

*This Offering is not made to, nor will subscriptions be accepted from, any person in the United States of America.*

## CONFIDENTIAL OFFERING MEMORANDUM

Dated: July 3, 2015

Name: **THE ISSUER**  
**WALTON TX DALLAS KEMP RANCH LP 1**  
(THE "PARTNERSHIP")  
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Currently Listed or Quoted: No. These securities do not trade on any exchange or market.  
Reporting Issuer: No  
SEDAR Filer: No

### THE OFFERING

Securities Offered: Limited partnership units of the Partnership (the "Units").

Price per Security: \$10.00 per Unit.

Minimum Subscription Amount: **\$10,000 (1,000 Units)**. The General Partner may accept lesser amounts in its sole discretion. Individual dealers may have higher minimum investment amounts per Subscriber.

Minimum/Maximum Offering: **\$1,000,000 (100,000 Units) / \$25,870,000 (2,587,000 Units) – Funds available under the Offering may not be sufficient to accomplish our proposed objectives.**

Payment Terms: The subscription price is payable at the time of your subscription by certified cheque or bank draft or such other manner as may be acceptable to the General Partner in its sole discretion. **The subscription amounts are denominated in U.S. dollars.**

Proposed Closing Date(s): Closings may be held in the discretion of the General Partner up to and including April 30, 2016. The General Partner may terminate this Offering at any time in its sole discretion.

Income Tax Consequences: There are important tax consequences to the ownership of these securities. Prospective investors are urged to consult their own tax advisors prior to investing in the Partnership with respect to the specific tax consequences to them from the acquisition of Units. **All investors will be responsible for the preparation and filing of their own United States and Canadian tax returns (including federal, provincial, state and local tax returns, as applicable) in respect of this investment. Costs associated with the preparation and filing of such returns may be material.** See "Item 6 – Certain Material Canadian Federal and United States Federal and State Income Tax Consequences" and "Item 8 – Risk Factors".

Selling Agent: Yes. Agents (including registered exempt market dealers and other registered dealers, as may be appointed from time to time) will offer the Units for sale pursuant to this Offering Memorandum. The agents will receive the Selling Commissions of 13.25% of the Gross Proceeds. See "Item 7 – Compensation Paid to Sellers and Finders".

Purpose: The Partnership has been formed to conduct the Offering and issue the Units thereunder to: (i) initially provide Loans (equal to the Net Proceeds raised under the Offering) to WIGI, its Material Affiliates and their Sponsored Entities pursuant to the Loan Agreements; (ii) earn interest on such Loans in an amount sufficient to enable the Partnership to declare Monthly Distributions in an amount equal to 8% per annum on the Gross Proceeds raised under the Offering until such time as the Partnership acquires an undivided interest in the Property; (iii) at such time as Walton Texas acquires the Property, demand repayment of the Loans and use such funds to acquire up to a 95% undivided interest in the Property from Walton Texas and to fund the reserves and other expenses of the Partnership; (iv) conduct Concept Planning on the Property until such time as it is commercially opportune for the Property to be sold (which sale may include the sale of the Property in whole or in part); and (v) distribute any net proceeds of such sales to Unitholders. The Partnership will not undertake physical development of the Property without first obtaining the approval of Unitholders by Extraordinary Resolution.

### RESALE RESTRICTIONS

You will be restricted from selling your Units for an indefinite period. See "Item 10 – Resale Restrictions".

### PURCHASER'S RIGHTS

You have two Business Days to cancel your agreement to purchase the Units. If there is a misrepresentation in this Offering Memorandum, you have the right to sue either for damages or to cancel the agreement. See "Item 11 – Purchaser's Rights".

**No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this Offering Memorandum. Any representation to the contrary is an offence. This is a risky investment. See "Item 8 – Risk Factors".**

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## GLOSSARY OF TERMS

In this Offering Memorandum (including in the face page hereof), unless the context otherwise requires, the following words and terms shall have the indicated meanings and grammatical variations of such words and terms shall have corresponding meanings:

"**ABCA**" means the *Business Corporations Act* (Alberta) and the regulations thereunder, as amended from time to time;

"**affiliate**" or "**associate**" means a person who is affiliated or associated with the person who is the object of the description for the purposes of the ABCA;

"**Borrower**" means any of WIGI, its Material Affiliates and Sponsored Entities, who borrow the Net Proceeds from the Partnership pursuant to the Loan Agreements;

"**Business Day**" means a day which is not a Saturday, Sunday or a legal holiday in the City of Calgary, in the Province of Alberta;

"**Capital Contribution**", with respect to any Partner, means the amount of capital contributed by such Partner to the Partnership in accordance with the Partnership Agreement, including, in the case of a Limited Partner, such Limited Partner's initial Capital Contribution;

"**Certificate**" means the certificate in respect of the Partnership filed pursuant to the Partnership Act, as amended from time to time in accordance with all notices to amend such certificate that are filed and recorded as aforesaid;

"**Closing**" means a closing of the Offering pursuant to which Units will be issued from the Partnership's treasury to Subscribers;

"**Closing Date**" means the date of Closings under this Offering. The General Partner may terminate this Offering at any time in its sole discretion;

"**Code**" means the United States *Internal Revenue Code of 1986*, as amended, and, where applicable, the Treasury Regulations promulgated thereunder;

"**Commissions, Reserves and Costs**" means the aggregate Selling Commissions, estimated Offering costs, Expense Reserve, Concept Fund, Entity Maintenance Reserve and Recovery of Acquisition Costs as such items appear under "Item 1 – Use of Available Funds – Use of Net Proceeds Upon Acquisition of Undivided Interest in the Property";

"**Concept Fund**" means a fund of \$2,921,066 in the case of the Maximum Offering, and \$112,913 in the case of the Minimum Offering, and proportionate amounts in between if the Gross Proceeds are less than the Maximum Offering and more than the Minimum Offering, to be set aside as a reserve by the Partnership, which will be used primarily for the Partnership's portion of expenses of Concept Planning for the Property as more fully described in "Item 2 – Activities of the Partnership – Investment Activities – Exit Strategies" and "Item 2 – Activities of the Partnership – Investment Activities – Funding for Concept Planning". See also "Item 1 – Use of Available Funds – Use of Net Proceeds Upon Acquisition of Undivided Interest in the Property";

"**Concept Planning**" means those pre-development actions initiated to: (i) conduct planning studies to assess the development potential of the Property; (ii) prepare a conceptual master plan for the Property; (iii) pursue local governmental planning and regulatory approvals necessary to implement the conceptual master plan, including plan amendments and rezoning; (iv) prepare and obtain local governmental approval of subdivision plans; and (v) negotiate and secure service agreements. See "Item 2 – Activities of the Partnership – Acquisition of an Interest in the Property by the Partnership", "Item 2 – Activities of the Partnership – Investment Activities – Exit Strategies", "Item 2 – Activities of the Partnership – Investment Activities – Concept Planning" and "Item 2 – Activities of the Partnership – Investment Activities – Funding for Concept Planning";

"**Concept Planning Services Agreement**" means an agreement to be entered into among WIGI USA, the Partnership, Walton Texas and WDM USA whereby WDM USA will coordinate and manage Concept Planning activities in respect of the Property;

"**Co-Ownership Agreement**" means an agreement substantially as described in "Item 2 – Activities of the Partnership – Material Agreements – Co-Ownership Agreement";

"**Entity Maintenance Reserve**" means the amount of \$338,200 to be set aside by the Partnership out of the Net Proceeds at the time the Partnership first acquires an interest in the Property, which will be used by the Partnership to pay for ongoing Partnership and General Partner related expenses including, but not limited to, annual audit fees, ongoing external legal costs related to the entities, future entity dissolution costs, mailing and investor communication costs, and exit related costs, such as meetings and distributions. See also "Item 1 – Use of Available Funds – Use of Net Proceeds Upon Acquisition of Undivided Interest in the Property";

**"Expense Reserve"** means a reserve of \$202,069 in the case of the Maximum Offering and \$7,811 in the case of the Minimum Offering, and proportionate amounts in between if the Gross Proceeds are less than the Maximum Offering and more than the Minimum Offering, which will be set aside by the Partnership to be utilized by the Partnership primarily to pay ongoing administrative and operating expenses of the Partnership related to the Property such as maintenance costs, property tax, insurance, transfer tax, and appraisals (but not the Selling Commissions under the Offering and the expenses of the Offering) incurred by it after the formation of the Partnership. See "Item 1 – Use of Available Funds – Use of Net Proceeds Upon Acquisition of Undivided Interest in the Property" and "Item 2 – Activities of the Partnership – Material Agreements – Funding Agreement";

**"Extraordinary Resolution"** means a resolution approved by not less than 66 2/3% of the votes cast by those Limited Partners who vote and are entitled to vote in person or by proxy at a duly convened meeting of Limited Partners, or at any adjournment thereof, called in accordance with the Partnership Agreement, or a written resolution signed in one or more counterparts by Limited Partners holding in the aggregate not less than 66 2/3% of the aggregate number of votes held by those Limited Partners who are entitled to vote with respect to such resolution at the time of such meeting, if a meeting were called;

**"Funding Agreement"** means the agreement described in "Item 2 – Activities of the Partnership – Material Agreements – Funding Agreement";

**"Funding Right"** means, in the event that (i) the Partnership exhausts its funding from Walton Finance under the Funding Agreement, or (ii) Walton Finance stops providing funding under the Funding Agreement, the ability of the Partnership, under the terms of the Funding Agreement, to borrow an amount of up to 9% of the Gross Proceeds (\$2,328,300 if the Maximum Offering is achieved) from third parties, or if such third party borrowing is not available, from Walton Finance or from an affiliate thereof (including, without limitation, from WIGI USA) to pay for the Partnership's operating costs and share of Concept Planning costs and to provide security on the Partnership's assets, including its interest in the Property to those third parties for that financing, provided that the security is subsequent in priority to the security provided to Walton Finance under the Funding Agreement (unless Walton Finance otherwise consents in its sole discretion) and the financing and security are on reasonable commercial terms to the Partnership. See "Item 2 – Activities of the Partnership – Material Agreements – Funding Agreement";

**"General Partner"** means Walton TX Dallas Kemp Ranch Corporation, which is an affiliate of WIGI, or any other party who may become the general partner of the Partnership from time to time;

**"Gross Proceeds"** means the gross proceeds raised by the Partnership under the Offering from the sale of the Units;

**"Initial Limited Partner"** means Kenneth H. Phillips, whose Unit will be repurchased concurrent with the first Closing;

**"Limited Partners"** means each of those parties that acquire Units hereunder or in the future and who from time to time are accepted as and become limited partners of the Partnership in accordance with the terms and conditions of the Partnership Agreement, including the General Partner if and when it holds Units;

**"Loan"** or **"Loan Amount"** means the amount the Partnership will lend to the Borrowers in amounts not in excess of the Net Proceeds outstanding from time to time pursuant to the Loan Agreements;

**"Loan Agreements"** means the agreements to be entered into between a Borrower and the Partnership, from time to time, whereby the Partnership will agree to provide a Loan, and the Borrower will agree to certain covenants with respect to the use of the Loan. See "Item 2 – Activities of the Partnership – Material Agreements – Loan Agreements";

**"Loan Guarantees"** means the guarantees provided by WIGI and Walton Global to the Partnership for any Loan Amounts (including principal and accrued interest) borrowed by Material Affiliates and Sponsored Entities pursuant to the Loan Agreements;

**"Material Affiliate"** means any affiliate of WIGI, including any affiliates which come into existence after the date hereof;

**"Maximum Offering"** means the maximum Offering hereunder of 2,587,000 Units for Gross Proceeds of \$25,870,000. See "Item 1 – Use of Available Funds";

**"Minimum Offering"** means the minimum Offering hereunder of 100,000 Units for Gross Proceeds of \$1,000,000;

**"Monthly Distribution"** means a monthly distribution, by the Partnership to the Limited Partners of record on the date of declaration, of an amount equal to, in the aggregate, eight percent (8%) per annum of the Gross Proceeds; it is anticipated that such distribution shall be calculated as at each month end and declared within 30 days subsequent to such month end on the basis of a year of 365 days and the actual number of days (excluding the first day, but including the last day) on the Gross Proceeds during such calculation period, subject to proration as

described in this Offering Memorandum, but shall only be paid on the thirtieth day following the date the Partnership first acquires an undivided interest in the Property; see Item 5 – Description of the Securities Offered –Allocations and Distributions”;

**"Net Income"** or **"Net Loss"** means, with respect to any fiscal period, the net income or net loss, as the case may be, of the Partnership, as determined by the General Partner in accordance with Canadian generally accepted accounting principles or International Financial Reporting Standards, as applicable;

**"Net Proceeds"** means, at any time, such amounts as indicated in the table under "Item 1 – Use of Available Funds – Available Funds and Net Proceeds of the Partnership";

**"Non-Resident"** means a person other than a Resident;

**"Offering"** means the offering of the Units described herein or in any amendment hereto;

**"Offering Memorandum"** means this confidential offering memorandum of the Partnership dated June 23, 2015, including any amendment hereto;

**"Ordinary Resolution"** means a resolution approved by more than 50% of the votes cast by those Limited Partners who vote and are entitled to vote in person or by proxy at a duly convened meeting of Limited Partners, or at any adjournment thereof, called in accordance with the Partnership Agreement, or a written resolution signed in one or more counterparts by Limited Partners holding in the aggregate more than 50% of the aggregate number of votes held by those Limited Partners who are entitled to vote with respect to such resolution at the time of such meeting, if a meeting were called;

**"Partners"** means, collectively, each of the Limited Partners and the General Partner;

**"Partnership"** means Walton TX Dallas Kemp Ranch LP 1, a limited partnership duly formed pursuant to the Partnership Act;

**"Partnership Act"** means the *Partnership Act* (Alberta) and the regulations thereunder, as amended from time to time;

**"Partnership Agreement"** means the third amended and restated limited partnership agreement dated June 22, 2015 described in "Item 2 – Activities of the Partnership – Material Agreements – Partnership Agreement" and attached as Schedule "B" hereto;

**"Promoters"** means each of WIGI and the General Partner, being the entities that took the initiative in founding and organizing the Partnership;

**"Property"** means the lands comprised of 1,300 acres, more or less, located in Ellis County, Texas, as further described on Schedule "A" hereto and with the legal description as set forth in Schedule "A" hereto, and where the context requires, the interests in the Property that are acquired by the Partnership;

**"Purchase and Sale Option Agreement"** means the agreement to be entered into between the General Partner, for and on behalf of the Partnership, and Walton Texas, pursuant to which the Partnership will acquire up to a 95% undivided interest in the Property from Walton Texas, in one or more transactions;

**"Qualified Person"** means a person in respect of which, if such person were to become a Limited Partner, the representations of such person contained in the Partnership Agreement would be true;

**"Recovery of Acquisition Costs"** means an amount to be paid to Walton Texas to reimburse it for the costs and expenses associated with the acquisition of the Property, including title and escrow costs, environmental site assessments, property information reports, surveys and legal and consulting fees (including certain fees payable to WDM USA);

**"Registrar"** means the registrar and transfer agent for the Units to be appointed pursuant to the Partnership Agreement;

**"related party compensation"** means the difference between the total purchase price paid by the Partnership to Walton Texas to acquire an undivided interest in the Property and the total purchase price paid by Walton Texas to the vendors of the Property to acquire such undivided interest in the Property;

**"Resident"** means a person (other than a partnership) that is resident in Canada for purposes of the Tax Act, or a "Canadian partnership" as defined in the Tax Act;

**"Selling Commissions"** means the selling commissions which in the aggregate will be 13.25% of the Gross Proceeds from the sale of the Units in the Offering payable to parties who sell Units and who are entitled to receive such commissions under applicable securities law;

**"Sharing Ratio"** with respect to any Limited Partner and any Units, means the proportion that the number of Units held by such Limited Partner constitutes of the aggregate number of Units held by all Limited Partners;

**"Sponsored Entity"** means any entity where WIGI or an affiliate thereof has an administrative, management or management development role, either under a contract or by virtue of ownership, and which entity receives funding with funds from a Loan, for general corporate purposes and includes any Sponsored Entities which come into existence after the date hereof;

**"Subscribers"** means those persons subscribing for Units pursuant to the Offering;

**"Tax Act"** means the *Income Tax Act* (Canada) and the regulations thereunder, as amended from time to time;

**"Unit Certificate"** means a certificate approved by the General Partner and registered in the name of a Subscriber representing the Units held by such Subscriber;

**"Unitholder"** means a registered holder of a Unit;

**"Units"** means the limited partnership units offered under this Offering Memorandum;

**"U.S."** or **"United States"** means the United States of America;

**"Unqualified Limited Partner"** has the meaning ascribed to it in the Partnership Agreement;

**"Walton Finance"** means Walton Finance Ltd., an Alberta corporation, a wholly-owned subsidiary of Walton Global and an affiliate of WIGI and the General Partner;

**"Walton Global"** means Walton Global Investments Ltd., an Alberta corporation, which is the parent corporation to WIGI and WIGI USA;

**"Walton Group"** means the Walton Group of companies, which includes, among other entities, Walton Nevada, WIGI USA, WIGI, Walton Global, Walton Texas, and the General Partner, as more particularly described under "Item 2 – Activities of the Partnership – Structure";

**"Walton Holdco"** means Walton G.P. Holdco Ltd., an Alberta corporation, which is a wholly-owned subsidiary of WIGI;

**"Walton Nevada"** means Walton International Group, Inc., a Nevada corporation and an affiliate of the General Partner and WIGI, being the manager of Walton Texas GP, LLC;

**"Walton Texas"** means Walton Texas, LP, a Texas limited partnership, and where applicable includes Walton Nevada, the manager of its general partner, Walton Texas GP, LLC, and an affiliate of the General Partner and WIGI, being the entity from which the Partnership will acquire up to a 95% undivided interest in the Property. See "Item 2 – Activities of the Partnership – Structure";

**"WDM"** means Walton Development and Management LP, an Alberta limited partnership and a wholly-owned subsidiary of Walton Global and an affiliate of WIGI and the General Partner;

**"WDM USA"** means Walton Development & Management (USA), Inc., an Arizona corporation and an affiliate of the General Partner and WIGI;

**"WIGI"** or **"Walton"** means Walton International Group Inc., an Alberta corporation and one of the Promoters of this Offering; and

**"WIGI USA"** means Walton International Group (USA), Inc., an Arizona corporation and an affiliate of the General Partner and WIGI, being the main operating company of the Walton Group in the U.S.

In this Offering Memorandum, references to **"dollars"**, **"\$"**, **"U.S. dollars"** and **"USD"** are to the currency of the United States, unless otherwise indicated. References to **"CDN"** are to the currency of Canada.

## CAUTIONARY STATEMENTS

### Conflicts of Interest and Risk Factors

There are numerous conflicts of interest among the Partnership, the General Partner, Walton Texas, WIGI, WIGI USA, WDM, WDM USA, and other members of the Walton Group that are involved in this Offering and in the administration of the Property acquired by the Partnership. There are also numerous risks involved in investing in the Units of the Partnership. Potential investors should review these conflicts of interest and risks before investing in the Units. See "Summary – Conflicts of Interest", "Summary – Risk Factors" and "Item 8 – Risk Factors".

## Forward-Looking Statements

Certain statements in this Offering Memorandum as they relate to the Partnership and other entities within the Walton Group and their respective views or predictions about possible future events or conditions and their business operations and strategy, are "forward-looking statements" within the meaning of that phrase under applicable Canadian securities laws. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "expects", "does not expect", "is expected", "anticipates", "does not anticipate", "plans", "estimates", "believes", "does not believe" or "intends", or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved) are not statements of historical fact and may be "forward-looking statements". Forward-looking statements are based on the current expectations, estimates and projections of the management of the General Partner and WIGI 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.

In particular, this Offering Memorandum contains forward-looking statements relating to, but not limited to:

- the use of proceeds of the Offering;
- the anticipated activities of the Partnership;
- views regarding the real estate market, in particular relating to prices and trends;
- the expectation that the Property will be sold within 4-6 years;
- the expectation that the Property will meet the Partnership's investment objective and strategy;
- the anticipated business, operational and other costs to be incurred by the Partnership;
- the timing and circumstances of any Monthly Distribution;
- the dissolution of the Partnership and the distribution of its assets;
- the anticipated costs to be incurred by the Partnership to complete Concept Planning and prepare the Property for sale;
- the prospects for obtaining certain Concept Planning approvals;
- the sufficiency of the Concept Fund, the Expense Reserve, and/or the Entity Maintenance Reserve so as not to require borrowing;
- if required beyond that available under the Funding Agreement, the availability of financing on reasonable terms;
- the belief that urban growth will be accommodated in the area where the Property is located and that the Property will be required for the eventual build-out and development of that region;
- the expectation that the Property will be suitable for profitable and timely development by future purchasers; and
- the expectation that the Walton Group's administration of a significant amount of land in a region will provide it with the ability to become a key stakeholder in the planning and development of that region.

Readers are cautioned that the above list is not exhaustive and that risks may change or new risks may emerge. Important factors that could cause the Partnership's actual results and performance in future periods to differ materially from the Partnership's expectations include, among other things, the length of time the Partnership is required to hold the Property; the availability of financing, if required; general economic and market factors, including interest rates; a decline in the real estate market; failure of counterparties to satisfy their contractual obligations; changes in government regulations or in tax laws; changes in planning strategies and whether or not certain Concept Planning approvals are obtained, in addition to those factors discussed or referenced under the heading "Item 8 – Risk Factors".

The forward-looking statements contained in this Offering Memorandum are given as of the date hereof unless expressed to be given as at another date, in which case such statements are given as at such other date. Except as otherwise required by law, the Partnership does not intend to, and assumes no obligation to, update or revise these or other forward-looking statements it may provide, whether as a result of new information, plans or events or otherwise. Readers are cautioned not to place undue reliance on these forward-looking statements as there can be no assurance that the condition, events, plans and assumptions on which they are based will occur.

## **Industry and Market Data**

The Partnership obtained the industry and market data used throughout this Offering Memorandum, including in Schedule "C" – The Property and Economic Data, from surveys or studies conducted by third parties and industry or general publications. Such publications and surveys often state that they have obtained information from sources believed to be reliable, but do not guarantee the accuracy and completeness of such information. Although the Partnership believes that each of these studies and publications is reliable, the Partnership has not independently verified such data and does not make any representations as to the accuracy of such information.

## **Investment Not Liquid**

The Units offered hereunder will be subject to a number of resale restrictions, including a restriction on trading. Until the restriction on trading expires, if ever, a Unitholder will not be able to trade the Units unless it complies with very limited exemptions from the prospectus and registration requirements under applicable securities legislation. As the Partnership has no intention of becoming a reporting issuer in any jurisdiction in Canada, these trading restrictions will not expire. Consequently, Unitholders may not be able to liquidate their Units in a timely manner, if at all, or pledge their Units as collateral for loans. See "Item 10 – Resale Restrictions".

## **Subscribers May Not Rely on Other Information**

The information contained in this Offering Memorandum is intended only for the persons to whom it is transmitted for the purposes of evaluating the securities offered hereby. Subscribers should only rely on the information in this Offering Memorandum. No persons are authorized to give any information or make any representation in respect of the Partnership, the Walton Group or the securities offered herein and any such information or representation must not be relied upon.



## WALTON TX DALLAS KEMP RANCH LP 1

There are numerous conflicts of interest among the Partnership, the General Partner, Walton Texas, WIGI, WIGI USA, WDM, WDM USA, and other members of the Walton Group that are involved in this Offering and in the administration of the Property to be acquired by the Partnership. There are also numerous risks involved in investing in the Units of the Partnership. Potential investors should review these conflicts of interest and risks before investing in the Units. See "Cautionary Statements", "Summary – Conflicts of Interest", "Summary – Risk Factors" and "Item 8 – Risk Factors".

### SUMMARY

*This summary does not constitute an offering of securities, and cannot be relied upon for making your investment decision. It is qualified in its entirety by this Offering Memorandum. Please read this Offering Memorandum thoroughly before making any investment decision and investing. This investment is not guaranteed or insured, and its value changes depending on, among other things, economic factors and market trends. Please refer to the Glossary of Terms for the meanings associated with capitalized terms used in this summary that are not defined herein.*

#### **Offering Details:**

Limited partnership units.

\$10.00 per Unit.

Minimum Offering of \$1,000,000 (100,000 Units).

Maximum Offering of \$25,870,000 (2,587,000 Units).

Minimum Subscription Amount: \$10,000 (1,000 Units) subject to the sole discretion of the General Partner to waive the minimum subscription requirement.

