement, executed by a duly authorized representative of the Party making such waiver.

7.10 Survival; No Merger

The respective representations, warranties, covenants and indemnities of the Parties contained in this Agreement, including all qualifications thereof and limitations thereon, shall not be merged in any assignments, conveyances, transfers and other documents provided for under this Agreement and shall survive the Effective Date to the extent provided in the respect terms thereof.

7.11 Amendment

This Agreement shall not be varied in its terms or amended by oral agreement or by representations or otherwise other than by an instrument in writing dated subsequent to the date of this Agreement, executed by a duly authorized representative of each Party.

7.12 Counterpart Execution

This Agreement may be executed in any number of counterparts with the same effect as if all signatories to the counterparts had signed one document. All such counterparts shall together constitute and be construed as one instrument. For avoidance of doubt, a signed counterpart provided by way of facsimile transmission or other electronic means shall be as binding upon the Parties as an originally signed counterpart.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF the Parties have executed this Agreement as of the Effective Date.

WESTPHALIA DEV. CORP.

Per: _____
Name:
Title:

**WALTON WESTPHALIA DEVELOPMENT (USA),
LLC**

Per: _____
Name:
Title:

Name of DIP Lender
Address of DIP Lender

Walton Global Investments Ltd.
[●]

Signature
Name of Signatory (if applicable)
Title of Signatory (if applicable)



Name of Plan Sponsor
Address of Plan Sponsor

Walton Global Investments Ltd.
[●]

Signature
Name of Signatory (if applicable)
Title of Signatory (if applicable)
Principal Amount of Plan Sponsor Claim

[\$5,839,375.51]

A - 1

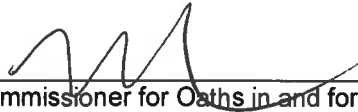
SCHEDULE "A"

CCAA PLAN

See Attached.

This is **Exhibit "D-1"** referred to in the Affidavit of
BRYCE TINGLE, K.C.

Sworn/Affirmed before me at the City of Calgary,
Alberta the 13 day of January, 2025



A Commissioner for Oaths in and for the
Province of Alberta

Meghan Parker
Barrister and Solicitor

Government Corporation/Non-Profit Search of Alberta ■ Corporate Registration System

Date of Search: 2024/11/05
Time of Search: 03:36 PM
Search provided by: NORTON ROSE FULBRIGHT CANADA LLP
Service Request Number: 43282063
Customer Reference Number: R. Savard

Corporate Access Number: 2016502722
Business Number: 834090508
Legal Entity Name: WESTPHALIA DEV. CORP.

Name History:

Previous Legal Entity Name	Date of Name Change (YYYY/MM/DD)
WALTON WESTPHALIA DEVELOPMENT CORPORATION	2020/05/29

Legal Entity Status: Active
Alberta Corporation Type: Named Alberta Corporation
Registration Date: 2012/01/04 YYYY/MM/DD
Date of Last Status Change: 2022/06/07 YYYY/MM/DD

Registered Office:

Street: 900-332 6 AVE SW
City: CALGARY
Province: ALBERTA
Postal Code: T2P0B2

Records Address:

Street: 900-332 6 AVE SW
City: CALGARY
Province: ALBERTA
Postal Code: T2P0B2

Email Address: CORPORATESERVICES@CARSCALLEN.COM

Primary Agent for Service:

Last Name	First Name	Middle Name	Firm Name	Street	City	Province	Postal Code	Email
SHAH	SABINA		CARSCALLEN LLP	900-332 6 AVE SW	CALGARY	ALBERTA	T2P0B2	CORPORATESERVICES@CARSCALLEN.COM

Directors:

Last Name: HAGAN
First Name: JON
Middle Name: NAIRN
Street/Box Number: 47 SUMMERHILL AVENUE
City: TORONTO

Province: ONTARIO
Postal Code: M4T1A9

Last Name: POLLARD
First Name: GREG
Street/Box Number: 1004 ELIZABETH ROAD SW
City: CALGARY
Province: ALBERTA
Postal Code: T2S1N3

Last Name: TINGLE
First Name: BRYCE
Street/Box Number: 434 SCARBORO AVE SW
City: CALGARY
Province: ALBERTA
Postal Code: T3C2H6

Voting Shareholders:

Legal Entity Name: 1389211 ALBERTA LTD.
Corporate Access Number: 2013892118
Street: 8800 N GAINNEY CENTER DR., SUITE 345
City: SCOTTSDALE
Province: ARIZONA
Postal Code: 85258
Percent Of Voting Shares: 100