Selling Commissions equal to 13.25% of Gross Proceeds.

#### **Partnership's Objectives and the Property:**

The Partnership has been formed to conduct the Offering and issue the Units thereunder to: (i) initially provide Loans (equal to the Net Proceeds raised under the Offering) to WIGI, its Material Affiliates and their Sponsored Entities pursuant to the Loan Agreements; (ii) earn interest on such Loans in an amount sufficient to enable the Partnership to declare Monthly Distributions in an amount equal to 8% per annum on the Gross Proceeds raised under the Offering until such time as the Partnership acquires an undivided interest in the Property; (iii) at such time as Walton Texas acquires the Property, demand repayment of the Loans and use such funds to acquire up to a 95% undivided interest in the Property from Walton Texas and to fund the reserves and other expenses of the Partnership; (iv) conduct Concept Planning on the Property until such time as it is commercially opportune for the Property to be sold (which sale may include the sale of the Property in whole or in part); and (v) distribute any net proceeds of such sales to Unitholders. The Partnership will not undertake physical development of the Property without first obtaining the approval of Unitholders by Extraordinary Resolution.

At such time as Walton Texas acquires the Property, the General Partner intends, prior to its first acquisition of an undivided interest in the Property, to demand repayment of all outstanding Loan Amounts from the Borrowers and, upon receipt of same, use such repaid Loan Amounts to acquire undivided interests in the Property, fund the Entity Maintenance Reserve and fund the Concept Fund, Expense Reserve and the Recovery of Acquisition Costs related to the Property.

The Partnership intends to raise sufficient Net Proceeds to purchase a minimum 1.214% and a maximum 95% undivided interest in the Property.

The Partnership will hold its interest in the Property as an investment until it is commercially opportune for the Property to be developed, to sell or otherwise dispose of the Property and to distribute the net proceeds of the sale to Unitholders. The Property may be sold in total in one or a small number of parcels.

The Property is located in Ellis County, Texas and is comprised of approximately 1,300 acres. The Property is:

- 600 yards / 1 minute from I-35E
- 4 miles / 8 minutes from downtown Waxahachie
- 29 miles / 34 minutes from downtown Dallas
- 37 miles / 37 minutes from Mesquite
- 39 miles / 41 minutes from Fort Worth
- 52 miles / 55 minutes from Plano
- 70 miles / 67 minutes from Waco

See Schedule "C" – The Property and Economic Data.

During the period of time the Property is held, the Partnership intends to engage in Concept Planning through the engagement of WDM USA. The Partnership's proportionate share of Concept Planning expenses will be funded through the Concept Fund that will be set aside at the time the Partnership acquires its first undivided interest in the Property. There are a number of anticipated activities in relation to planning and entitlement which may be undertaken in relation to the Property. See "Item 1 – Use of Available Funds", "Item 2 – Activities of the Partnership – Investment Activities – Exit Strategies" and "Item 2 – Activities of the Partnership – Short Term Objectives of the Partnership and How the Partnership Intends to Achieve Them".

**Loans to Borrowers and Monthly Distribution by the Partnership**

As soon as practicable after each Closing, the Partnership intends to loan the Net Proceeds to the Borrowers (WIGI, its Material Affiliates and Sponsored Entities) pursuant to Loan Agreements. The Borrowers will use the Net Proceeds loaned to them for general corporate purposes, in accordance with the terms of the Loan Agreements. No interest will be earned by the Partnership until the Net Proceeds from a Closing are loaned. Accordingly, no interest will accrue in favor of the Partnership to fund its Monthly Distribution to any Limited Partners until a Closing has been held and the Net Proceeds has been lent to Borrowers. The Partnership must meet the Minimum Offering of \$1,000,000 before any Closing will be held or any interest on Loans will accrue. To enable the Partnership to pay Monthly Distributions in an amount equal to 8% per annum on the Gross Proceeds raised under the Offering, it is anticipated that the interest rate on the Loans will be between 9.3% and 11.4% (due to the fact that the Net Proceeds so loaned are less than the Gross Proceeds on which the Monthly Distributions are intended to be paid) and will be determined by the General Partner in its sole discretion at the time of entering into the Loan Agreements.

WIGI and Walton Global will provide Loan Guarantees for any Loan Amounts borrowed by Material Affiliates and Sponsored Entities.

The General Partner currently intends to declare and pay the Monthly Distribution in the manner set forth in this Offering Memorandum and only until such time as the Partnership acquires its first undivided interest in the Property. **The declaration and payment of such distributions is dependent upon the Borrowers satisfying their obligations under the Loans and, if applicable, WIGI and Walton Global satisfying their obligations under the Loan Guarantees. In addition, the declaration and payment of such distributions shall be subject to the discretion of the General Partner and the satisfaction of certain conditions specified in the Partnership Agreement.** Although Monthly Distributions may be calculated and declared in relation to each month, the distributions shall only be paid on the thirtieth day following the date the Partnership first acquires an undivided interest in the Property. No interest will accrue on any declared but unpaid Monthly Distributions. Unitholders will not receive formal notice of any declared Monthly Distribution prior to payment. Rather, Unitholders will receive a statement of their Monthly Distributions declared by the Partnership at the time the distributions are paid. See "Item 5 – Description of Securities Offered – Allocations and Distributions", "Item 8 – Risk Factors" and the Partnership Agreement attached hereto as Schedule "B".

**Calculation and Declaration of Monthly Distribution:**

The calculation and declaration of Monthly Distributions will be at the sole discretion of the General Partner. It is currently anticipated that such Monthly Distribution will be calculated as at each month end and declared within 30 days subsequent to such month end. It is intended that a 365 day year and the actual number of days (excluding the first day but including the last day) on the Gross Proceeds during such calculation period shall be used in calculating the Monthly Distribution. It is intended that the calculation of the Monthly Distribution shall reflect a proration of the Gross Proceeds received from an applicable Closing to the final day of the month in which such closing occurs. See "Item 5 – Description of the Securities Offered – Allocations and Distributions".

<b>Anticipated Investment Horizon:</b>	<b>It is anticipated that the Property will need to be held for approximately four (4) to six (6) years before it is sold.</b> Notwithstanding the above, market and economic conditions, and other relevant factors may become such that the Partnership will need to hold the Property for materially longer than the time period expressed above. See "Item 8 – Risk Factors – The period of time the Partnership will hold the Property may be longer than anticipated".
<b>Proposed Closing Dates:</b>	Closings will be held in the discretion of the General Partner up to and including April 30, 2016. The General Partner may terminate this Offering at any time in the sole discretion of the General Partner.
<b>Purchase of Interests in the Property:</b>	<p>The total purchase price Walton Texas will pay to the arm's length vendors for 100% of the Property (approximately 1,300 acres), is \$7,225,406, being a price of \$5,558 per acre. As of the date of this Offering Memorandum, Walton Texas does not own the Property. However, pursuant to the terms of contracts for purchase and sale of real property dated effective February 18, 2015, as amended, between Walton Texas and the vendors of the Property, excluding the performance of certain standard obligations to be undertaken at closing (such as delivery of the Deed and other closing documents), all material conditions to closing have been satisfied. It is anticipated that Walton Texas will acquire the Property on or before March 31, 2016.</p> <p>If the Maximum Offering is completed, the Partnership will acquire a 95% undivided interest in the Property for \$18,738,209, which is approximately \$15,173 per acre (for approximately 1,235 acres). In respect of the Maximum Offering, the gross price to the investor will be approximately \$20,947 per acre for the Property, inclusive of the Commissions, Reserves and Costs. Walton Texas will recover its purchase price and earn a return from the Property immediately on the sale of undivided interests in the Property to the Partnership, while a Subscriber must wait until the Property is sold by the Partnership in order to earn a potential return.</p>
<b>Related Party Compensation to Walton Texas from the Acquisition of Interests in the Property by the Partnership:</b>	Walton Texas will acquire the Property for a purchase price of \$5,558 per acre. It is selling undivided interests in the Property to the Partnership at a price of \$15,173 per acre. The difference between those two prices is the related party compensation that Walton Texas will receive from the sale of undivided interests in the Property to the Partnership. This related party compensation will be used by Walton Texas and its parent corporation, WIGI USA, to pay for their costs and expenses (which will include payments to other members of the Walton Group for services in respect of the Property that are provided to Walton Texas and WIGI USA) and to generate a profit for the Walton Group. The vast majority of those costs will not be for purposes that are directly related to the Property. The related party compensation will be accounted for on the financial statements of the Partnership as an expense and charged to the statement of comprehensive loss in the period the interests in the Property were acquired.

	<b>For a 1.214% Interest in the Property</b>	<b>For a 95% Interest in the Property</b>
A. Total purchase price paid (aggregate amount and per acre) by Walton Texas to the vendors thereof for Walton Texas to acquire its undivided interest.	\$87,716 total (\$5,558 per acre or 12.51% of Offering net proceeds)	\$6,864,136 total (\$5,558 per acre or 30.81% of Offering net proceeds)
B. Total purchase price paid (aggregate amount and per acre) by the Partnership to Walton Texas for its undivided interest in the Property.	\$239,420 total (\$15,173 per acre or 34.14% of Offering net proceeds)	\$18,738,209 total (\$15,173 per acre or 84.12% of Offering net proceeds)
C. Price the Partnership will pay for its undivided interest in the Property as compared to the price Walton Texas will pay, expressed as a multiple.	2.73 times	2.73 times
D. Related party compensation received (aggregate amount and per acre) by Walton Texas from the Partnership for the undivided interest sold to the Partnership. The related party compensation will be used by Walton Texas and its parent corporation, WIGI USA, to	\$151,704 total (\$9,614 per acre or 21.63% of Offering net proceeds)	\$11,874,073 total (\$9,614 per acre or 53.30% of Offering net proceeds)

pay for their costs and expenses (which will include payments to other members of the Walton Group for services in respect of the Property that are provided to Walton Texas and WIGI USA) and to generate a profit for the Walton Group.

E. The percentage of the Partnership's purchase price that represents related party compensation paid to Walton Texas.	63.37%	63.37%
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In order for Unitholders acquiring Units under this Offering to receive back their full purchase price for the Units and before they receive any return in addition to that amount, the aggregate average purchase price per acre that the Partnership will have to receive in the future for the sale of its entire interest in the Property will have to exceed the aggregate of, among other things:

- (i) the gross syndication price per acre that the investor paid for its investment in the Units (inclusive of Commissions, Reserves and Costs) of \$20,947 (assuming the Maximum Offering);
- (ii) all costs of the Partnership in relation to the maintenance and operation of the Partnership, the maintenance of the Property and Concept Planning on the Property which are in excess of the reserves created by the Partnership in connection with the Offering, divided by the number of acres in the Property;
- (iii) the total costs to the Partnership of any borrowing of funds by it whether from arm's length or non-arm's length parties), including, without limitation, the principal amounts borrowed, the interest required to be paid thereon and all other fees, costs and expenses relating thereto, which borrowing could include, among other things, borrowing for the excess costs referred to in (ii) above, divided by the number of acres in the Property;
- (iv) all other costs of the Partnership which are not paid by using any funds borrowed by the Partnership as referred to in (iii) above, divided by the number of acres in the Property; and
- (v) all other costs, expenses, obligations and liabilities of the Partnership which may or may not have been anticipated by the General Partner at the time the Offering was made (including without limitation, liability for legal actions, if any, brought against the Partnership and/or the Property) which are not paid using any funds borrowed by the Partnership as referred to in (iii) above, divided by the number of acres in the Property.

Depending on the size of the amounts referred to in (i) to (v) above, the aggregate average price per acre that the Partnership will have to receive in the future for sale of its entire interest in the Property, in order for investors to receive their investment in the Partnership back and a return thereon, will need to exceed the gross syndication price per acre to the investor (inclusive of Commissions, Reserves and Costs) of \$20,947 (assuming the Maximum Offering) and may be required to be a number of multiples of that gross syndication price per acre.

**With respect to the amounts referred to in D. in the above table it is estimated that the vast majority of those costs and expenses will not be utilized for purposes that are directly related to the Property. The return to Limited Partners from their investment in the Partnership is based on the Partnership's return on the Loans and its investment in the Property only.**

**Payment  
Terms:**

The subscription price is due and payable at the time of your subscription by certified cheque, bank draft or such other manner as may be acceptable to the General Partner in its sole discretion. **The subscription amounts for the Units are denominated in USD. There may be multiple closings under the Offering.**

**Conflicts of Interest:**

The following is a summary of certain of the conflicts of interest that exist under this offering structure. There may be additional conflicts not highlighted in this summary. Please read the entire Offering Memorandum:

- The Partnership, the General Partner, Walton Texas, WIGI, WIGI USA, WDM, WDM USA, Walton Finance and Walton Nevada, all have a common parent company, Walton Global. All of these companies and others that are affiliates of the companies are members of the Walton Group. The sole director and officers of the General Partner are also management and/or directors and/or employees of other of such entities or other members of the Walton Group and may receive compensation in such roles from such other entities. As a result, these entities and the management and/or directors thereof may be influenced by the interests of the Walton Group overall or the interests of certain members of the Walton Group, individually, other than the Partnership, in their management decisions. These interests may not be the same as those of the Partnership.
- Walton Texas will acquire the Property for a purchase price of \$5,558 per acre. It will sell undivided interests in the Property to the Partnership at a price of \$15,173 per acre. The difference between those two prices is the related party compensation that Walton Texas will receive from the sale of undivided interests in the Property to the Partnership. This related party compensation will be used by Walton Texas and its parent corporation, WIGI USA, to pay for their costs and expenses (which will include payments to other members of the Walton Group for services in respect of the Property that are provided to Walton Texas and WIGI USA) and to generate a profit for the Walton Group. The vast majority of those costs will not be utilized for purposes that are directly related to the Property. The return to Limited Partners from their investment in the Partnership is based on the Partnership's return on the Loans and its investment in the Property only.
- The General Partner and WIGI are direct or indirect wholly-owned subsidiaries of Walton Global and are part of the Walton Group. Entities in the Walton Group earn income by providing services to others in the Walton Group, including Walton Texas, and therefore indirectly benefit from the related party compensation that Walton Texas receives from the sale of undivided interests in the Property to the Partnership.
- WIGI, WIGI USA and their affiliates have sponsored private real estate syndication programs with investment objectives similar to the Partnership's in the past and may become involved in such other programs in the future. Some of the past programs have sold their properties and are completed, while others are ongoing. To the extent that other programs sponsored by WIGI and WIGI USA or their affiliates own properties in the same geographic area as the Property, a conflict of interest could arise relating to the sale of the properties because the Property and such other programs may compete for the same buyers if the Partnership were to attempt to sell the Property at or around the same time as other properties owned or administered by WIGI, WIGI USA or their affiliates. In addition, WIGI, WIGI USA and their affiliates may believe that the overall value of properties owned by more than one program sponsored by WIGI, WIGI USA and their affiliates may be enhanced through the sale of multiple properties to a single developer. As such, it is possible that WIGI, WIGI USA and their affiliates may seek a sale of the Property as part of a larger transaction involving multiple properties administered by WIGI, WIGI USA or their affiliates, which may yield a lower value for the Property than a stand-alone sale of the Property or may cause the hold period of the Property to be longer or shorter than optimal.
- The Partnership and/or WIGI and/or Material Affiliates and/or Sponsored Entities will enter into the Loan Agreements whereby the Partnership intends to loan all of the Net Proceeds to the Borrowers. The Partnership will need to rely on the Borrowers to comply with the obligations under the Loan Agreements in order for the Partnership to be able to declare and pay Monthly Distributions. Additionally, WIGI and Walton Global will provide Loan Guarantees for any Loan Amounts borrowed by Material Affiliates and Sponsored Entities. Conflicts may arise between the Partnership and the Borrowers in the event the Partnership seeks to enforce its rights under the Loan Agreements upon a default thereunder by the Borrowers. In addition, conflicts may arise between the Partnership and WIGI and Walton Global in the event the Loan Guarantees need to be enforced. There can be no assurances that the Partnership will enforce its rights under the Loan Agreements or the Loan Guarantees, and investors cannot require the Partnership to do so.

- Under the terms of the Concept Planning Services Agreement, a fee of \$200 per acre per year will be paid by the Partnership to WDM USA. WDM USA is affiliated with WIGI, Walton Global, the Partnership, the General Partner and other members of the Walton Group. This fee will be paid from the Concept Fund.
- WIGI will receive a fee of approximately CDN\$10,000 per year for providing accounting services to the Partnership. This fee will be paid by the Partnership out of the Entity Maintenance Reserve.
- Under the terms of the Funding Agreement, WIGI and Walton Finance will provide funding to the Partnership for, among other things, excess Offering costs, and costs and expenses that exceed the amounts that are reserves under the Offering. Walton Finance will receive interest from the Partnership for providing such funding. Walton Finance will be required to be repaid such amounts before distributions can be made by the Partnership to the Limited Partners. Walton Finance will take security over the assets of the Partnership, including the Property, to secure any amounts owing by the Partnership to Walton Finance under the Funding Agreement. As a result, if the Partnership defaults in the repayment of any such amounts, Walton Finance may take possession of such assets of the Partnership, including the Property.
- In addition to any lending under the Funding Agreement, the Partnership may borrow funds from any one or more members of the Walton Group for any number of purposes. Under the terms of such loans, such members of the Walton Group will receive interest from the Partnership and receive fees from the Partnership under such loans. Such members of the Walton Group will be required to be repaid such amounts before distributions can be made by the Partnership to the Limited Partners. Such members of the Walton Group will take security over the assets of the Partnership, including the Property, to secure any amounts owing by the Partnership under such loans. As a result, if the Partnership defaults in the repayment of any such amounts, such members of the Walton Group may take possession of such assets of the Partnership, including the Property.
- Significant transactions and agreements described in this Offering Memorandum, such as the Loan Agreements, Purchase and Sale Option Agreement, the Concept Planning Services Agreement and the Funding Agreement are among related parties that are members of the Walton Group and may not contain the customary contractual terms that would be present in documentation negotiated with unrelated parties.
- Members of the Walton Group may make offers for the Property or portions thereof on their own account or may make offers for the Property in conjunction with future syndicates they help to assemble for the purposes of purchasing the Property. The Walton Group may maintain an ownership interest in such future structures and, accordingly, any exit offer made by such future structure would be a related party transaction. Under the terms of the Partnership Agreement, in certain circumstances, such related party transactions may be able to be completed by the Partnership without obtaining the approval of the Limited Partners. In all circumstances of such related party transactions, whether they are required to be approved by the Limited Partners or not, there may be benefits to the Walton Group that will not accrue to the Partnership or its investors unless they become part of the future structure that purchases the Property and there is no guarantee that they may be able to become part of such future structure.
- Limited Partners of the Partnership may include persons or entities organized in various jurisdictions (including one or more affiliates of the Walton Group) who may have conflicting investment, tax and other interests with respect to their investments in the Partnership. The conflicting interests of individual Limited Partners may relate to or arise from, among other things, the Property and the timing of the disposition of the Property and the price at which they are disposed. This may result in different returns being realized by different Limited Partners. As a consequence, conflicts of interest may arise in connection with decisions to be made by the General Partner that may be more beneficial for one Limited Partner than for another Limited Partner, especially with respect to a Limited Partner's individual tax situation.
- The Partnership will not acquire a 100% interest in the Property and will co-own the Property with Walton Texas and may, to the extent it acquires less than a 95% undivided interest, co-own the Property with other parties, including, potentially, other members of the Walton Group, who may have conflicting investment, tax and other interests with respect to their

investments in the Property. The conflicting interests of individual co-owners may relate to or arise from, among other things, the timing of the disposition of the Property and the price at which they are disposed. Such investment may involve risks to the Partnership that are not present in investments where a third party is not involved, including, among other things, the possibility that: (i) this may result in different returns being realized by different co-owners and, as such, conflicts of interest may arise in connection with decisions to be made by the co-owners that may be more beneficial for one co-owner than for another co-owner, especially with respect to a co-owner's individual tax situation, (ii) the Partnership and the other co-owners may reach an impasse on a major decision that requires the approval of all parties; (iii) the other co-owners may at any time have economic or business interests or goals that are inconsistent with those of the Partnership; (iv) the other co-owners may encounter liquidity or insolvency issues or may become bankrupt; (v) the other co-owners may be in a position to take action contrary to the Partnership's investment objectives; (vi) the other co-owners may grant security against their interest in the Property that may prevent or make it difficult for the Partnership to sell any portion of its interest in the Property while that security is in place; (vii) the other co-owners may take actions that subject the Property to liabilities in excess of what the Partnership can successfully manage; or (viii) in certain circumstances, the Partnership may be liable for actions of the other co-owners.

- One or more affiliates of WIGI may acquire Units pursuant to the Offering and, as a result, may own significant numbers of Units and may be in a position to influence the Partnership in a manner that may be counter to the interests of other Limited Partners.
- The Partnership and General Partner do not have any employees. They will rely on the employees of their affiliates (including WIGI, WIGI USA, Walton Global, WDM USA, Walton Nevada and Walton Texas) for the day-to-day management of their affairs. Pursuant to the Co-Ownership Agreement, Walton Texas will be the administrator of the Property and, subject to certain actions which require consent of the Owners (as defined below), will be solely responsible for the administration of the Property. In addition, Walton Texas will, from time to time, potentially retain the services of WIGI, WIGI USA, WDM, WDM USA and other affiliates thereof with respect to the same. If WIGI or any of its affiliates suffers or is distracted by adverse financial or operational problems in connection with its operations unrelated to the Partnership, employees thereof may allocate less time and resources to the operations of the Partnership. If any of these things occur, the returns on the Property and the value of an investment in the Units may decrease or may not increase as anticipated.
- The Partnership may, from time to time, have the opportunity to retain third parties to act for the Partnership as consultants or in some other capacity, with whom WIGI, WIGI USA, WDM, WDM USA or any of their affiliates, have prior business relationships and an interest in preserving such relationships. If the Partnership retains any such parties, the General Partner (as an affiliate of each of WIGI, WIGI USA, WDM, WDM USA or any of their affiliates) may experience a conflict between the interests of the Partnership and the interests of WIGI, WIGI USA, WDM, WDM USA and their affiliates in preserving any ongoing business relationships with that party.
- Pursuant to the Co-Ownership Agreement, Walton Texas and WIGI USA will have the power and authority to manage and control the Property without further approval of the other co-owners, except in limited circumstances and certain decisions regarding the Property require the unanimous consent of the owners, such as participating in the development of the Property, encumbering the Property in certain circumstances and a sale of more than 10% of the Property's total acreage in any transaction. Such sales may also require approval as an Extraordinary Resolution under the Partnership Agreement. It is possible that the interests of Walton Texas, WIGI USA or of such other co-owners may differ from those of the Partnership or of Unitholders and therefore Walton Texas may not approve a matter, such as an exit transaction, that the Partnership or Unitholders would approve.
- Other Walton Group affiliates or syndicated entities or persons that are managed by Walton Group affiliates may become co-owners of the Property, and such entities may have common directors or officers with the General Partner. In certain circumstances, including in connection with the sale of the Property, the consents of such other co-owners, may be required. It is possible that the interests of such other Walton Group affiliates or syndicated entities or persons that are managed by Walton Group affiliates may differ from those of the Limited Partners and may not approve a matter, such as an exit transaction that the Limited

Partners would approve.

- The General Partner may propose from time to time that the Partnership enter into other contractual arrangements with WIGI, WIGI USA, Walton Texas, Walton Finance, Walton Nevada, WDM, WDM USA and/or their affiliates for the provision of certain services for which fees will be paid for such services.
- Legal counsel that prepared, or will prepare, the documentation in connection with the transactions referred to in this Offering Memorandum, including the material contracts of the Partnership referred to elsewhere in this Offering Memorandum, also act as, or will act as, legal counsel for the Partnership, the General Partner, Walton Texas, Walton Finance, Walton Nevada, WDM, WDM USA, WIGI USA and Walton and various other affiliated parties thereof. No independent counsel was retained on behalf of the Partnership or investors. This Offering Memorandum and the documents referenced in this Offering Memorandum have not been reviewed by independent counsel on behalf of the Partnership or investors. No due diligence has been conducted on the Partnership, the General Partner, Walton Texas, Walton Finance, Walton Nevada, WDM, WDM USA, WIGI USA or Walton.

Other scenarios may arise where affiliates of WIGI or of the General Partner or of Walton Texas and WIGI USA are involved with the Partnership or the Property.

**Risk Factors:**

The Units are speculative in nature. Before purchasing Units, potential investors should consider the following and other risk factors, which are described in greater detail under "Item 8 – Risk Factors":

- The Partnership will hold its interest in the Property as an investment until it is commercially opportune for the Property to be developed, to sell or otherwise dispose of the Property and to distribute the net proceeds of the sale to Unitholders. It is anticipated that the Property will need to be held for approximately four (4) to six (6) years before any sale will occur. **Notwithstanding the above, market and economic conditions, and other relevant factors may become such that the Partnership will need to hold the Property for materially longer than the time period expressed above.**
- The purchase of Units is highly speculative. A potential Subscriber should purchase Units only if it is able to bear the risk of the entire loss of its investment and has no need for immediate liquidity.
- The purchase price the Partnership will pay to Walton Texas for its interest in the Property will be significantly higher than the price Walton Texas will pay to the vendors. Walton Texas will recover its purchase price and earn a substantial return immediately on the sale of undivided interests in the Property to the Partnership, while a Subscriber must wait until the Property is sold by the Partnership in order to earn a potential return. The aggregate average price per acre that the Partnership will have to receive in the future for sale of its entire beneficial interest in the Property, in order for investors to receive their investment in the Partnership back and a return thereon, will need to exceed the gross syndication price per acre to the investor (inclusive of Commissions, Reserves and Costs) of \$20,947 (assuming the Maximum Offering) and may be required to be a number of multiples of that gross syndication price per acre.
- The ability of the Partnership to acquire undivided interests in the Property, and the financial performance of the Partnership, will be contingent upon the Borrowers complying with their obligations to repay the Loans pursuant to the terms of the Loan Agreements, including the payment of interest accruing thereunder. In the event that the Borrowers default on the Loans and/or WIGI and Walton Global defaults on the Loan Guarantees, for whatever reason, the Partnership's ability to acquire the Property or to pay a Monthly Distribution will be substantially reduced. If a Borrower defaults on its payments to the Partnership under the Loan Agreements, Unitholders will not have direct recourse against WIGI, the Material Affiliates or the Sponsored Entities.
- The timing of repayment of Loans back to the Partnership may be such that the Partnership may not have sufficient funds to acquire the Property when required under the contracts for purchase and sale in respect of same.
- The Monthly Distribution is not a debt obligation. The Partnership will not earn any interest to fund Monthly Distributions until a Closing occurs and the Net Proceeds are lent to Borrowers. Under the Partnership Agreement, the declaration and payment of distributions are subject to



the satisfaction of certain conditions and distributions shall only be declared in the sole discretion of the General Partner. There can be no assurance that the Monthly Distribution shall be declared in whole or in part in any month or at all. The declaration and payment of the Monthly Distribution will be contingent upon availability of sufficient assets or funds and therefore upon the creditworthiness of the Borrowers and the Borrowers complying with their obligations to repay the Loans pursuant to the terms of the Loan Agreements. If all or any part of the contemplated Monthly Distribution is not declared by the Partnership, such distribution shall not be paid to the Unitholders. Unitholders will not have a right of action against the Partnership or the General Partner if the General Partner determines it will not declare the Monthly Distribution in any month or at all or direct recourse against WIGI, the Material Affiliates or the Sponsored Entities if they do not satisfy their obligations under the Loan Agreements. Monthly Distributions, if any, will not be calculated and will cease after the Partnership acquires its first undivided interest in the Property.

- The amount of any Monthly Distribution declared by the Partnership shall vary based on the amount of Gross Proceeds existing during the applicable calculation period. It will not be possible to determine the amount which will be declared in any month to Unitholders until that distribution is actually declared. Although the Monthly Distribution may be declared monthly, the distribution will only be paid on the thirtieth day following the date the Partnership first acquires an undivided interest in the Property. No interest will accrue on any declared but unpaid Monthly Distributions. Unitholders will not receive formal notice of any declared Monthly Distribution prior to payment. Rather, Unitholders will receive a statement of their Monthly Distributions declared by the Partnership at the time the distributions are paid.
- Taxes in respect of (i) the Monthly Distribution; or (ii) interest earned by the Partnership from the Loans, may be payable by Limited Partners before the Monthly Distribution is paid to them. If Limited Partners lack the funds necessary to pay such taxes when due, certain penalties or other sanctions may be imposed by the relevant taxation authority.
- Any decline in the oil and gas economy in Texas, in the Texas economy generally or in the local area in which the Property is located, could have a material adverse impact on the demand for or value of the Property or any future development thereon, the financial results of the Partnership, the ability of the Partnership to carry out its proposed activities with respect to the Property and the value and return to investors on their investment in the Partnership.
- There can be no guarantee against losses resulting from an investment in Units and there can be no assurance that the Partnership's strategy of investing in the Property will be successful or that the objective of earning a profit on the eventual sale of the Property will be achieved.
- The Partnership's operations are subject to all the risks inherent in the establishment of a new enterprise, including a lack of operating history.
- Real estate investments are generally subject to varying degrees of risk depending on the nature of the property.
- A number of regulatory approvals regarding changes in zoning and land planning status will be required on the Property for it to be developed in an economic manner by a future developer or other prospective purchaser of the Property. There is no assurance that any of these approvals will be received or be received in a timely manner. Failure to obtain acceptable approvals could have a significant negative effect on the value of the Property and the Units.
- The examples of historical returns to investors in past UDI projects syndicated and administered by Walton discussed elsewhere in this Offering Memorandum and its schedules, for the most part, were based upon a different investment model at the time of syndication. The land related to such returns is located in Alberta and Ontario, whereas the Property is in Texas. For these and other reasons, the past performance of Walton projects should not be relied upon as a forecast or projection of anticipated returns, if any, on an investment in this Offering.
- The Units will be subject to a hold period which may never expire which will restrict the transfer of Units except in very limited circumstances. There is no market over which the

Units can be transferred and none is expected to develop. The Partnership Agreement also places restrictions on the transferability of Units.

- If Walton Finance or WIGI is unable or unwilling to continue to provide financing under the Funding Agreement to the Partnership or the obligations of Walton Finance and WIGI under the Funding Agreement terminate, this may have a material adverse effect on the Partnership and the value of the Units.
- The return on a Unitholder's investment is subject to changes in Canadian and U.S. federal, state and local tax laws. There can be no assurance that such laws will not be changed. If a Limited Partner is or becomes a "tax shelter investment" or finances the acquisition of Units with limited recourse financing, there may be adverse tax consequences to all Limited Partners and the Partnership. If investments in the Partnership are listed or traded on a stock exchange or other public market then the Partnership may be a "SIFT Partnership" and there may be adverse tax consequences. The potential U.S. federal taxation of income from the Partnership's disposition of the Property prior to development of the Property as capital gain is not free from doubt and also assumes that specific facts are true. If the United States Internal Revenue Service determines such proceeds to be ordinary income rather than capital gain, the resulting U.S. income tax liabilities of a Unitholder could be significantly higher.
- Limited Partners will be responsible for the preparation and filing of their own United States and Canadian tax returns (including federal, provincial, state and local tax returns, as applicable) in respect of this investment. Costs associated with the preparation and filing of such returns may be material.
- Unitholders must be prepared to rely on the management of the General Partner and its affiliates. It is not intended that regular or annual meetings of Unitholders will be held.
- Maintenance of limited liability requires compliance with certain legal requirements and there is a risk that Limited Partners could lose their limited liability in certain circumstances and be liable beyond their contribution to the Partnership.
- The Partnership's undivided interest in the Property will represent the only significant asset of the Partnership and therefore the Partnership's financial performance will be directly tied to the performance of the Property.
- The Partnership is not a member institution of the Canada Deposit Insurance Corporation and the Units are not insured against any loss, including through the Canada Deposit Insurance Corporation. The Partnership may experience uninsured losses on the Property.

**Other material risks applicable to an investment in the Units are set out elsewhere in this Offering Memorandum under the heading "Item 8 – Risk Factors".**

There are numerous conflicts of interest among the Partnership, General Partner, Walton Texas, WIGI, WIGI USA, WDM, WDM USA, and other members of the Walton Group that are involved in this Offering and in the administration of the Property to be acquired by the Partnership. There are also numerous risks involved in investing in the Units of the Partnership. Potential investors should review these conflicts of interest and risks before investing in the Units. See "Cautionary Statements", "Summary – Conflicts of Interest", "Summary – Risk Factors" and "Item 8 – Risk Factors".

## ITEM 1 – USE OF AVAILABLE FUNDS

### Available Funds and Net Proceeds of the Partnership

The Net Proceeds and the funds which will be available to the Partnership upon completion of the Offering are as follows:

	Assuming Minimum Offering (\$)	Assuming Maximum Offering (\$)
A. Amount to be raised by the Offering	1,000,000	25,870,000
B. Selling Commissions <sup>(1)</sup>	132,500	3,427,775
C. Estimated Offering costs (including, without limitation, external legal, accounting, auditing, transfer agency, due diligence and filing fees and printing, closing costs, etc. and reasonable internal Walton Group legal, accounting, due diligence and closing costs, etc.) <sup>(2)</sup>	166,200	166,200
D. Net Proceeds: $D = A - (B+C)$	701,300	22,276,025
E. Additional sources of funding required <sup>(3)</sup>	0	0
F. Working capital deficiency	0	0
G. Total: $(D+E) - F$	701,300	22,276,025

#### Notes:

- (1) The Units may be offered for sale by agents and such other registered dealers as may be appointed from time to time, which agents for the Partnership will be paid the Selling Commissions. See "Item 7 – Compensation Paid to Sellers and Finders".
- (2) This amount represents anticipated costs incurred or to be incurred on behalf of the Partnership that will be paid to WIGI at the first Closing. The Partnership will not receive any reimbursement from WIGI in the event actual Offering costs are less than this amount. Pursuant to the terms of the Funding Agreement, WIGI will pay for the costs of the Offering in excess of the amount set out in C. above subject to certain maximum amount restrictions and the ability of WIGI to terminate its funding obligations in certain circumstances. The amounts paid by WIGI for excess Offering costs will not be reimbursable to WIGI by the Partnership. See "Item 2 – Activities of the Partnership – Material Agreements – Funding Agreement".
- (3) It is not anticipated that any additional funding will be required to meet the Partnership's objectives.
- (4) The price per Unit was determined by WIGI and the General Partner without consultation with any agents.

### Interim Use of Net Proceeds

The Partnership intends to initially use the Net Proceeds as follows:

Description of Intended Interim Use of Net Proceeds Listed in Order of Priority	Assuming Minimum Offering (\$)	Assuming Maximum Offering and Prior to Property Acquisition (\$)
Loans to Borrowers <sup>(1)</sup>	701,300	22,276,025

#### Note:

- (1) The Partnership intends to lend the Net Proceeds to Borrowers pursuant to the Loan Agreements. The Partnership will demand repayment of the Loans in connection with the Partnership's acquisition of its first undivided interest in the Property. See "Item 2 – Activities of the Partnership – Investment Activities – Lending Activities" and "Item 2 – Activities of the Partnership – Material Agreements – Loan Agreements".

### Use of Net Proceeds Upon Acquisition of Undivided Interest in the Property

In connection with the Partnership's acquisition of undivided interests in the Property, the Partnership will use the total Net Proceeds available, once repaid by the Borrowers, as follows:

Description of Intended Use of Net Proceeds Listed in Order of Priority <sup>(1)</sup>	Assuming Minimum Offering (\$)	Assuming Maximum Offering (\$)
Acquisition of Interest in Property by the Partnership	239,420	18,738,209
Expense Reserve <sup>(2)</sup>	7,811	202,069
Concept Fund <sup>(3)</sup>	112,913	2,921,066
Entity Maintenance Reserve <sup>(4)</sup>	338,200	338,200
Recovery of Acquisition Costs <sup>(5)</sup>	2,956	76,481
<b>Total</b>	<b>701,300</b>	<b>22,276,025</b>

**Notes:**

- (1) The Net Proceeds will be utilized by the Partnership to fund the Expense Reserve, the Concept Fund, the Entity Maintenance Reserve, Recovery of Acquisition Costs, and to pay the purchase price to acquire up to a 95% undivided interest in the Property from Walton Texas in one or more closings. See "Item 2 – Activities of the Partnership – Investment Activities – Related Party Compensation to Walton Texas from the Acquisition of Interests in the Property by the Partnership".
- (2) At each closing of an acquisition by the Partnership of an undivided interest in the Property, approximately 0.781% of the Gross Proceeds will be set aside as the Expense Reserve which will be used primarily to pay ongoing administrative and operating expenses of the Partnership. This Expense Reserve is comprised of components in relation to "property" expenses, title insurance, maintenance costs, tax consulting and estimated property taxes for the period which the Property is estimated to be held. The Expense Reserve is anticipated to cover the expenses during the period which the Property is estimated to be held. See "Item 2 – Activities of the Partnership – Material Agreements – Funding Agreement" and "Item 8 – Risk Factors".
- (3) At each closing of an acquisition by the Partnership of an undivided interest in the Property, approximately 11.29% of the Gross Proceeds will be set aside as the Concept Fund which will be used to fund the Partnership's share of Concept Planning in accordance with the Concept Planning Services Agreement.
- (4) The Entity Maintenance Reserve will be used by the Partnership to pay for ongoing Partnership and General Partner related expenses, including, but not limited to, annual audit fees, ongoing external legal costs, future entity dissolution costs, mailing and investor communication costs, and exit related costs such as meetings and distributions. See "Item 2 – Activities of the Partnership – Material Agreements – Funding Agreement" and "Item 8 – Risk Factors".
- (5) Walton Texas will have incurred and paid, an aggregate of approximately \$84,102 in costs and fees associated with its acquisition of the Property. The Partnership will reimburse Walton Texas, at each closing of an acquisition by the Partnership of an undivided interest in the Property, for its share of such acquisition costs. These costs include title and escrow costs, environmental site assessment, property information reports, surveys, legal, and consulting fees (including certain consulting fees payable to WDM USA).

**Reallocation**

The Partnership intends to use the Net Proceeds as stated. However, as described herein, in the event the Expense Reserve, the Concept Fund or the Entity Maintenance Reserve is depleted, any of the other of the Expense Reserve, the Concept Fund or the Entity Maintenance Reserve, may be accessed by the General Partner, in its sole discretion, to pay for expenses or costs generally related to Concept Planning or for expenses and costs that would normally be covered by the Expense Reserve, or the Entity Maintenance Reserve. The Partnership will re-allocate funds only for sound business reasons.

**ITEM 2 – ACTIVITIES OF THE PARTNERSHIP**

**Structure**

***The Partnership***

The Partnership was formed in the Province of Alberta on February 12, 2015, pursuant to the Partnership Act, by the filing of the Certificate in accordance with the Partnership Act. A notice to amend was filed April 21, 2015 amending and restating the Certificate and changing the Partnership's name to Walton TX Dallas Kemp Ranch LP 1. A further notice to amend was filed June 22, 2015 amending the Certificate to include the Partnership's ability to provide Loans to the Borrowers.

***General Partner***

The General Partner was incorporated as "Walton Colorado Mountain Vista Corporation" on February 11, 2015 under the ABCA. Pursuant to articles of amendment filed on April 21, 2015 the General Partner's name was changed to Walton TX Dallas Kemp Ranch Corporation. The General Partner's sole business is to manage the business of the Partnership. The General Partner will not engage in any business other than acting as General Partner of the Partnership. The General Partner is also a Promoter of the Partnership.

The General Partner will oversee and administer the Partnership's investment in the Property; however, pursuant to the terms of the Partnership Agreement, the General Partner may delegate its duties in this regard, including to affiliates of the General Partner (including WIGI, Walton Texas, WIGI USA and WDM USA), without approval from the Limited Partners. The General Partner will receive (subject to certain restrictions), as General Partner, 0.1% of the amounts allocated and distributed to the Partners pursuant to the Partnership Agreement. See "Item 5 – Description of Securities Offered – Allocations and Distributions". The General Partner, on behalf of the Partnership, will enter into the Funding Agreement with WIGI and Walton Finance. The General Partner, on behalf of the Partnership, will enter into the Co-Ownership Agreement with Walton Texas, which will govern the relationship between the Partnership and Walton Texas, as it relates to the Property. The Partnership intends to acquire up to a 95% beneficial undivided interest in the Property. See "Item 2 – Activities of the Partnership – Material Agreements – Partnership Agreement", "Item 2 – Activities of the Partnership – Material Agreements – Funding Agreement" and "Item 2 – Activities of the Partnership – Material Agreements – The Co-Ownership Agreement".

#### ***Walton International Group Inc. / Walton Group Generally***

WIGI is a corporation formed by amalgamation under the ABCA on November 1, 1995. Walton Holdco is a direct wholly-owned subsidiary of WIGI. The General Partner is a direct wholly-owned subsidiary of Walton Holdco. As WIGI, together with the General Partner, took the initiative to establish the Partnership, it is considered to be a Promoter of the Partnership. All of the shares of WIGI are owned indirectly by or for the benefit of the Doherty family. William K. Doherty, the sole director and officer of the General Partner, is also a director and/or officer of a number of other Walton Group affiliates that are involved in structured product offerings of the Walton Group and receives compensation from such other affiliates in that regard. As a result of the foregoing, a possibility exists for Mr. Doherty to be in a conflict of interest as it relates to Partnership, the General Partner, Walton Texas, WIGI, WIGI USA, WDM, WDM USA, Walton Finance and other members of the Walton Group that are involved in this Offering. See "Item 3 – Interests of Directors, Management, Promoters and Principal Holders" and "Item 8 – Risk Factors".

WIGI will be a Borrower under a Loan Agreement. WIGI will also provide the Loan Guarantees to the Partnership whereby it will guarantee any Loan Amounts (including principal and accrued interest) borrowed by Material Affiliates and Sponsored Entities. The Borrowers intend to borrow an amount equal to the Net Proceeds outstanding, from time to time, from the Partnership pursuant to the terms of the Loan Agreements. The Borrowers will thereafter use the proceeds of the Loans for general corporate purposes, in accordance with the terms of the Loan Agreements. See "Item 2 – Activities of the Partnership – Investment Activities – Lending Activities" and "Item 2 – Activities of the Partnership – Material Agreements – Loan Agreements".

In business for over 30 years, the Walton Group is one of Canada's most experienced land-based investment groups. Headquartered in Calgary, Alberta, the Walton Group and its related companies have offices in Toronto, Hong Kong, Singapore and a number of cities in the United States of America. Land-based investments are traditionally reserved for large institutions or corporations; however the Walton Group, through the structured product offerings it promotes, makes land-based investment products available to retail investors. As at March 31, 2015, the Walton Group is managing or administering nearly 97,000 acres of land and has in excess of 92,000 investors in North America, Europe and Asia. The Walton Group currently holds, administers or manages land in Alberta, Ontario, Arizona, California, Colorado, Florida, Georgia, Illinois, Maryland, North and South Carolina, Tennessee, Texas and Virginia.

#### ***Walton Global Investments Ltd.***

Walton Global is the main management holding entity for the global operations of the Walton Group, Walton Global is the parent of WIGI. Walton Global will provide Loan Guarantees to the Partnership whereby it will guarantee any Loan Amounts (including principal and accrued interest) borrowed by Material Affiliates and Sponsored Entities. See "Item 2 – Activities of the Partnership – Material Agreements".

#### ***Walton Development & Management (USA), Inc.***

WDM USA is a company established under the laws of the State of Arizona on June 21, 2007. WDM USA will be primarily responsible for the Concept Planning and entitlement of the Property.

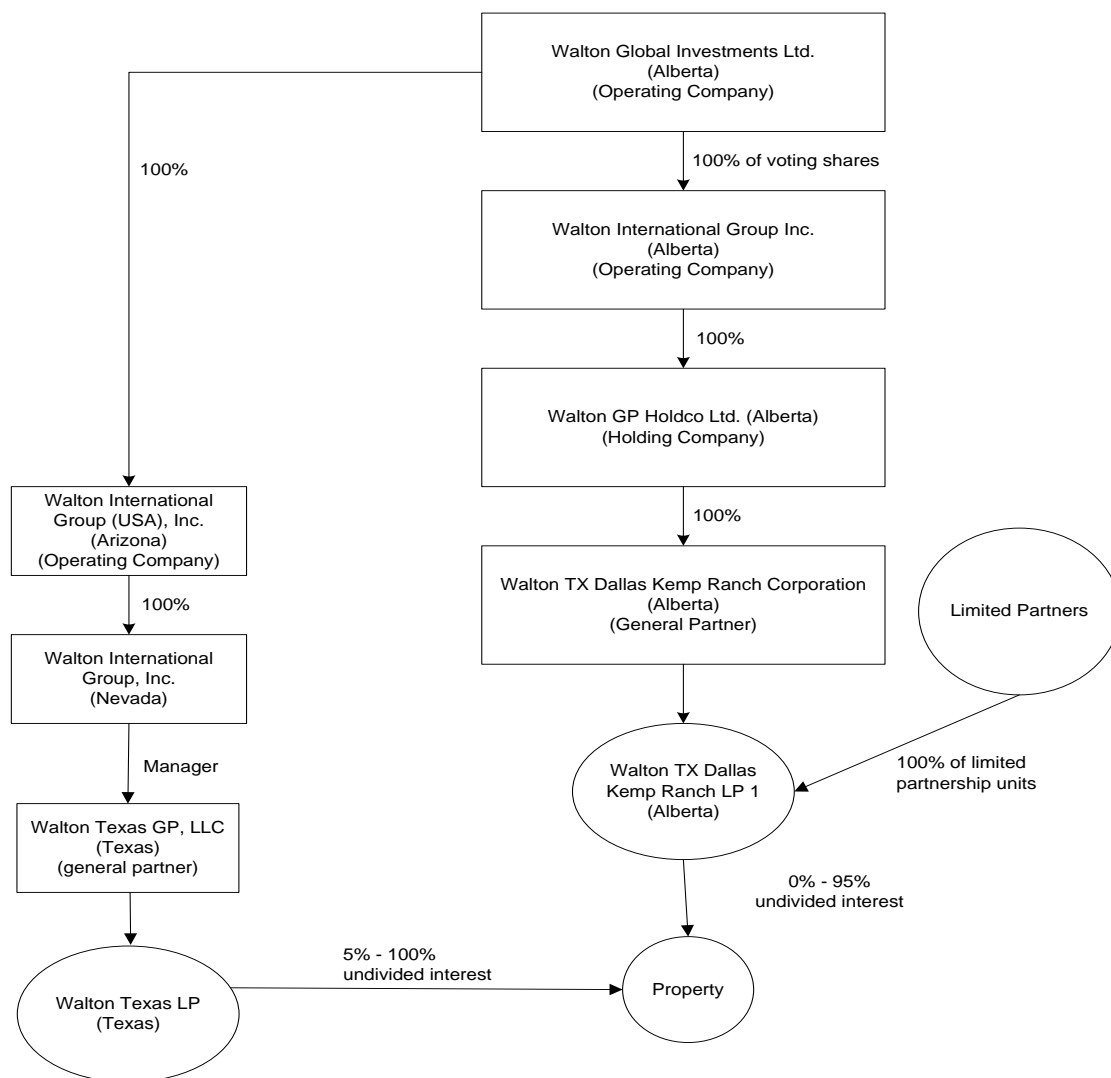
## Walton International Group (USA), Inc.

WIGI USA is an Arizona corporation established on January 21, 1994. It is the main operating company in the United States and will be delegated authority by Walton Texas for matters relating to acting as administrator of the Property under the Co-Ownership Agreement and under the Concept Planning Services Agreement.

## Walton Group Structure

The structure of the entities in the Walton Group that are involved in the Offering and will be involved in the administration of the Property after the completion of the Offering are as follows, assuming the completion of the Offering. The shares of Walton Global are owned by or for the benefit of the Doherty family.

### ENTITY STRUCTURE



### Note:

- (1) Walton Texas intends to only retain an approximate 5% undivided interest in the Property. To the extent the Maximum Offering is not subscribed, Walton Texas may sell the remaining interests in the Property to other investors. Such purchase of an interest in the Property by other investors could possibly occur while this Offering is ongoing. **In such circumstances, the provisions of the Co-Ownership Agreement may apply that could affect the Partnership's ability to dispose of its undivided interest in the Property.** See "Item 1 – Use of Available Funds", "Item 2 – Activities of the Partnership – Material Agreements – Purchase and Sale Option Agreement" and "Item 2 – Activities of the Partnership – Material Agreements – Co-Ownership Agreement".

## Investment Activities

### *General*

The Partnership was formed to ultimately utilize the Net Proceeds to acquire, in one or more Closings, undivided interests in the Property from Walton Texas as an investment.