Details From Current Articles:

The information in this legal entity table supersedes equivalent electronic attachments

Share Structure: THE ANNEXED SCHEDULE "A" IS INCORPORATED INTO AND FORMS PART OF THIS FORM.
Share Transfers Restrictions: THE ANNEXED SCHEDULE "B" IS INCORPORATED INTO AND FORMS PART OF THIS FORM.
Min Number Of Directors: 1
Max Number Of Directors: 9
Business Restricted To: NONE.
Business Restricted From: NONE.
Other Provisions: THE ANNEXED SCHEDULE "C" IS INCORPORATED INTO AND FORMS PART OF THIS FORM.

Other Information:

Last Annual Return Filed:

File Year	Date Filed (YYYY/MM/DD)
2024	2024/04/12

Filing History:

List Date (YYYY/MM/DD)	Type of Filing
2012/01/04	Incorporate Alberta Corporation
2020/02/20	Update BN
2020/05/26	Change Director / Shareholder
2020/05/29	Name Change Alberta Corporation
2021/08/30	Change Address
2021/08/30	Change Agent for Service
2022/03/02	Status Changed to Start for Failure to File Annual Returns
2024/04/12	Enter Annual Returns for Alberta and Extra-Provincial Corp.

Attachments:

Attachment Type	Microfilm Bar Code	Date Recorded (YYYY/MM/DD)
Share Structure	ELECTRONIC	2012/01/04
Restrictions on Share Transfers	ELECTRONIC	2012/01/04
Other Rules or Provisions	ELECTRONIC	2012/01/04

The Registrar of Corporations certifies that, as of the date of this search, the above information is an accurate reproduction of data contained in the official public records of Corporate Registry.



This is Exhibit "D-2" referred to in the Affidavit of
BRYCE TINGLE, KC.

Sworn/Affirmed before me at the City of Calgary,
Alberta the 13 day of January, 2025



A Commissioner for Oaths in and for the
Province of Alberta

Meghan Parker
Barrister and Solicitor

DEVELOPMENT PROJECTS – WESTPHALIA
CONFIDENTIAL – FOR INTERNAL USE ONLY
 January 1, 2024

DOHERTY REAL ESTATE HOLDINGS INC.	
DIRECTORS William K. Doherty Siobhan Doherty Michael Doherty	OFFICERS William K. Doherty President & CEO Siobhan Doherty – CFO Michael Doherty – Secretary
INC.: July 1, 2021 (Delaware) 100 Common Shares (70 held by William Doherty 15 held by Siobhan Doherty 15 held by Michael Doherty)	

INTERBORDER HOLDINGS LTD.	
DIRECTOR William K. Doherty	OFFICER William K. Doherty President, CEO & Secretary
INC.: June 14, 2004 (Alberta)	

WALTON GLOBAL INVESTMENTS LTD.	
DIRECTORS William K. Doherty Clara Chong	OFFICERS William K. Doherty - CEO Kate Kaminski - COO
AMALG.: December 15, 2010 (Alberta)	
Class "A" Common Shares (Voting) (2,900 held by Interborder Holdings Ltd.) Class "D" Preferred Shares (Non-Voting) (100 held by 66 Knightsbridge Holdings Ltd.) Class "E" Preferred Shares (Non-Voting) (68,000 held by Adair Holdings Ltd.)	