### *Lending Activities*

Until the Partnership acquires its first interest in the Property, the Partnership intends to lend the Net Proceeds to the Borrowers pursuant to the Loan Agreements. Pursuant to such agreements, the Borrowers will pay to the Partnership on the outstanding Loans, monthly, interest in arrears in an amount sufficient to provide enough income to the Partnership to allow the Partnership to pay a Monthly Distribution of 8% per annum on the Gross Proceeds raised under the Offering. To enable the Partnership to pay such Monthly Distributions, it is anticipated that the interest rate on the Loans will be between 9.3% and 11.4% (due to the fact that the Net Proceeds so loaned are less than the Gross Proceeds on which the Monthly Distributions are intended to be paid) and will be determined by the General Partner in its sole discretion at the time of entering into the Loan Agreements.

The Monthly Distribution is not a debt obligation. Under the Partnership Agreement, the declaration and payment of distributions are subject to the satisfaction of certain conditions and distributions shall be declared in the sole discretion of the General Partner. Although the General Partner currently intends to, there can be no assurance the Monthly Distribution will be declared every month or paid at all. **In particular, declaration and payment of the Monthly Distribution will be contingent upon the existence of sufficient assets or funds and therefore upon the creditworthiness of the Borrowers and the Borrowers complying with their obligations to repay the Loans pursuant to the terms of the Loan Agreements.**

Walton, its Material Affiliates, and their Sponsored Entities will use the Loans for general corporate purposes including, without limitation: (i) financing certain costs relating to the Walton Group's traditional pre-development land administration business, including financing the acquisition of lands by the Walton Group prior to the syndication thereof to clients (see "Understanding the Real Estate Life Cycle – Pillar II – Investment Structuring for Syndication" below) and providing funds to WIGI for the purposes of funding certain of its obligations to pay for land "entitlement" costs (see "Understanding the Real Estate Life Cycle – Pillar III – Land Planning" below), (ii) financing certain costs relating to the Walton Group's horizontal land development line of business, including providing interim financing for the acquisition of the development lands and for costs of horizontal development of the land and infrastructure around that land, (iii) funding general and administrative expenses of one of more of the entities in the Walton Group on an interim basis, and (iv) funding other costs relating to the support and expansion of the various lines of business of the Walton Group.

### *Acquisition of Interests in the Property by the Partnership*

As of the date of this Offering Memorandum, Walton Texas does not own the Property. However, pursuant to the terms of contracts for purchase and sale of real property dated effective February 18, 2015, as amended, between Walton Texas and the vendors of the Property, excluding the performance of certain standard obligations to be undertaken at closing (such as delivery of the Deed and other closing documents), all material conditions to closing have been satisfied. Pursuant to the terms of the contracts for purchase and sale, closing of the acquisition of the Property by Walton Texas is to occur on or before March 31, 2016.

The total purchase price Walton Texas will pay to the arm's length vendors for 100% of the Property (approximately 1,300 acres), is \$7,225,406, being a price of \$5,558 per acre.

If the Maximum Offering is completed, the Partnership will acquire a 95% undivided interest in the Property (equivalent to approximately 1,235 acres) for \$18,738,209 which is approximately \$15,173 per acre, inclusive of Commissions, Reserves and Costs. In respect of the Maximum Offering, the gross price to the investor will be approximately \$20,947 per acre for the Property, inclusive of the Commissions, Reserves and Costs. To the extent the Maximum Offering is not attained, the gross price per acre to the investor, inclusive of Commissions, Reserves and Costs, will increase. If only the Minimum Offering is obtained, the Partnership will have acquired a 1.214% undivided interest in the Property (equivalent to approximately 15.782 acres) for \$239,419, or approximately \$15,173 per acre which equates to a price per acre to the investor inclusive of the Commissions, Reserves and Costs of \$63,363 per acre. Walton Texas will recover its purchase price and earn a substantial return immediately

on the sale of undivided interests in the Property to the Partnership, while a Subscriber must wait until the Property is sold by the Partnership in order to earn a potential return.

When a decision has been made to effect the Partnership's first acquisition of an undivided interest in the Property, the Partnership will demand repayment of the Loans from the Borrowers to acquire the interest, and upon receipt of the same, acquire that interest from Walton Texas pursuant to the terms of the Purchase and Sale Option Agreement and enter into the Co-Ownership Agreement with Walton Texas. See "Item 2 – Activities of the Partnership – Material Agreements – Purchase and Sale Option Agreement" and "Item 2 – Activities of the Partnership – Material Agreements – Co-Ownership Agreement".

The Partnership will continue to acquire interests in the Property until the proceeds available to the Partnership from the Offering for that purpose have been utilized. **All such interests will be acquired on or before June 30, 2016. In the event no interest in the Property is acquired by the Partnership by such date, the Partnership will be dissolved, with the assets of the Partnership (including such funds as are paid to the Partnership by WIGI under the Funding Agreement in such circumstances) being distributed to holders of Units in accordance with the terms and conditions of the Partnership Agreement. See "Item 2 – Activities of the Partnership – Material Agreements – Funding Agreement".**

The Partnership intends to hold its interest in the Property as an investment until such time as residential and/or commercial development in the areas nearby the Property has reached a point where it is commercially opportune for the Property to be physically developed. During such time frame it is anticipated that the Partnership will draw upon the experience and expertise of other members of the Walton Group in order to undertake Concept Planning on the Property. See "Item 2 – Activities of the Partnership – Investment Activities – Exit Strategies" below. It is the current intention that the Partnership will then sell its interest in the Property (either as a whole or in a small number of parcels) to developers or other parties at a higher value than the value at which it acquired its interest in the Property and then distribute the net proceeds of sale (subject to applicable tax withholdings and reimbursements to Walton Finance under the Funding Agreement, if any) to the Unitholders. Although there can be no assurances that the Property will become attractive to developers, the Partnership believes under current economic and other conditions that the Property has good potential. Also see "Item 2 – Activities of the Partnership – Investment Activities – Historical Performance of Other Walton Group Pre-Development Projects" and "Item 2 – Activities of the Partnership – Investment Activities – Experience of Walton Group in Pre-Development Projects in the Texas Region" for further information on the Walton Group's track record as it relates to Walton Group pre-development projects in North America and in Texas, in particular, that have not yet exited and those projects which have exceeded the Walton Group's original forecasted or stated hold periods. Also see "Item 8 - Risk Factors".

Walton Texas intends to only retain an approximate 5% undivided interest in the Property. To the extent the Maximum Offering is not subscribed, Walton Texas may sell remaining interests in the Property to other investors. Such purchase of an interest in the Property by other investors could possibly occur while this Offering is ongoing. In such circumstances, the provisions of the Co-Ownership Agreement may apply that could affect the Partnership's ability to dispose of its undivided interest in the Property. The remaining interest in the Property may be offered to other investors of the Walton Group, at a purchase price per acre of not less than \$15,173. See "Item 1 – Use of Available Funds", "Item 2 – Activities of the Partnership – Material Agreements – Purchase and Sale Option Agreement" and "Item 2 – Activities of the Partnership – Material Agreements – Co-Ownership Agreement" and "Item 8 – Risk Factors – Walton Texas may sell the remaining interest in the Property to other investors".

#### ***Related Party Compensation to Walton Texas from the Acquisition of Interests in the Property by the Partnership***

Walton Texas will acquire the Property for a purchase price of \$5,558 per acre. It is selling undivided interests in the Property to the Partnership at a price of \$15,173 per acre. The difference between those two prices is the related party compensation that Walton Texas will receive from the sale of undivided interests in the Property to the Partnership. This related party compensation will be used by Walton Texas and its parent corporation, WIGI USA, to pay for their costs and expenses (which will include payments to other members of the Walton Group for services in respect of the Property that are provided to Walton Texas and WIGI USA) and to generate a profit for the Walton Group. The vast majority of those costs will not be for purposes that are directly related to the Property.

The related party compensation will be accounted for on the financial statements of the Partnership as an expense and charged to the statement of comprehensive loss in the period the interests in the Property were acquired.



	<b>For a 1.214% Undivided Interest in the Property</b>	<b>For a 95% Undivided Interest in the Property</b>
A. Total purchase price paid (aggregate amount and per acre) by Walton Texas to the vendors thereof for Walton Texas to acquire its undivided interest.	\$87,716 total (\$5,558 per acre or 12.51% of Offering net proceeds)	\$6,864,136 total (\$5,558 per acre or 30.81% of Offering net proceeds)
B. Total purchase price paid (aggregate amount and per acre) by the Partnership to Walton Texas for its undivided interest.	\$239,420 total (\$15,173 per acre or 34.14% of Offering net proceeds)	\$18,738,209 total (\$15,173 per acre or 84.12% of Offering net proceeds)
C. Price the Partnership will pay for its undivided interest in the Property as compared to the price Walton Texas will pay, expressed as a multiple.	2.73	2.73
D. Related party compensation received (aggregate amount and per acre) by Walton Texas from the Partnership for the undivided interest sold to the Partnership. This related party compensation will be used by Walton Texas and its parent corporation, WIGI USA, to pay for their costs and expenses (which will include payments to other members of the Walton Group for services in respect of the Property that are provided to Walton Texas and WIGI USA) and to generate a profit for the Walton Group.	\$151,704 total (\$9,614 per acre or 21.63% of Offering net proceeds)	\$11,874,073 total (\$9,614 per acre or 53.30% of Offering net proceeds)
E. The percentage of the Partnership's purchase price that represents related party compensation paid to Walton Texas.	63.37%	63.37%

In order for Unitholders acquiring Units under this Offering to receive back their full purchase price for the Units and before they receive any return in addition to that amount, the aggregate average purchase price per acre that the Partnership will have to receive in the future for the sale of its entire interest in the Property will have to exceed the aggregate of, among other things:

- (i) the gross syndication price per acre that the investor paid for its investment in the Units (inclusive of Commissions, Reserves and Costs) of \$20,947 (assuming the Maximum Offering);
- (ii) all costs of the Partnership in relation to the maintenance and operation of the Partnership, the maintenance of the Property and Concept Planning on the Property which are in excess of the reserves created by the Partnership in connection with the Offering, divided by the number of acres in the Property;
- (iii) the total costs to the Partnership of any borrowing of funds by it (whether from arm's length or non-arm's length parties), including, without limitation, the principal amounts borrowed, the interest required to be paid thereon and all other fees, costs and expenses relating thereto, which borrowing could include, among other things, borrowing for the excess costs referred to in (ii) above, divided by the number of acres in the Property;
- (iv) all other costs of the Partnership which are not paid by using any funds borrowed by the Partnership as referred to in (iii) above, divided by the number of acres in the Property; and
- (v) all other costs, expenses, obligations and liabilities of the Partnership which may or may not have been anticipated by the General Partner at the time the Offering was made (including without limitation, liability for legal actions, if any, brought against the Partnership and/or the Property) which are not paid using any funds borrowed by the Partnership as referred to in (iii) above, divided by the number of acres in the Property.

Depending on the size of the amounts referred to in (i) to (v) above, the aggregate average price per acre that the Partnership will have to receive in the future for sale of its entire interest in the Property, in order for investors to receive their investment in the Partnership back and a return thereon, will need to exceed the gross

syndication price per acre to the investor (inclusive of Commissions, Reserves and Costs) of \$20,947 (assuming the Maximum Offering) and may be required to be a number of multiples of that gross syndication price per acre.

**With respect to the amounts referred to in D. in the above table it is estimated that the vast majority of those amounts will not be utilized for purposes that are directly related to the Property. The return to Limited Partners from their investment in the Partnership is based on the Partnership's return on the Loans and its investment in the Property only.**

### ***Understanding the Real Estate Life Cycle***

The Real Estate Life Cycle is comprised of five stages (see graphic below) through which land is transformed from an undeveloped asset into developed real estate. Most investors are familiar with the last stage. The Walton Group, however, has historically focused on the first three stages, allowing investors to participate at the earlier stages in the life cycle, which have traditionally only been accessible to those who can commit the sizeable capital required to secure and invest in the land. The Walton Group strives to unlock the investment value of the land, incorporating sustainable design principles into the Walton Group's concept planning and community plans which will lead to the eventual creation of places for people to live, work and play. The Walton Group makes these land-based investments available to qualified investors worldwide so they may share in the potential returns.

The discussion that follows under this heading "Understanding the Real Estate Life Cycle" is of a general nature and its purpose is to provide a summary of the general approach the Walton Group has historically taken to progress its various projects through the first two stages of the real estate life cycle.



The Walton Group's strategy engages four distinct areas – its Pillars of Strength – to guide Walton Group's land-based investment process from the research and acquisition of land through to planning and exiting, including the distribution of proceeds to investors. Each of the Pillars is managed by separate teams with specialized and complementary skills. The Walton Group's Pillars are described below.

#### **Pillar I – Land Research and Acquisition**

It is the Walton Group's belief that a sound land buying strategy requires a thorough understanding of how a city and/or region plans for its future growth. The Walton Group targets only those lands that it believes will be required for that region's eventual build-out and development.

The Real Estate, Acquisitions and Dispositions Department of Walton Global ("**RADD**") is comprised of land acquisition and technology specialists with experience in real estate and financial market research and analysis, environmental analysis, land acquisition, title and escrow matters and geographic information systems.

The Walton Group's research is not strictly limited to the observations of RADD. In each regional market in which the Walton Group is targeting potential land acquisitions, the Walton Group also retains professionals in the engineering, land planning, real estate and legal disciplines who provide support, guidance and insight into how the dynamics of growth are expected to impact a region's real estate market and its development.

RADD employs a proprietary research methodology and discipline that the Walton Group has developed over more than 30 years which applies a systematic inspection of undeveloped land. The diagram below illustrates the top-down research methodology employed by RADD:



The Walton Group's research starts with an examination of the macroeconomics of growth at the provincial/state level, which becomes increasingly focused into an examination of the microeconomics of specific target areas. At this stage, RADD examines how employment and population distribution specifically affects local settlement patterns. Taking these demographics into consideration, RADD examines market data and development patterns to identify those corridors that it believes are best suited to absorb this growth. In the course of this review, RADD uses geographical information systems technology to digitally map out the natural features of the target region to ensure that all land designations, infrastructure, parcels, ownership and environmentally sensitive areas are identified and explained within the context of planning for eventual development.

In general, RADD systematically reviews potential real estate assets and will not acquire any properties unless they are located in areas that meet the following criteria. They must be:

- (i) in regions of long-term, sustainable population growth;
- (ii) in regions that have diverse economies, with the potential for sustainable growth;
- (iii) in or near municipalities that favour industrial, commercial and residential development;
- (iv) relevant to the region's eventual build-out of infrastructure and employment centres; and
- (v) best suited for cost-effective development.

Once these growth factors are understood, the conclusion of this research is the identification, due diligence and acquisition of strategic parcels of land that are believed to be suited for profitable and timely development. The lands are then submitted to the Walton Group's Land Buying Committee for approval prior to acquisition. The Walton Group believes that its strategic selection of land is the most critical aspect of its business model and the most significant variable affecting the success of a property.

## **Pillar II – Investment Structuring for Syndication**

The syndication and structuring team in Canada is comprised of legal, finance, compliance, investor services, marketing and sales-focused professionals who are responsible for the structuring and distribution through registered dealers, including Walton Capital Management Inc. ("**Walton Capital**"), of the Walton Group's investment offerings and ongoing investor relations.

By syndicating land-based investments in this manner, entities managed by the Walton Group can collectively acquire significant land holdings, thereby creating the potential for the Walton Group, as administrator, to become a stakeholder in that area. The Walton Group believes this will enable collaboration with municipalities on solutions for the designation of land uses that benefit the region. In general, each property syndicated by the Walton Group is intended to be an integral component of a cohesive group of properties administered by the Walton Group and to form a part of a "master plan" for that area.

The structuring team includes finance and legal professionals who are responsible for ensuring that the entities managed by the Walton Group are marketed in accordance with regulatory requirements. Prior to syndication, the team generates a cash flow budget to seek to ensure that each offering is capitalized with sufficient reserves to cover all anticipated fees and expenses during the term of the entity.

### **Pillar III – Land Planning**

WDM and WDM USA provide land administration, management, planning and entitlement services to Walton and Walton Group-managed investment entities. An "entitlement" is a bundle of development rights that run with the land, which allow the land to be converted from rural or agricultural land into urban communities. WDM and WDM USA are comprised of a team of professionals with significant experience in engineering, land planning, finance, marketing and municipal affairs. WDM's and WDM USA's services fall into several categories.

WDM and WDM USA assist RADD with pre-acquisition research of market areas and individual properties, looking for potential material detriments to the future development viability of each property.

After the properties have been acquired, WDM and WDM USA monitor and facilitate the advancement of planning and entitlement approvals for each property, either individually or collectively with other Walton Group-administered properties that are adjacent to or in close proximity to such property. WDM and WDM USA provide concept planning services to all of the Walton Group-administered properties, which services include one or more of the following:

- **Development Feasibility Studies** – WDM and WDM USA will undertake, in conjunction with their third party consultants, studies to assess the probable land use and intensity of potential future development on the properties. These studies may include a determination of the infrastructure necessary to serve that development and the costs of putting such infrastructure in place. This process will likely include discussions with potential third party developers and other end users to determine their potential future interest in, and the potential future use of, the properties and what entitlements would be beneficial for that purpose.
- **Master Plan Preparation** – WDM and WDM USA often prepare, in conjunction with third party consultants, a conceptual "Master Plan" for the properties and the surrounding areas to show, based on the feasibility studies referred to above, proposed land uses for the properties in the context of a proposed development, including street layouts and the conceptual layouts of the necessary infrastructure.
- **Planning and Zoning Approvals** – WDM and WDM USA submit applications for zoning for the properties and seek approvals from the applicable authorities with respect to the pre-development plans for the properties. The attributes and constraints for each land parcel, local market conditions and applicable regulations are studied and then a conceptual land use plan is crafted with the assistance of local land use professionals, such as planners, engineers and lawyers.
- **Subdivision Plat Approvals** – WDM and WDM USA may prepare and submit applications for a "Subdivision Plat" that delineates the property into lots or blocks suitable for sale for residential, commercial or industrial development to developers, builders, or third party end users. The Subdivision Plat may be registered and form the basis on which a future land developer might proceed with the preparation of detailed drawings for project infrastructure.

The conceptual land use plan prepared by WDM and WDM USA is the basis for initiating and obtaining development approvals. When development approvals are in place, the future land developer may have a more certain, less costly and more expedient development timeframe to deliver serviced land to homebuilders, end-users or building developers.

Both during the acquisition process and during the land investment hold period, WDM and WDM USA monitor and evaluate existing and proposed federal, state, and local governments' rules, regulations and policies for potential implications to the proposed development of the land. Appropriate actions are then taken by WDM and WDM USA to address such implications.

Although development regulations, market conditions and economics change between the metropolitan areas and individual target areas, WDM and WDM USA approach planning and entitlement in each area in the same way, as a partner in long-term growth with the approving authorities and elected officials.

Upon request, WDM and WDM USA also assist the members of the Walton Group in executing or monitoring the completion of purchase conditions required of the Walton Group or the developer under exit land purchase agreements.

#### **Pillar IV – Exits**

WIGI facilitates the investors' determination of how best to sell or otherwise dispose of the land they have invested in. To the extent that there are not sufficient funds left in the expense reserve related to the land that is being sold, the "out of pocket" costs in relation to an exit will be borne from the proceeds of sale.

Historically, Walton Group-administered properties have been sold to entities from one of the following constituencies:

- Governments;
- Publicly traded real estate developers;
- Private, institutionally-financed developers;
- National and regional homebuilders; and
- Institutional investor syndicates, which may include investor syndicates managed by an entity related to the Walton Group.

#### ***Historical Performance of Other Walton Group Pre-Development Projects***

A report titled "Schedule of Investment Returns for Pre-Development Projects for the exit period spanning December 1, 1998 to March 31, 2015" (the "**Land Report**"), prepared by WIGI is appended as Schedule "D" hereto. WIGI has calculated the internal rate of return ("**IRR**") for the pre-development projects administered by WIGI, which were fully exited in the period from December 1, 1998 to December 31, 2014 using the basis of calculation of IRR as described in note 3 to the Land Report. **The Land Report has not been audited.**

Pre-development projects are either undivided interests ("**UDI**") projects that consist of a sale of undivided tenant in common interests by the Walton Group to third party investors and are administered as a single project or limited partnerships, corporations, or limited liability companies (collectively, "**LP**") projects where an investor acquires a unit or share and the LP then acquires a parcel or multiple parcels of land. The strategy is to hold an interest in the property until such time as the development in the areas nearby the property has reached a point that is commercially opportune for the property to be developed with the intention of selling the interest in the property (either in whole or in a small number of portions) to developers or other parties at a higher value than the value at which it was acquired by the investors with the objective of earning a return on the original investment. Under certain circumstances, the interest in the property may be sold to parties that are related to the Walton Group. For potential sales to related parties of the Walton Group, the Walton Group obtains two appraisals from independent appraisers and the offer is made to the investors at a price that is between the two appraisals. The investors (UDI holders or unit or shareholders in an LP) are provided the details of the offer and are given the opportunity to vote to determine if the offer will be accepted. An offer is only accepted if a majority (generally 66⅔% of the investors in an LP project or 60% of the holders in a UDI project) accept the offer.

As of March 31, 2015, the Walton Group has been involved in over 422 pre-development land syndication projects comprised of over 97,000 acres and has completed the syndication of 411 pre-development projects, with 11 projects in current syndication. Four of the fully syndicated projects ("**Shepard A, B, C & D**") have not been included in the analysis below or in the Land Report as the initial investment was rolled into a development project which has different investment strategies and objectives that are not comparable to pre-development projects. Of the remaining 407 fully syndicated pre-development projects reported, 75 pre-development projects have had full or partial exits and are summarized on the Land Report by region and nature, representing 18.43% of the overall projects syndicated by the Walton Group from inception to March 31, 2015.

**Summary of Fully and Partially Exited Projects by Region and Zoning/Nature to March 31, 2015**

<b>Region</b>	<b>Residential</b>	<b>Other</b>	<b>Total</b>
Calgary, Alberta, Canada	26	6	32
Edmonton, Alberta, Canada	31	7	38
Ontario, Canada	2	1	3
Georgia, United States	1	0	1
The Carolinas, United States	1	0	1
<b>Total</b>	<b>61</b>	<b>14</b>	<b>75</b>

The Land Report is attached to provide information about the Walton Group's business experience in syndicating pre-development real estate investments where land has been acquired, syndicated to investors, planned and then exited. **The historical IRR is not indicative of the future performance of other projects or securities offered by the Walton Group and should not be relied upon as a forecast or projection of the anticipated returns, if any, on an investment in other securities offered by the Walton Group. Returns to investors may be materially higher or lower than this historical IRR.** The final IRR on partially exited projects may incur significantly different returns than those reflected in the Land Report based on the exit price and the duration of the final land sales within the project. As the returns in the Land Report are reflected on a project basis, it is not entirely equivalent to the ultimate return received by the investors in the projects as a result of exit costs and fees that investors may incur, as discussed in the Land Report. In addition, the IRRs in the Land Report only represent exited projects and investors need to consider and understand the potential limitations of this information and what factors may affect their ultimate returns, including the location of the parcel of land, the economic environment in which the land is situated, the intended zoning of the land, in addition to other factors. The Walton Group does not obtain valuations of its unexited projects and limited information is provided on unexited projects in the Land Report. Returns on the unexited projects will not be known until the projects are ultimately sold. **There is no assurance that unexited projects and remaining lands in partially exited projects will be sold at a profit or at all.** There may be unexited projects that have a current realizable value less than the original cost.

At March 31, 2015, all fully exited projects described in the Land Report are UDI projects. No LP projects have fully exited at March 31, 2015. As more fully described in the "Management Guidance on Use of Schedule" that accompanies the Land Report in Schedule "D", UDI projects are structured differently than LP projects and, accordingly, **the past performance of the UDI projects referred to in the Land Report are not indicative of the future performance of the Partnership or other Walton Group investments or of other land projects currently administered by the Walton Group or to be administered by the Walton Group in the future and must not be relied upon as a forecast or projection of the probable returns, if any, on other Walton Group investments. The information presented in the Land Report is not necessarily representative of the risks or potential upside of other Walton Group investments.**

See Schedule "D" – Unaudited Schedule of Investment Returns for Pre-Development Projects, "Cautionary Statements" and "Item 8 – Risk Factors".