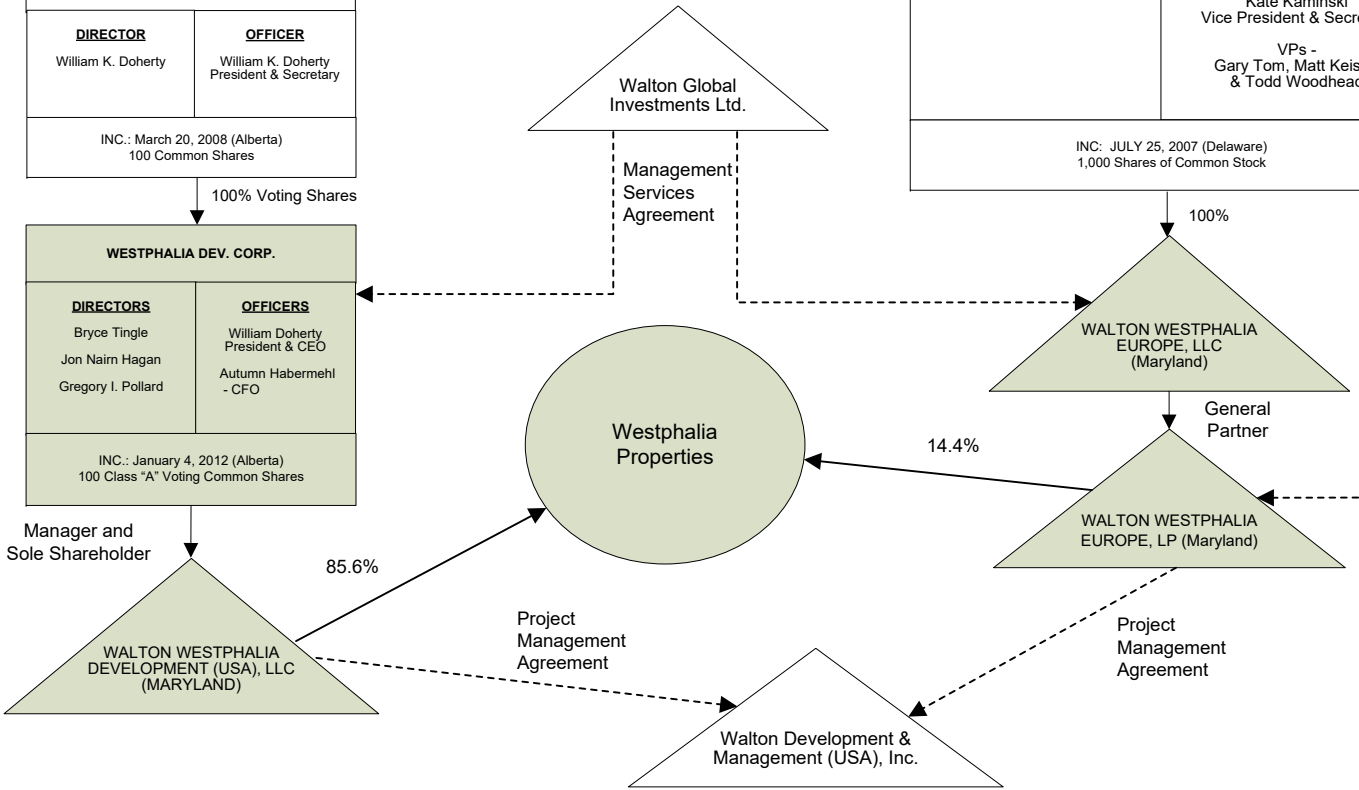
1389211 ALBERTA LTD.	
DIRECTOR William K. Doherty	OFFICER William K. Doherty President & Secretary
INC.: March 20, 2008 (Alberta) 100 Common Shares	

WESTPHALIA DEV. CORP.	
DIRECTORS Bryce Tingle Jon Naim Hagan Gregory I. Pollard	OFFICERS William Doherty President & CEO Autumn Habermehl - CFO
INC.: January 4, 2012 (Alberta) 100 Class "A" Voting Common Shares	

WALTON GLOBAL HOLDINGS, LLC		
DIRECTOR William K. Doherty	OFFICERS William K. Doherty Chairman, President & CEO Kate Kaminski – COO Gary Tom – EVP, Global Capital Markets Matthew Keister EVP, Capital Markets Todd Woodhead SVP, Capital Markets	OFFICERS (cont'd) Barry Dluzen EVP, Real Estate Anthony Sparrow EVP, Real Estate Rob Nixon SVP, Real Estate Michael Doherty SVP, Land
INC.: NOV. 15, 2004 (Delaware) 1,000 Shares of Common Stock		

WALTON INTERNATIONAL GROUP (USA), INC.	
DIRECTOR William K. Doherty	OFFICERS William K. Doherty – CEO Kate Kaminski – COO & Secretary Gary Tom – VP Matthew Keister EVP, Capital Markets Todd Woodhead SVP, Capital Markets
INC.: JAN. 21, 1994 (Arizona) 1,000 Shares of Common Stock	

WALTON LAND MANAGEMENT (USA), INC. <i>(formerly Walton Asset Management (USA), Inc.)</i>	
DIRECTOR William K. Doherty	OFFICERS William K. Doherty Chairman, CEO & President Kate Kaminski Vice President & Secretary VPs - Gary Tom, Matt Keister & Todd Woodhead
INC.: JULY 25, 2007 (Delaware) 1,000 Shares of Common Stock	



Management Services Agreement

Project Management Agreement

Project Management Agreement

This is Exhibit "D-3" referred to in the Affidavit of
BRYCE TINGLE, KC.

Sworn/Affirmed before me at the City of Calgary,
Alberta the 13 day of January, 2025

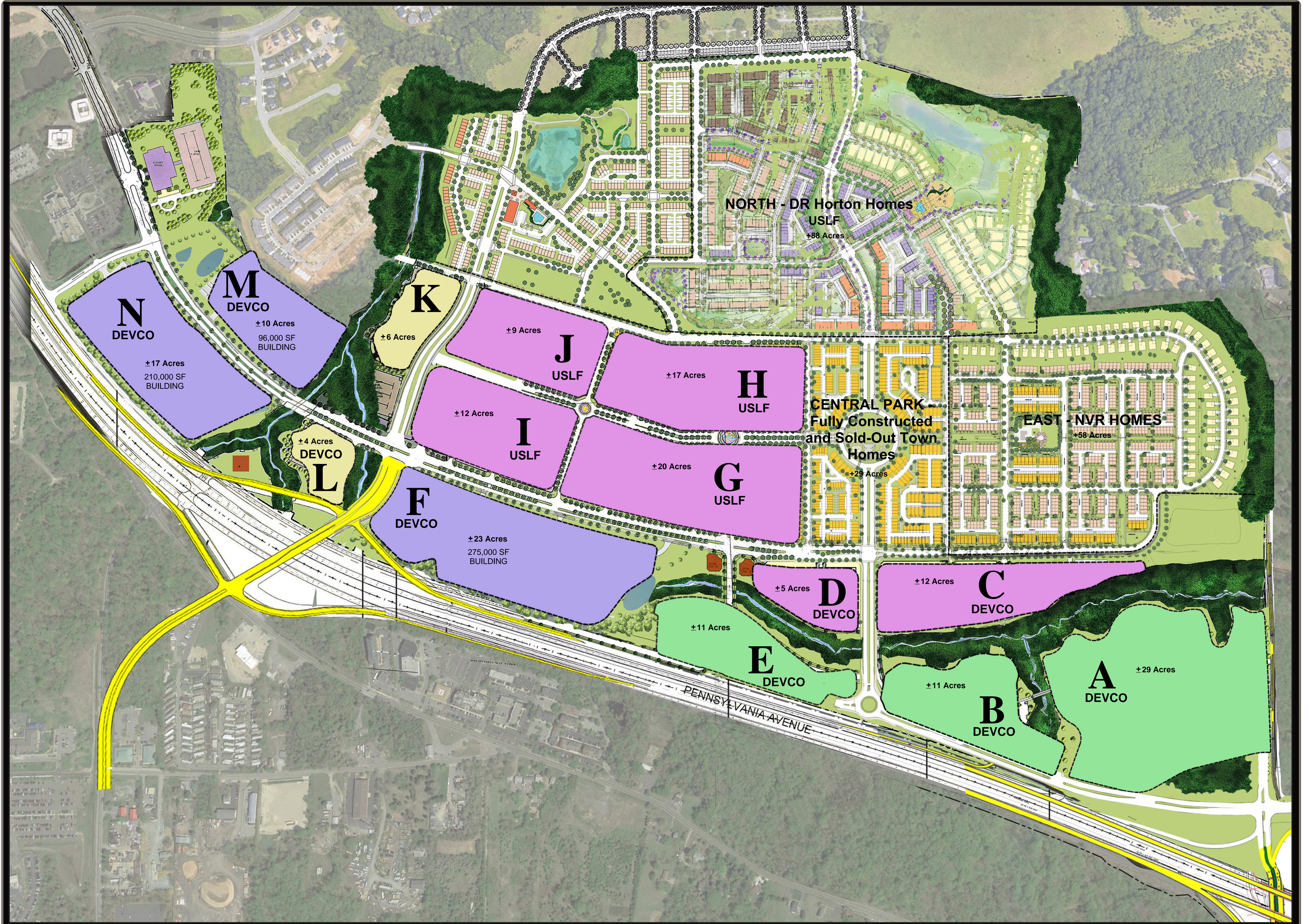


A Commissioner for Oaths in and for the
Province of Alberta

Meghan Parker
Barrister and Solicitor

WESTPHALIA TOWN CENTER

PRINCE GEORGE'S COUNTY, MARYLAND



This is Exhibit "D-4" referred to in the Affidavit of
BRUCE TINGLE, KC.