***Experience of Walton Group in Pre-Development Projects in the Texas Region***

As of March 31, 2015, the Walton Group has syndicated a total of 71 projects in the Texas Region. In addition, eight Walton U.S. land fund syndications contained property in Texas not included in these numbers. The first project in Texas began syndication in February 2007. The last project the Walton Group syndicated in the Texas was in February, 2014. At March 31, 2015 there were two projects that were in syndication within the Texas Region. In Texas, 34 of the 71 Texas specific projects have exceeded their originally expected or stated hold period as of March 31, 2015, which does not include the eight Walton U.S. land fund syndications referenced above that contain Texas properties.

For the 71 Texas projects as of March 31, 2015, Walton Group's purchase price per acre averaged \$6,542, with a high of \$12,706 per acre and low of \$2,843 per acre. The investor purchase price averaged 4.91 times the price the land was initially acquired by the Walton Group, with a high of 7.35 times Walton Group's acquisition price and a low of 2.34 times Walton Group's acquisition price. The remaining proceeds were used to fund commissions, offering costs, reserves including concept planning, expense reserve, entity maintenance reserve and to recover acquisition costs associated with the land.

The properties in Texas comprise a total of 19 master planned communities, consisting of 27,806 acres. Of the 19 master planned communities, 8 are fully complete in terms of primary entitlements and none have in place partial primary entitlements. The remaining 11 projects have only recently begun the process of obtaining primary entitlements or revisions to the existing entitlements, as the case may be. No Texas projects have exceeded their reserves set aside or committed at the time of syndication, as of March 31, 2015. No assurance can be made that the reserves on other projects or the expected or stated hold periods of other projects will not be exceeded in the future.

There have been no full or partial exits of pre-development land projects in Texas.

The Walton Group believes that the unanticipated length of the recent economic recession and slower than anticipated recovery adversely impacted the originally expected or stated hold periods for these projects and that, as a result, the estimated hold period for a large number of these Texas projects will likely be materially longer than originally expected or stated.

See Schedule "D" – Unaudited Schedule of Investment Returns for Pre-Development Projects.

### ***Exit Strategies***

Given the current development in Ellis County, Texas and generally in the area around the Property and the current level of growth of development in the region around the Property, the General Partner currently anticipates that the Partnership will hold its undivided interest in the Property as an investment for approximately four (4) to six (6) years. This hold period is based on research with respect to absorption rates of property and lots in the area around the Property, the location of the Property and the time estimated to revise the entitlements for the Property. During the hold period the General Partner intends to analyze the Property regularly to determine whether an optimal sales price can be obtained given prevailing market conditions and the particular characteristics of the Property. **Notwithstanding the above, market and economic conditions and other relevant factors may become such that the Partnership will need to hold the Property for materially longer than the time periods expressed above.** See "Item 2 – Activities of the Partnership – Investment Activities – Historical Performance of Other Walton Group Pre-Development Projects" and "Item 2 – Activities of the Partnership – Investment Activities – Experience of Walton Group in Pre-Development Projects in the Texas Region" for further information on the Walton Group's track record as it relates to Walton Group pre-development projects in North America and in Texas, in particular, that have not yet exited and those projects which have exceeded the Walton Group's original forecasted or stated hold periods. Also see "Item 8 – Risk Factors".

Based on the Walton Group's past experience, when development of the Property becomes possible, three options will likely be available to the Partnership:

- **Sell the Property** - The General Partner believes that generally it will be more attractive for the Partnership to sell its interest in the Property, as a whole or in a small number of parcels, before physical development thereof in order to avoid the cost of the physical development process, and distribute the net proceeds of sale (subject to applicable tax withholdings and to reimbursements under the Funding Agreement, if any);
- **Engage in Concept Planning** - Take certain planning and regulatory actions to prepare the Property for purchase by developers (i.e., Concept Planning) and then sell the Property, as a whole or in a small number of parcels, to a developer or other purchasers; or
- **Develop the Property** - Although it is not the current intention of the Partnership to participate in the development of the Property, if the Partnership, in conjunction with Walton Texas, pursuant to the Co-Ownership Agreement, determines that it is beneficial to do so, the Partnership may extend its investment activities beyond the Concept Planning to be conducted by WDM USA and participate in the partial or full residential and/or commercial development of the Property by itself, or with other parties with funds raised from the issuance of more Units, debt financing or other sources. A determination by the General Partner to extend the Partnership's activities beyond Concept Planning and to participate in the development of the Property would require the approval of the Limited Partners under the Partnership Agreement by way of Extraordinary Resolution.

Based on past experience, the third alternative is less likely than the first two alternatives above.

In the event that an offer (a "**Walton Exit Offer**") to acquire all or any portion of the Property (the "**Exit Lands**") is made to the Partnership by a member of the Walton Group or by an entity that is managed by a member of the Walton Group (a "**Walton Purchaser**") for the purposes of the Walton Purchaser thereafter horizontally and/or vertically developing the Exit Lands, it is the intention that the Walton Purchaser will provide Limited Partners the opportunity to participate, as investors, in such horizontal and/or vertical development. Any potential development structure, and the manner in which Limited Partners may be able to participate in it, will be determined by the Walton Purchaser at the relevant time, however, it is anticipated that the structure will include:

- a Walton Group entity receiving a management fee; and
- Limited Partners receiving the initial value of their investment in the development structure plus a preferred return thereon, with any subsequent profits of such development structure being shared, in proportions to be determined, between the investors in the development structure and a Walton Group entity and potentially other parties that assist the Walton Purchaser to source investors in the development structure.

This potential to participate will not apply if a third party makes an offer to the Partnership to acquire all or any portion of the Property. If an invitation to Limited Partners to participate is made, it is the intention that each Limited Partner will have the opportunity to decide whether or not they will participate. It is anticipated that all material information with respect to any such potential transaction will be provided to the Limited Partners at the relevant time to assist them in making their decision. There can be no assurances that a Walton Exit Offer will be made with respect to any of the Property or, if it is, that the potential participation by Limited Partners in a development structure will be attractive to them.

### ***Concept Planning***

It is not the current intention of the Partnership to participate in the actual physical development of the Property. In order to protect the Partnership's return on its investment in the Property, the Partnership currently intends to engage WDM USA to oversee and engage in Concept Planning for the Property before the Partnership sells its interest in the Property to a developer or other prospective purchaser. The Partnership will be responsible for its share of Concept Planning costs incurred in respect of the Property based upon the final undivided interest the Partnership acquires in the Property.

The Concept Planning for the Property is anticipated to consist of one or more of the following steps:

- **Development feasibility assessment** - The Partnership intends to engage consultants to perform preliminary studies to assess whether or not it is feasible to modify the existing land uses and assess the intensity of potential future development on the Property, together with the infrastructure necessary to serve that development. The existing Planned Development Ordinance approved by the City of Waxahachie (the "**Plan**") will be the initial basis for identifying future potential land uses. The preliminary studies required may include, but may not be limited to, a traffic study, a hydrology and drainage analysis, cultural/historic and archaeological resource studies, biological studies and environmental studies. In addition, the Partnership may engage consultants to perform market studies to ascertain the market demand for potential land uses for the Property, which may include single family, multi-family residential and retail/commercial.
- **Zoning Approvals** - The Partnership may seek amendments to the existing Plan. The Partnership may file an application for rezoning and annexation of parcels within the extra-territorial jurisdiction of the City of Waxahachie to revise the existing Plan as necessary to achieve the development objectives and to reflect market conditions. Approximately 12-18 months is necessary to complete the City's rezoning process, which requires public hearings before the elected city council. Rezoning is a legislative act over which the city council exercises significant discretion. See "Item 8 - Risk Factors – Risks of Real Property Ownership".
- **Amend existing agreements** - The Partnership may seek to negotiate an amendment to the existing Plan to secure development standards consistent with revisions to the zoning.
- **Negotiate ancillary agreements** – The Partnership also intends to negotiate water and sewer service agreements to identify infrastructure necessary to serve the potential future development.
- **Land Use Approvals** - The Partnership may pursue local government planning and regulatory approvals necessary to implement the conceptual master plan, including plan amendments, rezoning and preliminary and final subdivision plans. See "Item 8 - Risk Factors – Risks of real Property ownership".



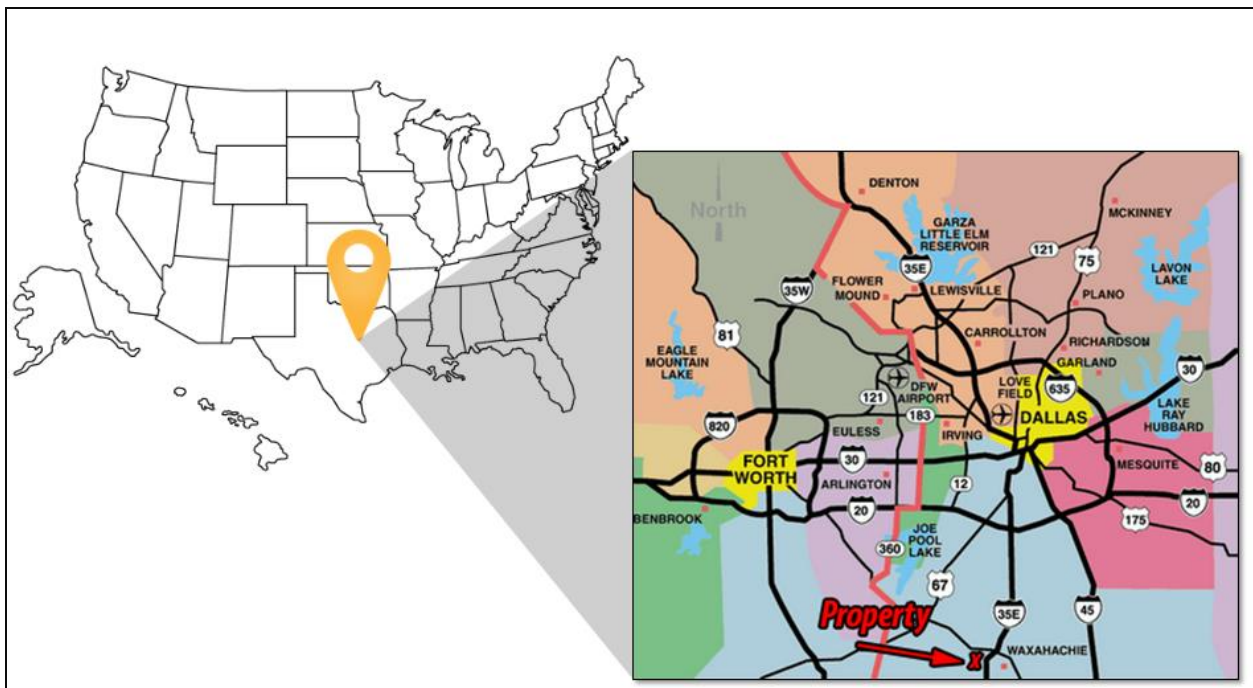
## Funding for Concept Planning

The Partnership Agreement permits the General Partner to initiate the Concept Planning process at its sole discretion. The General Partner may suspend the Concept Planning process at any time. Further, the General Partner may draw down on the Concept Fund to pay for Concept Planning without any consultation with the Limited Partners. **In the event the Concept Fund is depleted, the Expense Reserve, or the Entity Maintenance Reserve may be accessed by the General Partner, in its sole discretion, to pay for expenses or costs generally related to Concept Planning. Likewise if the Expense Reserve, or the Entity Maintenance Reserve is fully depleted, the other reserves, including the Concept Fund, may be accessed by the General Partner, in its sole discretion, for expenses and costs that would normally be covered by any other reserve.** See "Item 2 – Activities of the Partnership - Material Agreements – Funding Agreement".

## The Property

The Property consists of 1,300 acres, more or less, of vacant agricultural land located in Ellis County, largely within the city limits of the City of Waxahachie, Texas. The current land uses surrounding the Property are residential, farmland, and undeveloped vacant land. Waxahachie is south of the Dallas - Plano - Irving Metropolitan Division, and southeast of both the Fort Worth - Arlington Metropolitan Division and the Dallas - Fort Worth International Airport. This strategically positions the Property between two large Metropolitan Divisions that combine to form the Dallas - Fort Worth - Arlington Metropolitan Statistical Area and a major regional employer in the International Airport.

### Ellis County, Dallas – Fort Worth Location



WDM US will work with the City of Waxahachie to annex the +/- 141.52 acres of the Property in the ETJ and zone/rezone the entire Property to match Walton's future concept plan and community visioning.

### ***Current Use of the Property***

The Property is currently vacant, undeveloped agricultural land.

### ***Leases and Other Agreements***

The Property is currently subject to several agricultural lease agreements to maintain the agricultural use of the Property. The permitted uses of those leases include: planting, raising and harvesting of crops, pasturing and grazing of farm animals, and hunting and fishing. WDM US will execute new lease agreements to continue the uses.

### ***Mineral Matters***

According to the Texas Railroad Commission online mapping tool, there are no registered active wells on the Property. As well, no oil and gas leases were discovered in a title search provided in a title insurance commitment obtained for the Property or in a mineral estate research report commissioned by Walton and provided by Ted W Walters & Associates.

In Texas, the dominant estate is the mineral estate and not the surface estate, meaning that the owner of the mineral estate has the legal right of entry and the surface owner is subordinate to that right. The mineral estate has been severed from the ownership of the Property, and is vested partially in the vendors, as well as other third party owners. In connection with the closing of the acquisition of the Property by Walton Texas, the vendors will not be conveying any mineral rights they own, but the Deed to Walton Texas will include a surface waiver that binds the vendors' mineral estate. Accordingly, some degree of the surface use of the Property will not be in Walton Texas' control. In addition to the surface use waiver to be obtained from the vendors, surface use waivers are in place for the majority of the other existing mineral owners, restricting their rights to use the surface for exploration. If not otherwise obtained pre-closing of the Property, WDM US will continue to work with the other owners of the mineral rights post-closing to obtain surface use waivers for the remaining acreage to establish appropriate use restrictions. In the event that surface use waivers are not obtained and the mineral owners desire to explore minerals using the surface of the Property, which is not currently expected, then Walton Texas will accommodate drilling sites on or around the Property, which Walton Texas anticipates will not adversely impact any future development of the Property.

### ***Water Supply***

The Property lies in two water jurisdictions; the portion that is currently annexed into the City of Waxahachie is served by the City. The portion of the Property that lies within the City's ETJ is served by the Buena Vista Bethel Special Utility District. The City does not currently have water facilities adjoining the Property; however, a recent bond election approved the construction of a 16" water line along W. U.S. Highway 287 Business to serve a future Waxahachie High School to be located at the southeast corner of W. U.S. Highway 287 Bypass and W. U.S. Highway 287 Business. The City water master plan identifies the Property to be in a higher pressure zone than the area further east. In order to bring water to the Property, an offsite water line will need to be constructed along FM 875 to tie into the proposed high school water line in W. U.S. Highway 287 Business. Once water is brought to the site, a water campus will need to be constructed to provide storage and the necessary booster pumps to serve the site. City staff has stated that a small portion of the site may be served without the need for the campus however additional water modeling will need to be performed to identify if this is possible. City staff has indicated that the City has adequate water to serve the Property; however, the developer will be responsible for construction of the water infrastructure to serve future development.

### ***Wastewater Transmission and Treatment***

The Property is located within the Waxahachie Sewer Service Area. The City currently owns and maintains a 27" sewer trunk main located adjacent to Waxahachie Creek. The sewer main currently flows to the Westside Interceptor Lift Station located east of IH - 35 generally at Waxahachie Creek and Brookside Drive. City staff has advised that the lift station wet well is sized adequately to accommodate development of the Property; however, additional pumps and or the changing of impellers may need to occur at some point prior to the lift station being abandoned in favor of a future regional gravity main. The City will be responsible for upgrading the lift station

equipment should it be required. Additionally, City staff has indicated that sewer trunk main and downstream infrastructure has adequate capacity to serve development and that future upgrades required to regional infrastructure will be made by the City as part of their capital improvement program.

### ***Floodplain***

The Property is included on Federal Emergency Management Agency ("**FEMA**") Flood Insurance Rate Map (FIRM) panel 48139C0175F, effective June 3, 2013. According to the FIRM panel, the majority of the Property is located outside of the 100-year floodplain hazard area. Small portions in the north eastern and south eastern sections of the Property are within the 100-year flood plain. The amount of land that is constrained by the 100 year floodplain is expected to have a minimal effect on the entitlement value and net developable acreage of the Property. WDM US will develop a land concept plan that will incorporate the 100 year floodplain as open space.

### ***Dry Utilities***

WDM US will negotiate service terms with designated utility providers in the region. Below is a list of existing service providers that are active in the area:

**Electric** – Oncor Electric Delivery

**Telephone and Cable** – AT&T

**Natural Gas** – Atmos Energy

### ***Topography and Drainage***

Based on a review of the U.S. Geological Survey Midlothian and Waxahachie, Texas topographic maps, the topography of the Property is characterized by high ground on the western portion with the land sloping off to the north, east and south. The regional topographic gradient trends to the southeast. Surface drainage in the Property area is anticipated to flow to the north and east in the direction of Waxahachie Creek, located an average of approximately 1,500 feet to the north, east and to the south in the direction of South Prong Creek located approximately 1,800 feet to the south of the Property.

### ***Schools***

The Property is located entirely within the Waxahachie Independent School District ("**WISD**"). WISD is home to twelve campuses – six elementary and six secondary. The WISD board voted on Feb. 17, 2015 to buy approximately 310 acres of land for \$9 million at the intersection of W. U.S. Highway 287 Bypass and W. U.S. Highway 287 Business for future facility needs.

### ***Police/Fire***

Police protection will be provided by the Waxahachie Police Department. The Waxahachie Police Department is a full-service law enforcement agency with 59 sworn officers and 17 civilian employees. The annual operating budget for 2013-2014 was \$7.1 million. The Waxahachie Police Department became a "Recognized Law Enforcement Agency" by the Texas Police Chiefs Association Law Enforcement Recognition Program in 2013. The program evaluates compliance with more than 150 Best Practices for Texas Law Enforcement. The Waxahachie Police Department is one of only 100 law enforcement agencies in Texas to receive this recognition.

Fire protection will be provided by the Waxahachie Fire Department. Waxahachie Fire-Rescue responds to a wide range of fire, EMS and rescue situations with 3 engine companies, 1 truck company and a Battalion Chief from 3 fire stations strategically located throughout the City. The 51 members of the Operations Division work a 24-48 hour schedule with 17 assigned to each of the 3 shifts. The minimum staffing of the department is 13 per shift. The other 5 members of the department are assigned to Administration.

### ***Hospitals***

The nearest hospital is the Baylor Scott & White Medical Center, located 3.5 miles east of the Property.

## ***Environmental***

Walton commissioned C&E Environmental, LLC to perform a Phase 1 Environmental Site Assessment ("ESA") in accordance with ASTM Standards E1527-13 under the 'All Appropriate Inquiry' rule established by the U.S. Environmental Protection Agency. The ESA included a review of established environmental databases, historical maps and documents, interviews, and a site reconnaissance to determine if there are any Recognized Environmental Conditions ("REC") onsite. The assessment revealed no evidence of any RECs associated with the Property, with no further investigation required.

## ***Chambers Creek Dam***

A portion of the Property falls under an Ellis-Prairie Soil and Water Conservation District blanket easement for operation and maintenance of a National Resources Conservation Survey ("NRCS") Soil Conservation Lake identified as Chambers Creek Watershed Floodwater Retarding Structure Site No. 15 ("FRS No. 15"). The Property owner is not responsible for maintaining the pond but may enjoy the recreational features the lake may provide. No modifications to the dam structure or the pond itself are allowed without approval from the local conservation district and NRCS. As development moves forward, the blanket easement can be amended to reflect the actual pooling elevation of concern. The pooling elevation that the local conservation district will restrict development to is the top of the existing dam (+/-667.0 ft.). Encroachments into this pooling elevation may occur, however, a volume for volume replacement will need to be provided.

Additionally, a dam assessment report was prepared in 2010 that evaluated the current condition of the dam and appurtenances, the status of operation and maintenance of the dam, original and current NRCS hazard classification, a breach inundation map for the existing dam, a determination of the eligibility for assistance under the Watershed Rehabilitation Program, estimates for failure index, risk index, and population at risk, the potential scope of rehabilitation alternatives including estimated costs, and the potential for addressing other resource concerns during rehabilitation of the dam. The findings of this report showed that FRS No. 15 was designed and constructed according to low hazard criteria and is now classified as a high hazard dam that does not meet current safety and performance standards.

The dam has been evaluated and meets the eligibility requirements for the Watershed Rehabilitation Program. The dam and appurtenances exhibit several deficiencies that could be upgraded to meet current safety and performance standards through the rehabilitation program. The local conservation district is currently making application to obtain funding for rehabilitation of the dam. The cost of the dam rehabilitation is not a responsibility of the property owner.

## ***Property Taxes***

The estimated 2015 property taxes are \$15,257. Funds to pay estimated property taxes during the pre-development period of the Property are excluded from the Expense Reserve. The Partnership will pay the annual tax obligation for the Property but will be reimbursed by the tenant as an obligation in the agricultural leases.

## ***Title to the Property***

The title to the Partnership's undivided interest in the Property, upon completion of the sale thereof by Walton Texas to the Partnership, will be registered in the name of the Partnership. Any interest in the Property acquired by the Partnership will also be subject to the registered encumbrances as recorded in the County Recorder's office. There can be no assurances that further encumbrances and restrictions will not be registered against the Property. The Partnership will not be allowed to register caveats against the title to the Property. See "Item 8 – Risk Factors".

## ***Long Term Objectives of the Partnership***

The Partnership's long term objective is to hold the interest in the Property as an investment until such time as residential and/or commercial development in the area nearby the Property has reached a point where it is commercially opportune for the Property to be physically developed. It is the current intention that the Partnership will then sell the Property (either as a whole or in a small number of parcels) to developers or other third parties at a higher value than the price at which it acquired it from Walton Texas, and to distribute the net proceeds of sale (subject to applicable tax withholdings and reimbursements to Walton Finance under the Funding Agreement, if any) to Unitholders.

Given the current development in Ellis County, Texas and generally in the area around the Property and the current level of growth in the region, the General Partner currently anticipates that the Partnership will hold its beneficial undivided interest in the Property as an investment for approximately four (4) to six (6) years. During such period, however, the General Partner intends to analyze the Property regularly to determine whether an optimal sales price can be obtained given prevailing market conditions and the particular characteristics of the Property. **Notwithstanding the above, market and economic conditions and other relevant factors may become such that the Partnership will need to hold the Property for materially longer than the time periods expressed above.** See "Item 2 – Activities of the Partnership – Investment Activities – Historical Performance of Other Walton Group Pre-Development Projects" and "Item 2 – Activities of the Partnership – Investment Activities – Experience of Walton Group in Pre-Development Projects in the Texas Region" for further information on the Walton Group's track record as it relates to Walton Group pre-development projects in North America and in Texas, in particular, that have not yet exited and those projects which have exceeded the Walton Group's original forecasted or stated hold periods. Also see "Item 8 – Risk Factors".

As it is not the current intention of the Partnership to participate in the actual development of the Property, the Partnership intends to engage WDM USA to participate in Concept Planning of the Property. See "Item 2 – Activities of the Partnership – Concept Planning". In the event that the General Partner determines to extend the Partnership's activities beyond Concept Planning, it would be required under the Partnership Agreement to seek approval from the Partners by way of Extraordinary Resolution.

### **Short Term Objectives of the Partnership and How the Partnership Intends to Achieve Them**

The Partnership's objectives for the next 12 months are to: (i) complete the Offering; (ii) loan the Net Proceeds pursuant to the Loan Agreements; (iii) declare the Monthly Distribution on a monthly basis and pay the Monthly Distribution on the thirtieth day following the date the Partnership acquires its first undivided interest in the Property; and (iv) acquire up to a 95% undivided interest in the Property from Walton Texas. Other than the Partnership's \$166,200 share of the estimated costs of the Offering and the Selling Commissions that the Partnership will fund out of the Gross Proceeds of the Offering, the General Partner anticipates that the expenses of the Partnership (not including Concept Planning) for the first 12 month period will be approximately \$212,855 (assuming the Maximum Offering and the ownership of an undivided 95% interest in the Property by the Partnership), which will be covered by the Gross Proceeds, Expense Reserve and the Entity Maintenance Reserve. The General Partner anticipates that these costs will include, among other things, payment of property taxes, legal, accounting and auditing expenses, corporate and partnership maintenance fees, insurance and other ongoing costs. Additionally, the Partnership anticipates the following activities funded from the Concept Fund in respect of planning and entitlement will occur in relation to the Property upon its acquisition of an interest therein:

<b>What we must do and how we will do it<sup>(1)</sup></b>	<b>Target Completion Date</b>	<b>Cost to Partnership to complete and source of funds (assuming Maximum Offering)<sup>(2)</sup></b>
Prepare a constraints map	October 2015	\$25,000
Prepare a revised Concept Plan	January 2016	\$50,000
Prepare transportation/infrastructure plan	March 2016	\$100,000
Prepare annexation and rezoning submittals	August 2016	\$100,000

#### **Notes:**

- (1) These activities will be coordinated by WDM USA and will involve the use of WDM USA personnel and external consultants. There is no guarantee that the Partnership will be successful in attaining all of these objectives. See "Item 8 – Risk Factors".
- (2) All funds will come from the Concept Fund.