Sworn/Affirmed before me at the City of Calgary,
Alberta the 13 day of January, 2025



A Commissioner for Oaths in and for the
Province of Alberta

Meghan Parker
Barrister and Solicitor



Westphalia Dev. Corp. – Market Value

The market value for Westphalia Dev. Corp. (the “Corporation”) has been marked to \$0.00/share. The Corporation continues to own an interest in the development project, which remains active today, however it is currently estimated that there will be no distributions to equity holders therefore the share pricing has been adjusted accordingly.

Please note that the Corporation will not be wound up until such time that all assets are sold, and the shares will remain issued and outstanding until that time. We understand that changing this pricing to zero may cause the shares to fall off investor statements. If there is any change in future estimated project distributions, we will notify you at that time.

Please refer to the press releases from the Corporation that are posted to SEDAR for the most recent project and financial information. A link to the Third Quarter 2020 Fiscal Results press release is available [here](#).

Third Quarter 2020 Fiscal Results

FUND NAME	FUNDATA CODE	FUNDSERV CODE	CUSIP	MARKET VALUE DATE	MARKET VALUE
Westphalia Dev. Corp.	WAL*WDS	WAL9014N	96123A107	11/20/2020	\$0.00/share

Should you have any questions on the above information, please contact Walton Dealer Services at info@Walton.com.

Rebecca E. Bruce, CPA, CA

Chief Financial Officer

Walton Global Investments Ltd., Manager of Westphalia Dev. Corp.

This email was sent by:
Walton Global Investments Ltd.
25th Floor, 500 – 4th Avenue SW
Calgary, Alberta, Canada T2P 2V6

Main: +1.866.925.8668
Walton.com

[Preferences](#) | [Unsubscribe](#)

This is Exhibit "D-5" referred to in the Affidavit of
BRYCETINGLE, KC.

Sworn/Affirmed before me at the City of Calgary,
Alberta the 13 day of January, 2025



A Commissioner for Oaths in and for the
Province of Alberta

Meghan Parker
Barrister and Solicitor

Westphalia Dev. Corp. Reports Third Quarter 2024 Fiscal Results

SCOTTSDALE, Ariz. (December 1, 2024) – Westphalia Dev. Corp. (the “Corporation”) announced today its results for the third quarter ending September 30, 2024. The Corporation was formed in March 2012, for the development of a 310-acre Westphalia property located in Prince George’s County, Maryland, United States. The Corporation is managed by Walton Global (the “Manager”).

Material Event:

- There is material going concern uncertainty as the Manager has informed the Board that it will not fund on a go forward basis, unless a plan is put in place to address the liquidity of the Corporation and to make a definitive plan to pay the outstanding debt, unsecured creditors, and the Manager.
- The Board and the Manager have made a commitment to construct and implement a plan as soon as possible to deal with these matters, which will include a restructuring of the Corporation.
- The Manager (and its affiliates) are owed ~\$10,000,000+ and has not been paid a management fee since 2016.