### **Insufficient Funds**

The proceeds of the Offering may not be sufficient to accomplish all of the Partnership's proposed objectives and there is no assurance that alternative financing to pay for such objectives will be available. See "Item 2 – Activities of the Partnership – Material Agreements – Funding Agreement" and "Item 8 – Risk Factors".

## **Material Agreements**

The following summarizes all material agreements, and the material terms thereof, to which the Partnership or the General Partner is currently or proposed to be a party to in conjunction with the completion of the Offering.

### ***Loan Agreements***

In conjunction with the Offering, the Partnership will enter into the Loan Agreements with the Borrowers, which agreements will govern the relationship between the parties as it relates to the Loans and the use by the Borrowers of the Loans. Pursuant to the Loan Agreements, the Partnership will agree to lend to the Borrowers demand Loans in an aggregate amount not to exceed the Net Proceeds outstanding from time to time. The Loans shall: (a) be revolving and payable on demand; (b) bear interest on the principal amount outstanding, payable monthly, at a rate of interest sufficient to enable the Partnership to pay Monthly Distributions in an amount equal to 8% per annum on the Gross Proceeds raised under the Offering (which interest rate is anticipated to be between 9.3% and 11.4% due to the fact that the Net Proceeds so loaned are less than the Gross Proceeds on which the Monthly Distributions are intended to be paid); and (c) will mature and become repayable by the Borrowers prior to June 30, 2016.

No interest will be earned by the Partnership until the Net Proceeds from a Closing are loaned. Accordingly, no interest will accrue in favor of the Partnership to fund its Monthly Distribution to any Limited Partners until a Closing has been held and the Net Proceeds has been lent to Borrowers. The Partnership must meet the Minimum Offering of \$1,000,000 before any Closing will be held or any interest on Loans will accrue.

Under the terms of the Loan Agreements, the Borrowers will use the Loans for general corporate purposes including, without limitation, (i) financing certain costs relating to the Walton Group's traditional pre-development land administration business, including financing the acquisition of lands by the Walton Group prior to the syndication thereof to clients (see "Understanding the Real Estate Life Cycle – Pillar II – Investment Structuring for Syndication" below) and providing funds to WIGI for the purposes of funding certain of its obligations to pay for land "entitlement" costs (see "Understanding the Real Estate Life Cycle – Pillar III – Land Planning" below), (ii) financing certain costs relating to the Walton Group's horizontal land development line of business, including providing interim financing for the acquisition of the development lands and for costs of horizontal development of the land and infrastructure around that land, (iii) funding general and administrative expenses of one of more of the entities in the Walton Group on an interim basis, and (iv) funding other costs relating to the support and expansion of the various lines of business of the Walton Group.

Notwithstanding the demand nature of the Loans, the occurrence of certain stated events will constitute an "Event of Default", whereby the Borrower shall be obliged to forthwith repay the Loan. An Event of Default includes (i) the non-payment of any amounts due under the Loan Agreement not otherwise remedied in 7 days; (ii) an order of a court declaring the Borrower, which at the time of such occurrence has funds outstanding under the Loan, bankrupt or insolvent or approving a petition seeking the reorganization, arrangement or winding up of the Borrower which, at the time of such occurrence has funds outstanding under the Loan; (iii) a resolution approving the winding up or liquidation of the Borrower which, at the time of such occurrence has funds outstanding under the Loan, or if the Borrower which has accessed funds from the Loan, and at the time of such occurrence has funds outstanding under the Loan, institutes bankruptcy or like proceedings; or (iv) the Borrower which, at the time of such occurrence has funds outstanding under the Loan, neglects to observe or perform any of its obligations under the Loan Agreement and shall fail to rectify such default within 60 days.

### **The Loan Guarantees**

Each of WIGI and Walton Global will provide Loan Guarantees to the Partnership whereby WIGI and Walton Global will guarantee the Loan Amounts provided by the Partnership to the Material Affiliates and Sponsored Entities (including principal and interest).

### **Unaudited Selected Summary Financial Information Related to Walton Global**

Walton Global is the main management holding entity for the global operations of the Walton Group. Walton Global is the parent of WIGI, the Material Affiliates and certain Sponsored Entities that may be Borrowers. Walton Global, along with WIGI, will provide the Loan Guarantees to Material Affiliates and their Sponsored Entities. As the payment of the Monthly Distribution will be contingent upon the creditworthiness of the Borrowers, unaudited selected summary financial information of Walton Global has been provided. A financial summary of

Sponsored Entity Borrowers, not consolidated within the Walton Group, has been provided under “Walton Group Development Investment Structures and Programs”. See “Item 2 – Activities of the Partnership – Structure – Walton Group Structure”.

The two primary business lines of the Walton Group are its pre-development land administration business and its horizontal land development business. See “Item 2 – Activities of the Partnership – Investment Activities – Understanding the Real Estate Life Cycle”.

The unaudited selected summary financial information in this Offering Memorandum has been prepared by, and is the responsibility of, Walton Global's management. Walton Global and its management have advised that they believe that this summary information has been prepared on a reasonable basis, reflecting the best estimates and judgments, and represent, to the best of management's knowledge and opinion, a fair presentation of Walton Global's financial condition.

The PricewaterhouseCoopers LLP report included in this Offering Memorandum with respect to the financial statements of the Partnership and the General Partner refer exclusively to the historical financial information of the Partnership and the General Partner. The PricewaterhouseCoopers LLP report does not cover any other information in this Offering Memorandum and should not be read to do so.

This section includes selected financial information with respect to Walton Global, a privately held company, on a consolidated basis and other information in relation thereto, as at December 31, 2014. The information with respect to December 31, 2013 and December 31, 2012 has been derived from the audited annual financial statements of Walton Global. Accordingly, this financial information is derived from financial statements that are prepared in accordance with Part II of the Canadian Institute of Chartered Accountants Accounting Handbook – Accounting Standards for Private Enterprises (“ASPE”). These standards are different from International Financial Reporting Standards (“IFRS”), which are used in the preparation of the financial statements of the Partnership and other publicly accountable enterprises. Readers of this supplementary information are cautioned as differences in this selected summary financial information, presented below, had it been prepared in accordance with IFRS, could be significant. All amounts are denominated in Canadian dollars unless otherwise noted.

	As at December 31, 2014 (\$ millions)	As at December 31, 2013 (\$ millions)	As at December 31, 2012 (\$ millions)
<b>Cash and Restricted Cash<sup>(1)</sup></b>	<b>45.3</b>	<b>72.9</b>	<b>57.0</b>
<b>Land Held for Sale and Land Held for Investment <sup>(2)</sup></b>	<b>158.5</b>	<b>99.5</b>	<b>83.9</b>
<b>Land Development Inventory<sup>(3)</sup></b>	<b>153.7</b>	<b>157.6</b>	<b>67.1</b>
<b>Investments<sup>(4)</sup></b>	<b>75.1</b>	<b>69.5</b>	<b>50.1</b>
<b>Due from Related Parties<sup>(5)</sup></b>	<b>63.8</b>	<b>62.0</b>	<b>27.5</b>
<b>Other Assets<sup>(6)</sup></b>	<b>38.4</b>	<b>40.2</b>	<b>22.6</b>
<b>Total Assets</b>	<b>534.8</b>	<b>501.7</b>	<b>308.2</b>
<b>Accounts Payable and Accrued Liabilities</b>	<b>28.2</b>	<b>44.1</b>	<b>38.9</b>
<b>Long Term Debt <sup>(7)</sup></b>	<b>247.1</b>	<b>219.3</b>	<b>102.7</b>
<b>Due to Related Parties<sup>(8)</sup></b>	<b>24.8</b>	<b>20.5</b>	<b>18.8</b>
<b>Other Liabilities<sup>(9)</sup></b>	<b>120.2</b>	<b>99.2</b>	<b>59.8</b>

	As at December 31 2014 (\$ millions)	As at December 31, 2013 (\$ millions)	As at December 31, 2012 (\$ millions)
<b>Shareholders' Equity<sup>(10)</sup></b>	<b>85.1</b>	<b>105.3</b>	<b>86.9</b>
<b>Non-controlling Interest <sup>(11)</sup></b>	<b>29.4</b>	<b>13.3</b>	<b>1.1</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>534.8</b>	<b>501.7</b>	<b>308.2</b>

**Notes:**

- (1) Included in Cash and Restricted Cash are money held in trust for clients, proceeds from the issuance of Corporate Bonds (defined below), which may only be used to acquire land under the terms of those Corporate Bonds (see note 7 below) and funds held in trust relating to purchase and sale agreements and amounts on deposit at banks to cash secure letter of credits or as interest reserves. As at December 31, 2014, the amount of such restricted cash was \$10.7 million (December 31, 2013 - \$7.8 million, December 31, 2012 - \$11.9 million). Note that restricted cash may not be available to guaranteed parties as it is restricted for a particular use.
- (2) The Land Held for Sale component of this line item includes the land that entities in the Walton Group are currently selling to various Walton Group investment structures and programs, which totaled \$33.5 million as at December 31, 2014 (December 31, 2013 - \$20.1 million, December 31, 2012 - \$31.4 million). Typically, these Walton Group entities sell to these investment structures and programs approximately a 95% interest in the land and retain a 5% interest. Sometimes the amounts sold to these structures and programs is more or less than 95% and the interest retained is more or less than 5%. This retained interest represents the majority of the Land held for Investment component. Also included in land held for investment are \$43.6 million as at December 31, 2014 (December 31, 2013 - \$16.5 million, December 31, 2012 - \$nil) of vacant lots acquired by Walton. The total land held for investment was \$125.0 million as at December 31, 2014 (December 31, 2013 - \$79.4 million, December 31, 2012 - \$52.5 million). The Land Held for Sale and Land Held for Investment is recorded at the lower of the cost of that land to the applicable Walton Group entity and net realizable value.
- (3) Land Development Inventory represents land owned by entities in the Walton Group on which such entities are intending to service and construct municipal services and other infrastructure, and eventually sell in the ordinary course of business. Land Development Inventory is measured at the lower of cost and net realizable value. The land is recorded at the acquisition cost of the land paid by the Walton Group entity for the property and all direct costs of land development are capitalized to land development inventory.
- (4) Investments are mainly comprised of Walton Global's investment in development entities that it does not consolidate, investments in general partner units of the syndications, Class A shares of investment corporations and investments in syndications. These investments are accounted for either by the cost or equity method of accounting, depending on the level of influence or control that the applicable Walton Group entity has over the applicable entity. The amount of investments that are accounted for under equity accounting is \$34.8 million at December 31, 2014 (December 31, 2013 - \$34.1 million, December 31, 2012 - \$27.0 million).
- (5) From time to time, entities in the Walton Group lend funds to related parties, including Walton pre-development and development investment structures and programs, which are not consolidated into Walton Global's financial statements. These entities are mainly related by virtue of common management.
- (6) Other Assets comprise such items as accounts receivable and other receivables, prepaid expenses and other assets, fixed assets, and future tax assets.
- (7) Long Term Debt consists of borrowing by entities in the Walton Group under note or bond offerings ("**Corporate Bonds**"), acquisition and construction loans relating to Land Development Inventory owned by entities in the Walton Group from financial institutions ("**Development Financing**") and other long term financing. Below is a table breaking these amounts down by category:

	As at December 31, 2014 (\$ millions)	As at December 31, 2013 (\$ millions)	As at December 31, 2012 (\$ millions)
<b>Corporate Bonds</b>	<b>172.8</b>	<b>140.6</b>	<b>55.6</b>
<b>Development Financing</b>	<b>53.6</b>	<b>68.5</b>	<b>32.1</b>
<b>Other</b>	<b>20.7</b>	<b>10.2</b>	<b>15.0</b>
<b>Total Long Term Debt</b>	<b>247.1</b>	<b>219.3</b>	<b>102.7</b>

Below is a table outlining the principal repayments required on the Long Term Debt referred to above in the next five years as at December 31, 2014:



	Corporate Bonds (\$ millions)	Development Financing (\$ millions)	Other Financing (\$ millions)	December 31, 2014 \$ millions
2015	11.3	46.1	20.7	78.1
2016	-	7.5	-	7.5
2017	33.5	-	-	33.5
2018	58.1	-	-	58.1
2019	79.0	-	-	79.0
Thereafter	-	-	-	-
	<hr/> 181.9	<hr/> 53.6	<hr/> 20.7	<hr/> 256.2
Prepaid commission	(9.1)	-	-	(9.1)
	<hr/> 172.8	<hr/> 53.6	<hr/> 20.7	<hr/> 247.1

The Corporate Bonds consist of debt that have been issued to third party investors in the form of series notes or shares in finance corporations or bonds issued through a partnership. The Corporate Bonds are unsecured and have varying interest rates from 6% to 10%.

Development Financing is typically due on demand, contain interest reserves to service the loans, and are secured by a first or second mortgage on the lands held by the applicable development project. During the years ended December 31, 2014 and December 31, 2013 and subsequent to year-end, certain conditions concerning deadlines for the delivery of financial statements to the lender were not met within the required timelines. In regards to the breach associated with the 2013 financial statements, the statements were delivered and the breach rectified. No lenders took any action associated with this breach. Subsequent to December 31, 2014, the same conditions concerning deadlines for the delivery of financial statements of Walton Global to the lender were not met. The breach would constitute a potential default which would allow lenders to demand immediate repayment of amounts owing if an event of default was to be called. Walton Global has not been issued with any notice of default under any of its debt facilities.

Other financing includes \$18.9 million (December 31, 2013 - \$nil, December 31, 2012 - \$nil) borrowed on Walton Global's operating lines of credit for the acquisition of properties. The operating lines of credit are revolving lines, repayable on demand. The loans are secured by a 1<sup>st</sup> charge collateral mortgage or deed of trust over the lands financed. At December 31, 2014, Walton Global was in breach of a financial covenant. The breach would constitute a potential event of default which would allow the lender to demand immediate repayment of amounts owing if an event of default was called. Walton Global has not been issued with any notices of default under any of its debt facilities.

- (8) Due to Related Parties are amounts due to entities under common management, are unsecured, non interest bearing, and have no fixed terms for repayment.
- (9) Other Liabilities include amounts related to deferred concept planning costs, deferred revenue, current income taxes payable, promissory notes and mortgages payable and future tax liability.
- (10) Shareholders' Equity was \$85.1 million as at December 31, 2014 (December 31, 2013 - \$105.3 million, December 31, 2012 - \$86.9 million) and was composed of approximately \$44.6 million (December 31, 2013 - \$44.6 million, December 31, 2012 - \$37.8 million) at December 31, 2014 related to share capital, \$59.2 million in retained earnings (December 31, 2013 - \$82.7 million, December 31, 2012 - \$70.6 million), \$3.6 million in cumulative translation adjustments (December 31, 2013 - \$0.3 million, December 31, 2012 - \$nil) offset by amounts due to the parent company of \$22.3 million (December 31, 2013 - \$22.2 million, December 31, 2012 - \$21.4 million). The amount due from the parent is recorded within equity as the parent company controls when and how this receivable will be settled. It is non-interest bearing and has no fixed terms of repayment.
- (11) Non-controlling Interest represents equity interests of subsidiaries not attributable, directly or indirectly, to Walton Global. The share of net income of the subsidiaries attributable to Non-controlling Interest, is presented separately in the consolidated statement of income and share of net assets of the subsidiaries attributable to Non-controlling Interest is presented separately as a component of equity.
- (12) The following is a list of the commitments and contingencies of Walton Global which have not been recorded as liabilities as at December 31, 2014, unless otherwise specified:

a. The following table presents future commitments of Walton Global under a number of agreements, including rental agreements for office space, operating expense contracts, equipment leases and charitable donations.

	Rent (\$ millions)	Operating Expenses, Leases (\$ millions)	Donations (\$ millions)	Total (\$ millions)
2015	4.1	12.3	2.1	18.5
2016	5.1	0.6	2.1	7.7
2017	5.5	0.3	1.7	7.6
2018	4.7	0.2	1.6	6.4
2019	4.4	-	1.6	6.0
Thereafter	49.2	-	0.2	49.4
	<hr/> 73.0	<hr/> 13.4	<hr/> 9.3	<hr/> 95.6

- b. Entities in the Walton Group have provided corporate guarantees and letters of credits in respect of various loan obligations of a number of Walton Group development entities and investment entities.

PERIOD END	MAXIMUM GUARANTEE (\$ millions)	PROJECT LOAN BALANCE OUTSTANDING (\$ millions)	LETTERS OF CREDIT (\$ millions)
December 31, 2014	275.3	206.2	45.0
December 31, 2013	239.2	168.0	25.4
December 31, 2012	184.3	113.8	21.3

In addition, entities in the Walton Group typically guarantee or indemnify against any cost overruns and environmental indemnities in relation to these projects.

- c. Entities in the Walton Group are subject to certain legal matters arising in the normal course of business, none of which is expected to materially affect the financial results of Walton Global.
- d. Entities in the Walton Group have entered into funding agreements with Walton Group investment structures and programs whereby these entities have agreed to pay certain costs of these Walton Group investment structures and programs. Under these funding agreements, the entities in the Walton Group are committed to pay expenses up to \$2.9 million as at December 31, 2014 (December 31, 2013 - \$3.1 million, December 31, 2012 - \$3.2 million).
- e. Entities in the Walton Group have entered into funding agreements with Walton Group investment structures and programs whereby these entities have agreed to loan, or arrange for a third party to loan, funds to the syndicated entities in the event the concept planning funds and expense reserves of these Walton Group investment structures and programs are fully depleted. Under these funding agreements, the entities in the Walton Group have a maximum commitment of \$90.2 million as at December 31, 2014 (December 31, 2013 - \$88.6 million, December 31, 2012 - \$73.3 million).

Walton Global does not prepare a classified balance sheet and therefore does not segregate its assets nor liabilities between current or long term. However, WIGI's operating line of credit facility (see note 7) includes a financial covenant that requires Walton Global to maintain a current ratio greater than 1.25:1. The table below outlines Walton Global's current assets, current liabilities, and current ratio as per the definition in that credit facility.

	As at December 31, 2014 (\$ millions)	As at December 31, 2013 (\$ millions)	As at December 31, 2012 (\$ millions)
<b>Current Assets (as defined)</b>	<b>234.7</b>	<b>207.3</b>	<b>158.1</b>
<b>Current Liabilities (as defined)</b>	<b>162.3</b>	<b>141.4</b>	<b>97.8</b>
<b>Current Ratio</b>	<b>1.45</b>	<b>1.47</b>	<b>1.62</b>

Current Assets are defined in the credit facility as cash, restricted cash, accounts and other receivables, prepaid expenses and other assets, land held for sale and land held for investment. Current Liabilities are defined in the credit facility as accounts payable and accrued liabilities, capital lease obligations, deferred concept planning costs (including deferred revenue), concept planning commitments, current income taxes payable and any bank indebtedness.

Walton Global has increased its Long Term Debt from prior years (see note 7 above) to mainly assist in the growth of the Walton Group. The proceeds from the Long Term Debt have been used to fund the acquisition of development projects, Land Held for Investments, advances to related parties and other investments along with general corporate purposes. Walton Global anticipates that it will be able to repay the Long Term Debt as it matures with the proceeds of the sale of the Land Development Inventory, Land Held for Sale and Land Held for Investment, along with cash flow from operations. Walton Global has traditionally utilized Corporate Bonds to fund such growth as well as other general corporate purposes, and anticipates that it will continue to do so in the future.

The following table sets out unaudited selected summary information with respect to the income position of Walton Global on a consolidated basis and other information in relation thereto, for the year ended December 31, 2014 and the years ended December 31, 2013 and December 31, 2012:

	Year Ended December 31, 2014 (\$ millions)	Year Ended December 31, 2013 (\$ millions)	Year Ended December 31, 2012 (\$ millions)
<b>Total Revenue<sup>(1)</sup></b>	<b>325.2</b>	<b>402.0</b>	<b>320.9</b>
<b>Total Expenses</b>	<b>338.8</b>	<b>372.6</b>	<b>305.4</b>
<b>(Loss) Earnings Before Interest and Amortization</b>	<b>(13.6)</b>	<b>29.4</b>	<b>15.5</b>
<b>Interest<sup>(2)</sup></b>	<b>12.4</b>	<b>7.5</b>	<b>4.8</b>
<b>Amortization</b>	<b>1.6</b>	<b>1.6</b>	<b>2.3</b>
<b>Net (Loss) Income Before Taxes</b>	<b>(27.6)</b>	<b>20.3</b>	<b>8.4</b>
<b>Taxes</b>	<b>5.2</b>	<b>(7.8)</b>	<b>(1.4)</b>
<b>Net (Loss) Income before Non- Controlling Interest</b>	<b>(22.4)</b>	<b>12.5</b>	<b>7.0</b>
<b>Net (Loss) Income attributable to Walton Global</b>	<b>(23.5)</b>	<b>12.1</b>	<b>7.0</b>

**Notes:**

- (1) Total Revenue includes revenue earned mainly as a result of the sale of land and related fees to the Walton Group's various predevelopment investment structures and programs. These totaled \$277.3 million for the year ended December 31, 2014 (for the year ended December 31, 2013 - \$338.0 million, December 31, 2012 - \$259.5 million). Also included in Total Revenue are service fees, management fees, investment income and other ancillary revenues.
- (2) Interest relates mainly to interest payments on the Walton Group's Corporate Bonds (see note 7 above). The development loans and portions of interest related to Corporate Bonds are capitalized to Land Development Inventory. The amount of interest capitalized in the year ended December 31, 2014 was \$8.4 million (December 31, 2013 - \$6.8 million, December 31, 2012 - \$2.0 million).

### **Walton Group Development Investment Structures and Programs**

The Partnership may make loans to the Walton Group development investment structures and programs. Some of these structures and programs are not included in the above noted financial summary of Walton Global as they are not consolidated with Walton Global. The loans that may be issued to these structures and programs will be unsecured and these structures and programs may already have loans outstanding to third parties that are not part of the Walton Group that have a priority charge on the underlying assets of those structures and programs.

For those Walton Group development investment structures and programs not included in the consolidated financial summary of Walton Global, the combined total assets thereof are \$718.5 million as at December 31, 2014 (December 31, 2013 - \$693.6 million, December 31, 2012 - \$535.7 million), the combined third party debt thereof is \$204.3 million as at December 31, 2014 (December 31, 2013 - \$160.7 million, December 31, 2012 - \$96.7 million), the combined debt from investors thereof is \$68.0 million as at December 31, 2014 (December 31, 2013 - \$86.9 million, December 31, 2012 - \$92.9 million), the combined other liabilities thereof are \$106.3 million as at December 31, 2014 (December 31, 2013 - \$95.0 million, December 31, 2012 - \$59.4 million), and the combined equity thereof is \$340.0 million as at December 31, 2014 (December 31, 2013 - \$351.0 million, December 31, 2012 - \$286.8 million).

### **Partnership Agreement**

The Partnership Agreement creates the Partnership and is the agreement which, in conjunction with the Partnership Act, governs the Partnership and the relationship among the Partnership, the General Partner and the Limited Partners. The Partnership Agreement was entered into on February 12, 2015 between the General Partner

and the Initial Limited Partner. The Certificate for the Partnership was filed February 12, 2015 under the Partnership Act. A notice to amend and amended and restated Certificate was filed on April 21, 2015. The Partnership Agreement is attached as Schedule "B" to this Offering Memorandum and references should be made to the full text thereof as the discussion in this Offering Memorandum is a summary only.

### **Limited Partners**

Each Subscriber whose subscription is accepted by the General Partner will become a Limited Partner effective upon the performance of certain formalities by the General Partner. Subsequent purchasers of Units will become Limited Partners upon compliance with the conditions of transfer set out in the Partnership Agreement, upon the General Partner entering the prescribed information on the records of the Partnership and performance of certain formalities by the General Partner.