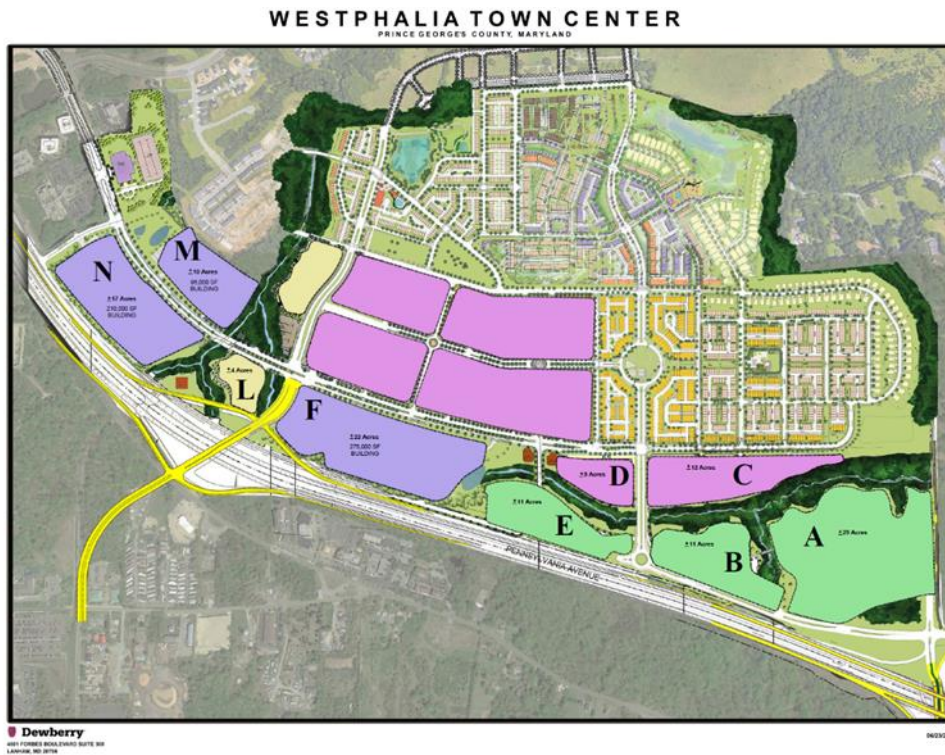
Financial Results

- Operating expenses for this quarter remained consistent with Q2 2024.
- On August 27, 2024, the Corporation signed the First Amendment to the Amended New Loan Program which extends the maturity date of the loan to July 31, 2025.
- On August 27, 2024, The Corporation also signed the First Amendment to the WTCF Loan which provides a second advance of \$6,761,678 USD, with a maturity date of June 30, 2025.
- On November 19, 2024, The Corporation exercised their option to extend the maturity date of the first WTCF Loan advance to December 31, 2025.
- The Manager and its affiliates continue to fund monetary shortfalls.

Development and Sales Activities

- The Westphalia Interchange TIF project located at the intersection of Pennsylvania Avenue (Route 4) and Woodyard Route (Route 223) is substantially complete. The General Contractor is preparing to finish the remaining State Highway Administration punch list items by Q2 2025.
- The Presidential Parkway East TIF project is substantially complete. We are in discussions with the local County for final acceptance. A contract to complete the final punch out landscaping is being finalized with anticipated completion in Q4 2024/Q1 2025.
- The Presidential Parkway West TIF project has work remaining. Management has a plan to complete all work, except utility dependent work, by the end of Q2 2025.
- The Manager has received multiple purchase offers for Parcels A & B from best-in-class retail developers to build a first-class mixed-use commercial development. Deal terms are currently being negotiated and we expect to have an agreement in place within 90 days.

- The Manager has completed Purchase and Sale Agreements for Parcels F, N, and M totaling approximately 50 acres. Settlements are anticipated to occur between Q1 and Q3 2025.
- The Manager received unanimous approval of our Detailed Site Plan (DSP Infrastructure) from The Maryland-National Capital Park and Planning Commission for Parcels A & B. This plan approval streamlines and accelerates the approval timeline for the future mixed-use development to be located on these parcels.
- The Manager has hired a best-in-class engineering and planning firm to complete the entitlements for the remaining approximately 96 acres, which includes the adjacent land to the north owned by a related party. The expectation is that this work will take 2 to 3 years to complete and receive full approval.



The Corporation’s unaudited interim consolidated financial statements and management’s discussion and analysis for the third quarter ended September 30, 2024, are available under the Corporation’s SEDAR profile at www.sedar.com.

Walton Global is a privately-owned, leading land asset management and global real estate investment company that concentrates on the research, acquisition, administration, planning, and development of land. With more than 45 years of experience, Walton has a proven track record of administering land investment projects within the fastest growing metropolitan areas in North America. The company manages and administers US\$4.37 billion in assets on behalf of its global investors, builders and developer clients and industry business partners. Walton has more than 90,000 acres of land under ownership, management and administration in the United States and Canada with business lines ranging from exit-focused pre-development land investments, builder land financing and build-to-rent. For more information visit walton.com.

MEDIA CONTACT:

Allison+Partners

waltonglobal@allisonpr.com

This news release, required by Canadian laws, does not constitute an offer of securities, and is not for distribution or dissemination outside Canada. This news release contains forward looking information, and actual future results may differ from what is disclosed in this news release. Forward-looking information is based on the current expectations, estimates and projections of the Corporation at the time the statements are made. They involve a number of known and unknown risks and uncertainties which would cause actual results or events to differ materially from those presently anticipated. The risks, uncertainties and other factors that could cause the Corporation's actual results and performance in future periods to differ materially from the forward looking information contained in this news release include, among other things, the development of Westphalia Town Center, general economic and market factors, including interest rates, a decline in the real estate market, changes in government policies and regulations or in tax laws, changes in municipal planning strategies and whether certain development approvals are obtained and changes in the Canadian/U.S. dollar exchange rate, in addition to those factors discussed or referenced in documents filed with Canadian securities regulatory authorities and available online at www.sedar.com.