### **Investment Activities of the Partnership and Powers of the General Partner**

The Partnership was formed for the purposes of ultimately purchasing an undivided interest in the Property from Walton Texas, holding the undivided interest in the Property as an investment, and eventually selling or otherwise disposing of the undivided interest in the Property with a view to making a profit. The Partnership Agreement also authorizes the General Partner to loan the Net Proceeds to the Borrowers pursuant to the Loan Agreements.

The General Partner has, to the exclusion of the Limited Partners, the power and authority to (i) manage and control the business of the Partnership and to do, or cause to be done, any and all acts necessary, convenient or incidental to the business of the Partnership, (ii) to represent the Partnership, and (iii) to make all decisions regarding the business of the Partnership. The General Partner has covenanted that it will exercise its powers and discharge its duties under the Partnership Agreement honestly, in good faith, and that it will exercise the care, diligence and skill of a reasonably prudent person. The General Partner may contract with any person to carry out any of the duties of the General Partner and may delegate to such person (including associates of, affiliates of and any other parties related to the General Partner) any power and authority of the General Partner under the Partnership Agreement, but no such contract or delegation will relieve the General Partner of any of its duties or obligations thereunder.

### **Conflict of Interest**

Under the terms of the Partnership Agreement, the Limited Partners acknowledge that the General Partner's associates, affiliates and their respective directors and officers (including the directors and officers of the General Partner, may be and are permitted to be, engaged in and continue in other businesses in which the Partnership will not have an interest and which may be competitive with the activities of the Partnership and, without limitation, the General Partner's associates, affiliates and their respective directors and officers (including and the directors and officers of the General Partner), may be, and are permitted to act in any capacity or role whatsoever of, with or to other entities, including limited partnerships, which may be engaged in all or some of the aspects of the business of the Partnership and may be in competition with the Partnership. See "Item 8 – Risk Factors – Conflicts of Interest".

**The Limited Partners consent to such activities and the Limited Partners waive, relinquish and renounce any right to participate in, and any other claim whatsoever with respect to, any such activities. See "Item 8 – Risk Factors – Conflicts of Interest".**

### **Representations and Status of Limited Partners under the Partnership Agreement**

Under the terms of the Partnership Agreement, each Limited Partner will provide the representations, warranties and covenants set out in the Partnership Agreement. The representations will survive execution of the Partnership Agreement and each Limited Partner is obligated to ensure the continuing accuracy of each representation made by it throughout the term of the Partnership. Under the terms of the Partnership Agreement, if certain of the representations and warranties made by a Limited Partner cease to be true, then such Limited Partner will become an Unqualified Limited Partner. In the event a Limited Partner becomes an Unqualified Limited Partner, such Limited Partner's Units will be transferred pursuant to the Partnership Agreement. In the event that the General Partner determines that a Limited Partner has become an Unqualified Limited Partner, then such Unqualified Limited Partner shall be deemed to have ceased to be a Limited Partner effective immediately prior to the date of contravention and will not be entitled to any voting rights after such date or distributions of the

Partnership which accrue after that date and the Units of that Unqualified Limited Partner will be deemed not to be outstanding until acquired by a Qualified Person. **The fact that a Limited Partner is a Non-Resident will not, in and of itself, render such person an Unqualified Limited Partner. Accordingly, subject to compliance with all applicable laws, certain Non-Residents are permitted to be Limited Partners of the Partnership.**

### **Units**

The interests of the Limited Partners in the Partnership are divided into an unlimited number of Units. Each Unit is equal to each other Unit and has the same rights and obligations attaching to it as each other Unit. For each Unit purchased, a Limited Partner will be required to contribute the purchase price paid in respect of such Unit to the capital of the Partnership. There are no restrictions as to the maximum number of Units that a Limited Partner is entitled to hold in the Partnership; however, the minimum subscription for each Subscriber is 1,000 Units, subject to the discretion of the General Partner to accept a lesser subscription. The Partnership does not intend to issue physical certificates representing the Units. No fractional Units will be issued pursuant to the Offering, however the Partnership Agreement does provide for the issuance of fractional Units in certain circumstances. See "Item 5 – Description of Securities Offered".

### **Transfer or Pledge of Units**

Units may be transferred or sold or pledged, subject to compliance with the provisions of the Partnership Agreement and all applicable securities legislation. The Partnership does not intend to issue physical certificates representing the Units. This may make it more difficult to pledge the Units. See "Item 10 – Resale Restrictions – Contractual Restrictions on Resale" for further details as to the procedures and restrictions contained in the Partnership Agreement with respect to the transfer of Units.

### **Fees and Expenses of the General Partner**

The General Partner may from time to time incur reasonable costs and expenses on behalf and for the account of the Partnership, and any such costs and expenses incurred by the General Partner will be reimbursed by the Partnership to the extent required or, in the event that funds on hand are insufficient for such reimbursement, may be incurred by the General Partner and will be considered an advance to the Partnership from the General Partner. The General Partner will not be obligated to advance any amount to the Partnership. The General Partner is entitled to reimbursement by the Partnership of any advance by the General Partner to the Partnership together with interest thereon at the rate of interest and expense relative thereto at which such amounts could be borrowed by the General Partner from its bankers. Also see "Item 2 – Activities of the Partnership – Material Agreements – Funding Agreement".

### **Resignation or Removal of the General Partner**

The General Partner will continue as general partner of the Partnership until termination of the Partnership unless the General Partner is removed or resigns in accordance with the terms and notice provisions set out in the Partnership Agreement. A new general partner may be admitted pursuant to the terms set out in the Partnership Agreement.

Upon the removal or resignation of the General Partner, the Partnership will release and hold harmless, and the Limited Partners will release, the General Partner, its affiliates and associates and its and their respective officers, directors, shareholders and employees, from any and all costs, damages, liabilities or expenses incurred by the General Partner or the Partnership in connection with the Partnership's activities or otherwise as a result of or arising out of events occurring after such resignation or removal other than those caused by or deriving from any grossly negligent or fraudulent act or wilful misconduct of the General Partner.

In the event of the bankruptcy, insolvency, dissolution, liquidation, winding up, resignation or deemed resignation of the General Partner, the investment activities of the Partnership will be continued without interruption by any new General Partner or remaining General Partner, as the case may be.

### **Indemnification of Limited Partners and Liability of General Partner**

The General Partner has unlimited liability for the debts, liabilities, losses and obligations of the Partnership to the full extent of the General Partner's assets.

Except by reason of its own gross negligence, wilful misconduct or fraudulent acts, the General Partner will not be liable to the Limited Partners in connection with any matter pertaining to the Partnership or the Property, including: (a) any mistakes or errors in judgment; (b) any act or omission believed in good faith to be within the scope of authority of the General Partner conferred by the Partnership Agreement; (c) any act or omission believed in good faith to be within the scope of authority of the General Partner, WIGI, Walton Texas, Walton Finance, Walton Nevada or WIGI USA conferred by the Co-Ownership Agreement or the Funding Agreement or any other agreement referred to in those agreements; (d) any action taken or suffered or omitted to be taken in good faith in reliance on any document that is prima facie properly executed, or taken or not taken pursuant to any Ordinary Resolution or Extraordinary Resolution; (e) any action taken or suffered or omitted to be taken that resulted in the depreciation of or loss to the Property; (f) any inaccuracy in any evaluation or assessment provided by the General Partner, WIGI, Walton Finance, WIGI USA, Walton Nevada, or Walton Texas, or any appropriately qualified person, and any reliance on any such evaluation or assessment; (g) any reliance in good faith on any communication from any appropriately qualified person as to any matter, fact or opinion; and (h) any action or failure to act of any person to whom the General Partner has, as permitted by the Partnership Agreement, delegated any of its duties thereunder.

**The General Partner has, and will continue to have, limited financial resources and limited assets, which will affect its ability to indemnify Limited Partners and the Partnership. The amount of any such indemnity will be limited to the extent of the assets of the General Partner and will under no circumstance include the assets of any affiliate of the General Partner. Except for the foregoing matters, the General Partner will not otherwise be called upon or be liable to indemnify the Partnership or any Limited Partner.**

### **Limited Liability of Limited Partners**

Subject to the provisions of the Partnership Act and any specific assumption of liability, the liability of each Limited Partner for the debts, liabilities, losses and obligations of the Partnership is limited to the aggregate of the amount of the Limited Partner's initial Capital Contribution, any additional amount the Limited Partner has agreed to contribute to the capital of the Partnership and such Limited Partner's share of the undistributed assets of the Partnership. A Limited Partner will have no further liability for such debts, liabilities, losses or obligations and shall not be liable for any further calls, assessments or contributions to the Partnership. However, where a Limited Partner has received a distribution from the Partnership, such Limited Partner may be liable to return to the Partnership or, if the Partnership has been dissolved, to its creditors, any amount not in excess of the amount distributed to such Limited Partner as may be necessary to discharge the liabilities of the Partnership to all creditors who extended credit or whose claims otherwise arose before such distribution.

Limited Partners are prohibited from taking any of the actions set out in section 8.3 of the Partnership Agreement. The limitation of liability of a Limited Partner will be lost by a Limited Partner who takes part in the control of the business of the Partnership or who takes an active part in the business of the Partnership, or who is also a general partner of the Partnership. Limited Partners may be considered general partners under applicable legislation, with the resultant loss of limited liability, in the event the General Partner is dissolved or becomes bankrupt and the investment activities of the Partnership are continued after the occurrence of such events. The limitation of liability will also be lost as a result of false statements in the record or in public filings made pursuant to the Partnership Act and other legislation which are known to be false by a Limited Partner and which such Limited Partner fails to have corrected within a reasonable amount of time. There is also a possibility that Limited Partners may lose their limited liability to the extent that the principles of Canadian law recognizing the limitation of liability of limited partners have not been authoritatively established with respect to limited partnerships formed under the laws of one province but operating, owning property or incurring obligations in another jurisdiction. If limited liability is lost or not recognized as described above, there is a risk that the Limited Partners may be liable beyond their respective Capital Contributions and share of undistributed income of the Partnership in the event of a judgment or a claim against the Partnership.

The Partnership and the General Partner will, to the greatest extent practical, endeavour to maintain the limited liability of the Limited Partners under applicable laws of the jurisdictions in which the Partnership carries on or is deemed to carry on its investment activities.

### **Accounting and Reporting**

The General Partner has certain reporting obligations to the Limited Partners. See "Item 9 – Reporting Obligations".

## **The Power of Attorney**

The Partnership Agreement includes an irrevocable power of attorney authorizing the General Partner on behalf of the Limited Partners, among other things, to execute, under seal or otherwise, the Partnership Agreement and any instrument, deed or document required in carrying on the investment activities of the Partnership as authorized by the Partnership Agreement, to attend to certain formalities required to record changes in the ownership of Units and any amendments to the Partnership Agreement to maintain the good standing of the Partnership, to effect the transfer of any Unit in accordance with the terms of the Partnership Agreement, to make elections or designations under tax statutes (including, without limitation, an election to adjust the basis of the Partnership's property) and to apply for government incentives.

## **Amendments**

The Partnership Agreement may be amended pursuant to the terms and conditions set out in the Partnership Agreement. The Partnership Agreement also provides that, notwithstanding any other provisions to the contrary, no amendment will be adopted if such amendment would change the Partnership to a general partnership, change the liability of the General Partner or any Limited Partner, allow any Limited Partner to take part in the control of the business of the Partnership, change the activities of the Partnership as detailed in the Partnership Agreement, or change the right of a Limited Partner to vote at any meeting.

## **Extraordinary Resolutions of Limited Partners**

The powers set out in section 15.18 of the Partnership Agreement will only be exercisable by Extraordinary Resolution passed by the Limited Partners.

## **Compulsory Acquisition of Units on a Take Over Bid thereof**

The Partnership Agreement requires that if a take-over bid is made for Units and not less than 66⅔% of the Units (other than Units held at the date of the take-over bid by or on behalf of the offeror or associates or affiliates of the offeror) are taken up and paid for by the offeror, the offeror shall be entitled to acquire the Units held by Limited Partners who did not accept the offer on the terms offered by the offeror, subject to compliance with the relevant provisions of the Partnership Agreement.

## **Term and Termination of the Partnership**

The Partnership was formed upon the filing and recording of the Certificate under the Partnership Act and will continue until terminated upon the earlier of December 31, 2055 or the occurrence of certain events of dissolution described in the Partnership Agreement and, in any case, after the completion of the liquidation of the Partnership and the distribution of all funds remaining after payment of all of the debts, liabilities and obligations of the Partnership to its creditors, in accordance with the provisions of the Partnership Agreement and upon compliance with the requirements of the Partnership Act and any other applicable legislation.

Notwithstanding any rule of law to the contrary, the Partnership will not be terminated and dissolved except in the manner provided in the Partnership Agreement. Other than as set out in the Partnership Agreement, the Partnership will not be terminated or dissolved by the admission of any new Partner or by the withdrawal, removal, retirement, death, mental incompetence, disability, incapacity, liquidation, dissolution, winding up or other legal incapacity of a Partner, or by the insolvency or bankruptcy of a Partner or by the assignment of a Partner's property in trust for the benefit of the Partner's creditors.

Upon dissolution of the Partnership, the liquidating trustee will proceed diligently to wind up the affairs of the Partnership pursuant to the Partnership Agreement. No Partner shall have any right to demand or receive property, other than cash, upon dissolution of the Partnership.

## **Partial Sales of the Property**

Under subsection 6.5(b) of the Partnership Agreement the General Partner is permitted to effect or participate in a sale, transfer or other disposition of one or more parcels of land included in the Property that are of an acreage that is not more than 10% of the total number of acres comprising the Property.

### ***Purchase and Sale Option Agreement***

The Partnership will acquire up to a 95% undivided interest in the Property from Walton Texas (once Walton Texas acquires the Property from the vendors) pursuant to the Purchase and Sale Option Agreement to be entered into. Upon such acquisition, the Partnership will be responsible for its costs, including any escrow and title fees, land transfer taxes, closing costs and tax adjustments, if any, which will be funded or reimbursed from the Expense Reserve. See "Item 2 – Activities of the Partnership – Acquisition of Interests in the Property by the Partnership", "Item 2 – Activities of the Partnership – Investment Activities – Related Party Compensation to Walton Texas from the Acquisition of Interests in the Property by the Partnership" and "Item 8 – Risk Factors – Walton Texas may sell the remaining interest in the Property to other investors".

The title to the Partnership's undivided interest in the Property, upon completion of the sale thereof by Walton Texas to the Partnership, will be registered in the name of the Partnership. Any interest in the Property acquired by the Partnership will also be subject to the registered encumbrances as recorded in the County Recorder's office. There can be no assurances that further encumbrances and restrictions will not be registered against the Property. The Partnership will not be allowed to register caveats against the title to the Property. See "Item 8 – Risk Factors". A copy of the Purchase and Sale Option Agreement may be obtained from the General Partner on request.

### ***Co-Ownership Agreement***

The Co-Ownership Agreement will be entered into between the Partnership and Walton Texas concurrently with the first acquisition of an interest in the Property by the Partnership. The Co-Ownership Agreement will govern the relationship between the Partnership and Walton Texas, as co-owners of the Property. The Co-Ownership Agreement will set out the respective rights and obligations in connection with the ownership, management and sale of the Property and the participating interests of the Partnership and Walton Texas and any other party who purchases an interest in the Property from Walton Texas as co-owners of the Property (the "**Owners**"), including, potentially, individual trust purchasers of undivided tenant-in-common interests in the Property ("**UDI Purchasers**"). The term of the Co-Ownership Agreement shall continue until the Property has been sold and all revenues have been distributed to the Owners.

Pursuant to the Co-Ownership Agreement, each of the Owners shall own, as tenants-in-common and as their separate property, an undivided interest in the Property in accordance with their respective participating interests. Under the provisions of the Co-Ownership Agreement, the transferee under a permitted transfer must agree to be bound by the provisions of the Co-Ownership Agreement in the capacity as an Owner. See "Item 8 – Risk Factors – Walton Texas may sell the remaining interest in the Property to other investors".

Pursuant to the Co-Ownership Agreement, Walton Texas will have the power and authority (subject to delegation in Walton Texas' discretion) to manage and control the Property and to do, or cause to be done, on behalf of and in the name of the Owners, any and all acts necessary, convenient or incidental to the activities of the investment thereof in the Property without further approval of the Partnership, including, among other things, applying for and obtaining any and all necessary financing required to carry out the purposes of the investment of the Owners in the Property and granting such mortgages, deeds of trust, security interests and other encumbrances and charges on the Property as Walton Texas may deem necessary or advisable in connection with such financing.

Notwithstanding this, and subject to the paragraph immediately below, the Owners agree that the following powers will only be exercisable by the unanimous consent of Walton Texas and of the other Owners: (i) consenting to extend the investment activities relating to the Property beyond Concept Planning and to participate in the actual development of the Property; (ii) creating or registering an encumbrance of a financial nature on or against the Property or an Owner's interest therein other than (A) by Walton Finance pursuant to the Funding Agreement or (B) by any third party or Walton Finance or an affiliate thereof (including, without limitation, Walton Texas) pursuant to the Funding Right; and (iii) effecting a sale, transfer or other disposition (excluding leases) of all or any part of the Property or a transfer by an Owner of its entire interest in the Property (other than to an affiliate, where such affiliate agrees to be bound by the applicable Co-Ownership Agreement). For the purposes of the unanimous consent discussed above, the UDI Purchasers as a group will be treated as a single Owner. For the purposes of providing consent as an Owner under the Co-Ownership Agreement, an affirmative vote of holders representing 60% or more of the undivided interests held by the UDI Purchasers will constitute consent of the UDI Purchasers.



Notwithstanding the foregoing, Walton Texas shall be permitted, and intends, to conduct sales of its remaining interest in the Property to any purchaser. In the event of bankruptcy, insolvency, winding-up or liquidation of an Owner, or if a receiver is appointed, the solvent Owner(s) have the sole, exclusive and irrevocable option to purchase all but not less than all of the other Owner's interest in the Property on a *pro rata* basis. As referred to elsewhere in this Offering Memorandum, the matters referred to in (i), (ii) and (iii) (in the circumstances where the interest being sold is in excess of 10% of the total number of acres comprised in all of the Property) above will also require the consent of the holders of Units by way of Extraordinary Resolution. A copy of the Co-Ownership Agreement may be obtained from the General Partner on request.

### **Funding Agreement**

The Partnership, WIGI and Walton Finance will enter into the Funding Agreement whereunder: (a) WIGI will agree to fund the costs of the Offering that are in excess of \$166,200 (see "Item 1 – Use of Available Funds"); (b) in the event that the Partnership does not acquire an interest in the Property by June 30, 2016, WIGI will agree to fund or otherwise reimburse the Partnership for any of the Offering costs, all Selling Commissions and any entity maintenance costs and any other costs of the Partnership that are not covered by working capital to the date of dissolution of the Partnership; (c) Walton Finance will agree to fund, on a reimbursable basis, and to a maximum aggregate amount of up to 5% of the Gross Proceeds: (i) the Partnership's share of any costs related to Concept Planning that are in excess of the Concept Fund, (ii) the ongoing administrative and operating expenses related to the Property incurred by the Partnership (including property taxes) that are in excess of the Expense Reserve, or income, if any, earned by the Partnership, and (iii) the cost and expenses related to ongoing Partnership and General Partner expenses, such as audit fees, legal costs, future dissolution costs and investor communication costs that are in excess of the Entity Maintenance Reserve, it being agreed that, to the extent any of the Concept Fund, Expense Reserve or Entity Maintenance Reserve is depleted, the other reserves may be (but are not required to be) accessed to cover the expenses of such depleted reserve.

Pursuant to the terms of the Funding Agreement, the costs and fees referred to in (a) and (b) above that are funded by WIGI are not reimbursable by the Partnership to WIGI. The costs and expenses referred to in (c)(i), (ii) and (iii) above that are funded by Walton Finance will be reimbursable by the Partnership to Walton Finance, plus interest thereon at a rate equal to the annual prime rate announced from time to time by HSBC Bank Canada on Canadian dollar commercial loans plus 5% with an additional 3% if the Partnership is in default of its obligations under the Funding Agreement. Interest will accrue from the time that the amounts were paid by Walton Finance thereunder until the time of repayment thereof by the Partnership. Such amounts will be reimbursed out of any income of the Partnership and out of the proceeds of any sale by the Partnership of all or any part of the Property, which amounts are to be paid by the Partnership to Walton Finance within five Business Days of receipt of such income or proceeds and, in any event, will be repayable on the occurrence of an event of default under the Funding Agreement. No income of the Partnership or proceeds from any sale by the Partnership of all or any portion of the Partnership's interest in the Property will be distributed to the Partners until such time as any amounts owing by the Partnership to Walton Finance under the terms of the Funding Agreement have been fully paid, including all applicable interest.

The Funding Agreement provides that WIGI and Walton Finance will not fund the costs of, or any liability or losses of, the Partnership or the General Partner arising from any actions, lawsuits or tribunal hearings (including amounts paid in settlement thereof) in which the Partnership or the General Partner becomes involved or may be made a party to or which involves assets of the Partnership or the General Partner, including the Property.

Walton Finance will register a mortgage (in the form of a deed of trust) and other security against the Partnership's interest in the Property to secure the amounts that may be owed to it by the Partnership thereunder, as well as pursuant to the Funding Right. The maximum amount that Walton Finance is required to fund either from its own funds or by Walton Finance obtaining a loan from a third party, under the Funding Agreement is an amount equal to 5% of the Gross Proceeds (being between \$50,000 in the case of the Minimum Offering and \$1,293,500 in the case of the Maximum Offering), provided however that Walton Finance may, at its sole option and discretion, elect to pay any amount in excess of that maximum. In the event the Partnership is in default of its obligations under the Funding Agreement, or the General Partner is removed as such by the Limited Partners, WIGI and Walton Finance can withhold funding thereunder, can terminate their obligations under the Funding Agreement, can declare any amounts owing to them thereunder immediately due and payable and/or Walton Finance can enforce its rights under the security granted to it under the Funding Agreement. Should the Partnership exhaust its funding from Walton Finance, the Partnership will have the ability: (i) to borrow an amount of up to 9% of the Gross Proceeds (\$2,328,300, if the Maximum Offering is achieved) from third parties to pay for the Partnership's operating costs and share of Concept Planning costs; and (ii) to provide security in the

Partnership's interest in the Property to those third parties for that financing provided that the security is subsequent in priority to the security provided to Walton Finance under the Funding Agreement (unless Walton Finance otherwise consents in its sole discretion) and the financing and security are on reasonable commercial terms to the Partnership. This financing and any interest thereon will be repaid out of any income of the Partnership or out of the Partnership's share of the proceeds of any sale of the Partnership's interest in the Property. Under the terms of the Partnership Agreement, no consent is required from the Limited Partners for the financing or the granting of the security to Walton Finance under the Funding Agreement or the granting of security under the Funding Right. Any further financing by the Partnership will require the consent of Walton Finance under the Funding Agreement and the granting by the Partnership of any further financial security or financial encumbrance on its interest in the Property will require the consent of the Limited Partners by way of Extraordinary Resolution. No financing, other than the funding under the Funding Agreement, has been arranged for the Partnership. There can be no guarantee that the Partnership will be able to obtain third party financing in the event it exhausts its funding from Walton Finance or that such third party financing will be available on terms acceptable to the Partnership or that Walton Finance will agree to such third party financing when its consent is required for the same or that it or the Limited Partners will consent to the granting of security on the Property when their consent is required for the same. See "Item 8 – Risk Factors – Funding Agreement – Walton Finance and WIGI have other funding obligations".

The term of the Funding Agreement will continue until all of the interests in the Property are sold, unless earlier terminated in accordance with its terms. A copy of the Funding Agreement may be obtained from the General Partner on request.

### ***Concept Planning Services Agreement***

WIGI USA, the Partnership and Walton Texas will enter into the Concept Planning Services Agreement with WDM USA. The Concept Fund will be maintained in a Partnership bank account and the Partnership will primarily utilize the Concept Fund to pay invoices rendered by WDM USA in accordance with the Concept Planning Services Agreement.

The Concept Planning Services Agreement in respect of the Property contemplates that WDM USA will provide planning, management and stewardship services and will be paid for by Walton Texas and the Partnership initially based upon the Partnership's and Walton Texas' proportionate ownership of the Property, at a rate of \$200 per acre per year subject to a reconciliation to occur after the final Closing as described below. This payment will be made from the Concept Fund.