Except as otherwise noted, all amounts are in Canadian dollars, and are based on unaudited condensed interim consolidated financial statements for the nine months ended September 30, 2024, and related notes, prepared in accordance with International Financial Reporting Standards.

This is Exhibit "D-6" referred to in the Affidavit of
BRYCE TINGLE, KC

Sworn/Affirmed before me at the City of Calgary,
Alberta the 13 day of January, 2025



A Commissioner for Oaths in and for the
Province of Alberta

Meghan Parker
Barrister and Solicitor

Westphalia Dev. Corp.

Projected Cash Flow Statement for the period January 13 to April 13, 2025

Cash Flow Statement (C\$ 000s)	Week Ending	Week 1 19-Jan	Week 2 26-Jan	Week 3 2-Feb	Week 4 9-Feb	Week 5 16-Feb	Week 6 23-Feb	Week 7 2-Mar	Week 8 9-Mar	Week 9 16-Mar	Week 10 23-Mar	Week 11 30-Mar	Week 12 6-Apr	Week 13 13-Apr	Total	Notes
Receipts		-	-	-	-	-	-	-	-	-	-	-	-	-	-	1
Disbursements																
General and Administrative Expenses		-	-	20,000	-	-	10,000	-	-	10,000	-	-	10,000	-	50,000	2
Management Fee to WGI				50,000				100,000					100,000		250,000	3
Professional Fees		-	-	75,000	-	-	-	-	175,000	-	-	-	-	-	250,000	4
Total - Disbursements		-	-	145,000	-	-	10,000	100,000	175,000	10,000	-	-	110,000	-	550,000	
Net cash flow		-	-	(145,000)	-	-	(10,000)	(100,000)	(175,000)	(10,000)	-	-	(110,000)	-	(550,000)	
Opening cash		2	2	2	(144,998)	(144,998)	(144,998)	(154,998)	(254,998)	(429,998)	(439,998)	(439,998)	(439,998)	(549,998)	2	
Ending cash before Interim Financing		\$ 2	\$ 2	\$ (144,998)	\$ (144,998)	\$ (144,998)	\$ (154,998)	\$ (254,998)	\$ (429,998)	\$ (439,998)	\$ (439,998)	\$ (439,998)	\$ (549,998)	\$ (549,998)	\$ (549,998)	
Interim Financing (Draw)		-	-	150,000			150,000		150,000				100,000		550,000	5
Cummulative Interim Financing (Drawn)		-	-	150,000	150,000	150,000	300,000	300,000	450,000	450,000	450,000	450,000	550,000	550,000	550,000	
Ending Cash after Interim Financing		\$ 2	\$ 2	\$ 5,002	\$ 5,002	\$ 5,002	\$ 145,002	\$ 45,002	\$ 20,002	\$ 10,002	\$ 10,002	\$ 10,002	\$ 2	\$ 2	\$ 2	

Westphalia Dev. Corp.

Per: [Name, Title]

Notes:

The Manager of Westphalia Dev. Corp. ("WDC") prepared this Projected Cash Flow Statement solely for the purposes of determining the liquidity requirements of Westphalia Dev. Corp. during the period of January 13, 2025 to April 13, 2025. This Projected Cash Flow Statement is based on probable and hypothetical assumptions detailed in Notes 1-6. Consequently, actual results will likely vary from actual performance and such variances may be material.

1 WDC does not have any source of revenue, accordingly receipts are projected as nil

2 Includes general administrative expenses, news releases, external corporate legal, accounting and tax services.

3 Company does not have any employees, management duties are performed pursuant to a management agreement with Walton Global Investment Ltd. ("WGI")

4 Professional fees include provision for WDC Counsel, Monitor and Monitor's counsel in addition to retainers currently held by these parties.

5 Interim Financing provided pursuant to the terms of the Interim Financing Agreement with WGI dated [].

Westphalia Dev. Corp.

Cash flow actuals/forecast for the period of January 31, 2025 to April 25, 2025

\$000's, CAD

Week ended	Notes	FORECAST													Total 13 weeks
		Week 1 31-Jan	Week 2 07-Feb	Week 3 14-Feb	Week 4 21-Feb	Week 5 28-Feb	Week 6 07-Mar	Week 7 14-Mar	Week 8 21-Mar	Week 9 28-Mar	Week 10 04-Apr	Week 11 11-Apr	Week 12 18-Apr	Week 13 25-Apr	
(Disbursements)/Receipts															
GST recoverable															
G&A (Carscallen, Business Wire, EY)		-	(20,000)	-	-	(10,000)	-	-	(10,000)	-	-	(10,000)	-	-	(50,000)
Total disbursements		-	(20,000)	-	-	(10,000)	-	-	(10,000)	-	-	(10,000)	-	-	(50,000)
Net change in cash from operations		-	(20,000)	-	-	(10,000)	-	-	(10,000)	-	-	(10,000)	-	-	(50,000)
Professional Fees		(23,077)	(23,077)	(23,077)	(23,077)	(23,077)	(23,077)	(23,077)	(23,077)	(23,077)	(23,077)	(23,077)	(23,077)	(23,077)	(300,000)
Administration charge															-
Net change in cash		(23,077)	(43,077)	(23,077)	(23,077)	(33,077)	(23,077)	(23,077)	(33,077)	(23,077)	(23,077)	(33,077)	(23,077)	(23,077)	(350,000)
Opening cash balance		2	2	2	2	2	2	2	2	2	2	2	2	2	2
PDCF Loan payment received		23,077	43,077	23,077	23,077	33,077	23,077	23,077	33,077	23,077	23,077	33,077	23,077	23,077	350,000
Ending cash balance		2	2	2	2	2	2	2	2	2	2	2	2	2	2

Management of Westphalia Dev. Corp. have prepared this forecasted cash flow statement based on probable and hypothetical assumptions detailed in the notes below.

The forecast has been prepared solely for the Company's CCAA filing to determine liquidity requirements. Since the projections are based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material. Consequently, readers are cautioned that it may not be appropriate for other uses.

Notes:

Cash Flow Statement (C\$ 000s)	Pre-filing Retainers Week Ending	Week 1 19-Jan	Week 2 26-Jan	Week 3 2-Feb	Week 4 9-Feb	Week 5 16-Feb	Week 6 23-Feb	Week 7 2-Mar	Week 8 9-Mar	Week 9 16-Mar	Week 10 23-Mar	Week 11 30-Mar	Week 12 6-Apr	Week 13 13-Apr	Total	Total including retainers	Notes
Professional Fees																	
Company Counsel	144,508.67								75,000.00						75,000.00	219,508.67	
Monitor	125,000.00								50,000.00						50,000.00	175,000.00	
Monitor's Counsel	-			75,000.00					50,000.00						125,000.00	125,000.00	
Total	269,508.67	-	-	75,000.00	-	-	-	-	175,000.00	-	-	-	-	-	250,000.00	519,508.67	

This is Exhibit "D-7" referred to in the Affidavit of
RYCE TINGE, KC.

Sworn/Affirmed before me at the City of Calgary,
Alberta the 13 day of January, 2025



A Commissioner for Oaths in and for the
Province of Alberta

Meghan Parker
Barrister and Solicitor

Clerk's stamp

COURT FILE NUMBER

COURT

COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

IN THE MATTER OF THE *COMPANIES'*
CREDITORS ARRANGEMENT ACT, R.S.C.
1985, C. C-36, AS AMENDED

AND IN THE MATTER OF THE COMPROMISE
OR ARRANGEMENT OF WESTPHALIA DEV.
CORP.

APPLICANT

WESTPHALIA DEV. CORP.

DOCUMENT

CONSENT TO ACT

ADDRESS FOR
SERVICE AND
CONTACT

Norton Rose Fulbright Canada LLP
400 3rd Avenue SW, Suite 3700
Calgary, Alberta T2P 4H2 CANADA

INFORMATION OF
PARTY FILING THIS
DOCUMENT

Howard A. Gorman, K.C. / Meghan L. Parker
howard.gorman@nortonrosefulbright.com
meghan.parker@nortonrosefulbright.com
Tel: +1 403.267.8222
Fax: +1 403.264.5973

Lawyers for the Applicant, Westphalia Dev. Corp.
File no.: 1001326363

FTI Consulting Canada Inc. does hereby consent to act as Monitor in these proceedings, if so appointed by this Honourable Court.

DATED at the City of Calgary, in the Province of Alberta, this 9th day of January, 2025.

Per: 

Dustin Olver, CA, CPA, CIRP, LIT
Senior Managing Director