The Concept Planning Services Agreement for the Property also contemplates the provision of services with respect to the Property that are coordinated and managed by WDM USA ("**Managed Services**") where outside consultants and professionals are engaged by WDM USA to undertake work in relation to Concept Planning. WDM USA will not receive any fee in relation to the Managed Services, but the Partnership shall be responsible for its share of the fees, expenses and costs of the outside consultants and professionals engaged by WDM USA.

Upon completion of this Offering, there will be a reconciliation of all amounts expended or incurred in respect of Concept Planning on the Property and the Owners will account to each other as required back to the date of the first Closing based upon the final undivided interest each acquires in the Property. A copy of the Concept Planning Services Agreement may be obtained from the General Partner on request.

## **ITEM 3 – INTERESTS OF DIRECTORS, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS**

### **Compensation and Securities Held**

The following table sets out information about the sole director and officers of the General Partner, each Promoter and each person who, directly or indirectly, beneficially owns or controls 10% or more of any class of the voting securities of the Partnership:

Name and Municipality of Principal Residence	Positions Held and Date of Obtaining that Position <sup>(1)</sup>	Compensation Paid by the General Partner in the Most Recently Completed Financial Year and the Compensation Anticipated to be Paid in the Current Financial Year <sup>(4)(5)</sup>	Number, Type and Percentage of Units to be Held After Completion of the Minimum Offering <sup>(2)</sup>	Number, Type and Percentage of Units to be Held After Completion of the Maximum Offering <sup>(2)</sup>
William K. Doherty Calgary, Alberta	President, Chief Executive Officer and Director	See Note 4	See Note 2	See Note 2
Mark McKenna Calgary, Alberta	Chief Financial Officer and Corporate Secretary	See Note 4	See Note 2	See Note 2
Walton TX Dallas Kemp Ranch Corporation	General Partner and a Promoter	Nil	Nil	Nil
Walton International Group Inc.	Indirect shareholder of the General Partner and a Promoter <sup>(3)</sup>	See Note 5	Nil	Nil

**Notes:**

- (1) The sole director and officers of the General Partner have held their respective positions in the General Partner described above since the incorporation of the General Partner.
- (2) None of the director or officers nor the Promoters currently hold Units. Walton TX Dallas Kemp Ranch Corporation holds its general partner's interest in the Partnership. See "Item 2 - Activities of the Partnership - Structure - General Partner". The sole director and officers of the General Partner may acquire Units pursuant to the Offering. The number of Units so acquired by each of them will not exceed, in the aggregate, 10% and, individually, 5% of the Units sold pursuant to the Offering.
- (3) WIGI is a Promoter of the Partnership. WIGI is currently the sole shareholder of Walton Holdco, which owns all of the shares of the General Partner. All of the shares of WIGI are owned directly or indirectly by, or for the benefit of, the Doherty family.
- (4) Neither Mr. Doherty nor Mr. McKenna will receive direct compensation from the General Partner or the Partnership in connection with their role in the entities in the Offering.
- (5) Walton Texas, an affiliate of WIGI and the General Partner, will, assuming the Maximum Offering is completed, receive \$18,738,209 for its sale of an undivided 95% interest in the Property to the Partnership. Walton Texas' acquisition cost for such 95% interest will be \$6,864,136, which results in related party compensation to Walton Texas on the sale of \$11,874,073. This related party compensation will be used by Walton Texas and its parent corporation, WIGI USA, to pay for their costs and expenses (which will include payments to other members of the Walton Group for services in respect of the Property that are provided to Walton Texas and WIGI USA) and to generate a profit for the Walton Group. The vast majority of those costs will not be utilized for purposes that are directly related to the Property. The return to Limited Partners from their investment in the Partnership is based on the Partnership's return on its investment in the Property only. Walton Texas is an indirect wholly-owned subsidiary of Walton Global. WIGI is a direct subsidiary of Walton Global. See "Item 2 – Activities of the Partnership – Investment Activities – Acquisition of an Interest in the Property by the Partnership" and "Item 2 – Activities of the Partnership – Investment Activities – Related Party Compensation to Walton Texas from the Acquisition of Interests in the Property by the Partnership".

## Management Experience

The following table discloses the principal occupations of the sole director and executive officers of the General Partner over the past five years:

Name	Principal Occupations and Related Experience
William K. Doherty	<p>Mr. Doherty leads the Walton Group as President and Chief Executive Officer of Walton Global. He is an actively-involved director and executive with several Walton Group affiliates.</p> <p>Mr. Doherty has been central to the Walton Group's strategic direction and expansion since the early 1990s, when he moved from the Walton Group's original Calgary base to Hong Kong to launch the Walton Group's Asian operations. He successively opened Walton Group offices in Hong Kong, Singapore, Japan and Malaysia, which evolved into key factors in the Walton Group's growing success in land-based real estate projects.</p> <p>Upon returning to Canada in the late 1990s, Mr. Doherty expanded and diversified Walton's land portfolio. Over the ensuing decade, in addition to its leading role in the Calgary market, the Walton Group established positions in strategic growth regions around Edmonton, Ottawa, Toronto, Phoenix-Tucson, Dallas-Fort Worth, Austin-San Antonio, Atlanta, Charlotte and Washington D.C. As well, Mr. Doherty directed the ongoing expansion of the Walton Group's investment operations, launching USA and European operations. He is involved in developing the Walton Group's business relationships</p>

Name	Principal Occupations and Related Experience
	with leading international investment banks, broker-dealers, financial advisors, and institutional investors.
	Mr. Doherty also oversees the Walton Group's involvement in land use planning and development, having formed WDM, recruiting industry leaders to key executive positions, and launching major real estate development projects.
Mark McKenna	Mark McKenna is the Chief Operating Officer of Walton Global and an integral member of the Walton Group, having been continuously recognized for his dedication, team-building and leadership skills. He began with Walton as an Account Manager in 2002, and has filled a variety of roles within the organization including Senior Vice President responsible for Canada Sales, Operations, and Strategic Development and Chief Operating Officer of WIGI and President of Walton Capital. He assumed the role of President for WIGI in July, 2010 and held that office until May 2015. Prior to joining Walton, Mr. McKenna gained four years of valuable experience in business sales management in the highly competitive telecommunications sector. Mark has completed the Exempt Market Dealer course and holds a Bachelor of Arts degree in Economics and Business Management from the University of Calgary.

### Penalties, Sanctions and Bankruptcy

Other than as disclosed below, no penalty or sanction has been in effect during the last 10 years, nor has any cease trade order that has been in effect for a period of more than 30 consecutive days during the last 10 years, against a director, executive officer or control person of the General Partner or an issuer of which any of the foregoing persons or companies was a director, executive officer or control person at the time.

William K. Doherty, a director and officer of the General Partner, is also a director and officer of Cordex Realty & Management (B.C.) Ltd. ("**Cordex B.C.**"). Cordex B.C. first commenced business as a licensed mortgage broker in British Columbia in 2003. Cordex B.C. entered into a consent order (the "**Order**") in April of 2006 with the Registrar of Mortgage Brokers for the Province of British Columbia, in relation to Cordex B.C. not fully complying with the regulations governing mortgage broker activity in the province of British Columbia. Under the Order, Cordex B.C. admitted to utilizing incomplete forms in its information statements to mortgage investors and being non-compliant in respect to certain administrative activities. Cordex B.C. agreed to pay and did pay an administrative penalty of \$50,000 and the costs of the investigation undertaken by the Financial Institutions Commission, the regulatory body which governs mortgage brokers' activities in British Columbia.

William K. Doherty is also a director and officer of Walton International Property Group (M) Sdn Bhd (the "**Malaysian Company**"), a Malaysian company. In settlement of a matter concerning infringement of Malaysia's exchange-control rules, the Malaysian Company agreed to pay an administrative fine (known as a compound) of 385,000 Malaysian ringgit (approximately CDN\$127,000). Procedures have been implemented to ensure that the Malaysian Company's currency exchange procedures are now in full compliance with Malaysian law.

No director, executive officer or control person of the General Partner or an issuer of which any of the foregoing persons or companies was a director, executive officer or control person at that time, has declared bankruptcy, or made a voluntary assignment in bankruptcy or proposal under any bankruptcy or insolvency legislation, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such person during the last 10 years.

## ITEM 4 – CAPITAL STRUCTURE

### Share Capital

The following table sets out the capital structure of the Partnership and of the General Partner as at the dates indicated:

Description of Security	Number Authorized to be Issued	Price per Security	Number Outstanding as at the date hereof	Number Outstanding after Minimum Offering	Number Outstanding After Maximum Offering
Partnership: Units <sup>(1)</sup>	unlimited	\$10.00	See note 1	100,000	2,587,000
General Partner:					

Description of Security	Number Authorized to be Issued	Price per Security	Number Outstanding as at the date hereof	Number Outstanding after Minimum Offering	Number Outstanding After Maximum Offering
Partnership: Class A Voting Common Shares <sup>(2)</sup>	unlimited	\$1.00	100	100	100

**Notes:**

- (1) See "Item 4 – Capital Structure – Prior Sales".  
(2) The Class A Voting Common Shares are voting and are participating with respect to dividends or distributions upon liquidation or winding-up of the General Partner.

## Long Term Debt

The Partnership currently has no outstanding long term debt. The General Partner does not currently intend to borrow funds for the purposes of satisfying the expenses of the Partnership other than pursuant to the Funding Agreement. See "Item 2 – Activities of the Partnership – Material Agreements – Funding Agreement".

## Prior Sales

In connection with the formation of the Partnership: (i) the Initial Limited Partner contributed \$50 to the Partnership as the initial Capital Contribution; and (ii) the General Partner contributed \$50 to the capital of the Partnership. Upon the first Closing and the Subscribers becoming Limited Partners, the Partnership will pay \$50 to the Initial Limited Partner as a return of capital whereupon the Initial Limited Partner will cease to be a Limited Partner. Other than as referred to above, no Units or other securities of the Partnership have been issued since its formation.

## ITEM 5 – DESCRIPTION OF SECURITIES OFFERED

### General

The securities being offered pursuant to the Offering are Units. The Partnership is authorized to issue an unlimited number of one class of Units. Each Unit has attached thereto the same rights and obligations as, and ranks equally with, each other Unit with respect to distributions, allocations and voting. See "Item 2 – Activities of the Partnership – Material Agreements – Partnership Agreement".

### Capital Contribution

In connection with the subscription of the Units under the Offering, each Limited Partner will contribute to the capital of the Partnership the purchase price per Unit for each Unit subscribed for. No Limited Partner will be required to make any contribution to the capital of the Partnership in excess of that amount. On the date of formation of the Partnership, the General Partner contributed \$50 to the capital of the Partnership.

### Allocations and Distributions

The General Partner currently intends to declare and pay the Monthly Distribution in the manner set forth in this Offering Memorandum. The calculation and declaration of the Monthly Distribution will be at the sole discretion of the General Partner. It is currently anticipated that such Monthly Distribution will be calculated as at each month end and declared within 30 days subsequent to such month end on the basis of a year of 365 days and the actual number of days (excluding the first day but including the last day) on the Gross Proceeds during such calculation period. It is intended that the calculation of the Monthly Distribution shall include a proration of the Gross Proceeds received from an applicable Closing to the final day of the month in which such closing occurs. Although Monthly Distributions may be calculated and declared in relation to each month, the distributions shall only be paid on the thirtieth day following the date the Partnership first acquires an undivided interest in the Property. No interest will accrue on any declared but unpaid Monthly Distributions. Unitholders will not receive formal notice of any declared Monthly Distribution prior to payment. Rather, Unitholders will receive a statement of their Monthly Distributions declared by the Partnership at the time the distributions are paid.

The Partnership Agreement provides that distributions, subject to the existence of sufficient property and applicable law, shall be made in the sole discretion of the General Partner. **In no circumstances shall any of the Partnership, the General Partner, or their respective affiliates shall be subject to any liability in the event**

**the Partnership fails to declare the Monthly Distribution. Monthly Distributions are not debt obligations, shall be made in the discretion of the General Partner and are subject to the satisfaction of certain conditions. See "Risk Factors".**

Net Income or Net Loss of the Partnership for a fiscal year thereof shall be allocated as follows:

- (a) General Partner – the General Partner shall be allocated, in its capacity as General Partner, 0.1% of the Net Income or Net Loss; and
- (b) Limited Partners – the balance of the Net Income or Net Loss shall be allocated to Limited Partners of record on the last day of such fiscal year in accordance with their respective Sharing Ratios at that time.

After payment and reservation of all amounts necessary for payment for all expenses of the Partnership (including all amounts owing by the Partnership under the Funding Agreement, the Co-Ownership Agreement and any tax withholding obligations) and reservation of such amounts as in the opinion of the General Partner are necessary having regard to the then current and anticipated resources of the Partnership and its commitments and anticipated commitments, distributions of cash, assets or property of the Partnership (whether resulting from revenue or income earned by the Partnership or from the proceeds of sale of all or any part of the Property or other assets of the Partnership) will be made, at the sole discretion of the General Partner, to the Partners as set out in the Partnership Agreement. The manner and timing of such distributions will be in the sole discretion of the General Partner.

No Partner shall be entitled to a return, or to demand a return, of any portion of such Partner's Capital Contribution or be entitled to any distribution or allocation except as provided in the Partnership Agreement. Except as provided in the Partnership Agreement, no Partner has the right to receive interest on any credit balance in accounts maintained on the books of the Partnership and no Partner is liable to pay interest to the Partnership on any deficit in any accounts maintained on the books of the Partnership.

No distributions will be made unless, after making the distribution, sufficient property of the Partnership remains to satisfy all liabilities of the Partnership (including any amounts owing by the Partnership under the Funding Agreement or the Co-Ownership Agreement). The General Partner may require the Limited Partners to, and shall itself, return (in proportion to the distribution made thereto) all or part of such distributions as have rendered the Partnership unable to satisfy all liabilities of the Partnership and may require any Limited Partner to, and shall itself, forthwith return to the Partnership any amount distributed to such Partner in excess of such Partner's entitlement.

If the General Partner holds any part of any otherwise distributable amount which is unclaimed or which cannot be paid to a Limited Partner for any reason, the General Partner will be under no obligation to invest or reinvest such amount but shall only be obliged to hold it in a current non-interest-bearing account pending payment to the person or persons entitled thereto for a period commencing on the date upon which the amount became due and payable to such Limited Partner and ending six years following the date of the dissolution of the Partnership. The General Partner will, as and when required by law and the Partnership Agreement, and may at any time prior to such required time, pay all or part of any such distributable amount so held to the Public Trustee of the Province of Alberta or other appropriate government official or agency, whose receipt shall be a good discharge and release of the obligations of the General Partner with respect to such distributable amount.

### **Liability and Limitation on Authority of Limited Partners**

Under the terms of the Partnership Agreement, the Limited Partners agree that they will comply with the provisions of all applicable legislation, including the Partnership Act, in force or in effect from time to time and will not take any action which will jeopardize or eliminate the status of the Partnership as a limited partnership. Upon dissolution of the Partnership, the Limited Partners may receive undivided interests in the Partnership assets and will thereafter no longer have limited liability with respect to the ownership of such assets. See "Item 2 – Activities of the Partnership – Material Agreements – Partnership Agreement – Limited Liability of Limited Partners".

### **Distribution of Assets Upon Dissolution and Termination of the Partnership**

Upon dissolution of the Partnership, the liquidating trustee will proceed diligently to wind up the affairs of the Partnership and distribute the assets of the Partnership. See "Item 2 – Activities of the Partnership – Material Agreements – Partnership Agreement". The liquidating trustee will settle the Partnership accounts as expeditiously

as possible and, in the order set out in the Partnership Agreement. No Partner shall have any right to demand or receive property, other than cash, upon dissolution of the Partnership.

### **Voting at Meetings of Limited Partners**

No annual meetings of the Limited Partners are proposed to be held. However, the Partnership Agreement provides for the ability to convene meetings of Limited Partners by the General Partner at any time and upon the written request of one or more Limited Partners holding not less than 25% of the number of all issued and outstanding Units. Certain actions of the General Partner and/or the Partnership require the approval of the Limited Partners which may be obtained at a meeting of the Limited Partners or by way of a resolution in writing of the Limited Partners. Except as otherwise specified in the Partnership Agreement, on any question submitted at a meeting of Limited Partners or by way of a resolution in writing, each Limited Partner shall be entitled to one vote per Unit held. Any resolution of Limited Partners passed in accordance with the Partnership Agreement will be binding on all Limited Partners whether or not such Limited Partner was present or represented by proxy at the meeting at which such resolution was passed and whether or not such Limited Partner voted against such resolution. See "Item 2 – Activities of the Partnership – Material Agreements – Partnership Agreement".

### **Other**

For further information on terms contained in the Partnership Agreement which affect the rights of Limited Partners see "Item 2 – Activities of the Partnership – Material Agreements – Partnership Agreement".

### **Subscription Procedure**

A Subscriber may subscribe for Units by delivering the following to (i) the Partnership, c/o Walton International Group Inc. (Attention: President), at Suite 2300, 605 – 5<sup>th</sup> Avenue S.W., Calgary, Alberta, T2P 3H5, or (ii) the Partnership's agents or sub-agents, if any, at the addresses provided by them:

- (a) a completed subscription agreement in the form provided by the Partnership including all applicable appendices; and
- (b) a certified cheque or bank draft in the amount of the investment payable to the relevant agent or Walton TX Dallas Kemp Ranch LP 1, as applicable.

The Partnership will hold the subscription funds in trust until at least midnight on the second Business Day after the day on which a signed and dated subscription agreement is received by the Partnership pursuant to applicable securities laws, after which time such funds shall continue to be held by the Partnership in trust until the Closing Date. The Partnership may deposit your subscription funds in a segregated account pending Closing. This does not constitute an acceptance of your subscription.

The Partnership reserves the right to accept or reject subscriptions in whole or in part at its discretion and to close the subscription books at any time without notice. Any subscription funds for subscriptions that the Partnership does not accept will be returned promptly after the Partnership has determined not to accept such subscription.

**The Partnership does not intend to issue physical certificates for the Units. The Partnership's transfer agent will maintain the Subscriber's particulars on its register of Unitholders. A Unitholder's ability to pledge its interest in its Units may be limited due to the lack of existence of a physical certificate.**

### **ITEM 6 – CERTAIN MATERIAL CANADIAN FEDERAL AND UNITED STATES FEDERAL AND STATE INCOME TAX CONSEQUENCES**

***You should consult your own professional advisers to obtain advice on the tax consequences that apply to you. All investors will be responsible for the preparation and filing of their own United States and Canadian tax returns (including federal, provincial, state and local tax returns, as applicable) in respect of this investment. Costs associated with the preparation and filing of such returns may be material.***

## CERTAIN CANADIAN FEDERAL INCOME TAX CONSEQUENCES

In the opinion of Gowling Lafleur Henderson LLP, counsel to the Partnership, the following summary, as of the date of this Offering Memorandum, describes the principal Canadian federal income tax considerations generally applicable under the Tax Act to a Subscriber (who acquires Units under this Offering Memorandum) of acquiring, holding and disposing of Units, and who, for the purposes of the Tax Act, and at all relevant times, is a Resident, deals at arm's length and is not affiliated with the Partnership and holds the Units as capital property. Generally, Units will be considered to be capital property to a Subscriber provided the Subscriber does not hold the Units in the course of carrying on a business and has not acquired the Units in one or more transactions considered to be an adventure in the nature of trade.

This summary is not applicable to a Subscriber: (i) that is a financial institution (as defined in the Tax Act for purposes of the mark-to-market rules); (ii) that is a specified financial institution (as defined in the Tax Act); (iii) an interest in which is a tax shelter investment (as defined in the Tax Act); (iv) to whom the functional currency reporting rules in section 261 of the Tax Act apply; (v) that is a corporation that together with affiliated and related parties, as these terms are defined in the Tax Act, owns more than 10% of the Units; or (vi) that has entered into a "derivative forward agreement" or a "synthetic disposition arrangement" with respect to the Units, both as defined in the Tax Act. In addition, this summary does not address the deductibility of interest by a Subscriber who has borrowed money or otherwise incurred debt to acquire Units.

**This summary is not applicable to Non-Residents. Non-Resident Subscribers may have different tax consequences than as described herein. Consequently, prospective purchasers that are Non-Residents should consult their own tax advisors.**

This summary assumes that at all material times no interest in any Subscriber will be a "tax shelter investment" as defined in the Tax Act, that Units will not be acquired with financing for which recourse is, or is deemed to be, limited for purposes of the Tax Act and that no more than 50% of the Units will be held by "financial institutions" as defined in the Tax Act. Financing is deemed to be limited recourse for purposes of the Tax Act unless: (i) *bona fide* arrangements were made in writing at the time the financing was obtained providing for repayment within a reasonable period, not exceeding 10 years; (ii) interest is payable at least annually at a rate that is not less than the rate prescribed under the Tax Act; and (iii) interest is paid no later than 60 days after the end of each taxation year. If an interest in a Subscriber becomes a tax shelter investment, a Subscriber finances an acquisition of Units with limited recourse financing or if more than 50% of the Units are held by "financial institutions" there may be adverse tax consequences to the Partnership and its members.

This summary assumes that at all material times the Partnership will not be a "SIFT partnership" as defined in the Tax Act. If investments in the Partnership are listed or traded on a stock exchange or other public market then the Partnership, if it holds one or more non-portfolio properties, which generally does not include real property situated outside of Canada, may be a SIFT partnership and the Canadian federal income tax considerations described below will be materially different. This summary also assumes that the Units will not be listed or traded on a stock exchange or other public market for the purposes of the Tax Act.

This summary is based upon the facts set out in this Offering Memorandum, the provisions of the Tax Act in force as of the date hereof, all specific proposals to amend the Tax Act that have been publicly announced prior to the date hereof by the Minister of Finance (Canada) (the "**Tax Proposals**") and counsel's understanding of the current administrative policies and assessing practices of the Canada Revenue Agency publicly available prior to the date hereof. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Tax Proposals, does not take into account or anticipate any changes in the law, whether by legislative, governmental or judicial action, nor does it take into account provincial, territorial or foreign tax considerations, which may differ significantly from those discussed herein.

**This summary is of a general nature only and is not intended to be legal or tax advice to any particular purchaser of Units. Consequently, prospective purchasers should seek independent professional advice regarding the income tax consequences of investing in the Units, having regard to their own particular circumstances.**



## Taxation of Units

### Computation of Income

The Partnership is not itself generally liable for income tax. However, the Partnership must compute its income or loss for each fiscal period as though it was a separate person resident in Canada and file an annual information return. The fiscal period of the Partnership ends on December 31 each year. Subject to the detailed comments below, each Limited Partner will be required to include (or be entitled to deduct) in computing his income (or loss), his share of the income (or loss) of the Partnership allocated to him pursuant to the Partnership Agreement for the fiscal period of the Partnership ending in the Limited Partner's taxation year, regardless of whether such income has been distributed to him.

In computing its income or loss the Partnership will be entitled to deduct expenses incurred by it in the fiscal period in which they are incurred to the extent such expenses are reasonable in amount and their deduction is permitted by the Tax Act. Certain of the Partnership's expenses may not be deductible, and may instead be added to the tax cost of the Property to the extent such expenses are reasonable in amount. Generally, expenses incurred by the Partnership relating to pre-development activities will not be currently deductible, but may be added to the tax cost of the Property or treated as eligible capital expenditures, three-quarters of which are deductible on a 7% declining balance basis; interest expenses paid or payable in respect of the year by the Partnership relating to pre-development activities of the Property will not be currently deductible, but may be added to the tax cost of the Property; expenses incurred by the Partnership in the course of issuing Units, including Selling Commissions, may be deductible over a five-year period (subject to pro-ration for short fiscal periods of the Partnership). Organizational costs incurred by the Partnership may be eligible capital expenditures, three-quarters of which may be deductible on a 7% declining balance basis. For purposes of computing the Partnership's income, the Property will likely be regarded as inventory under the Tax Act, a disposition or deemed disposition of which will result in ordinary income rather than capital gains. In the event that the Partnership and Walton Texas are considered not to be dealing with each other at arm's length, as this term is defined in the Tax Act, and the transfer of the Property between the Partnership and Walton Texas is not carried out at fair market value, certain provisions in the Tax Act may apply to deem the transfer to have been carried out at fair market value, which could result in additional income in the Partnership.

Losses allocated by the Partnership to a Limited Partner are deductible only to the extent the Limited Partner has an "at-risk amount" within the meaning of the Tax Act. Losses from the Partnership that are not deductible by a Limited Partner because they exceed the Limited Partner's at-risk amount at the particular time generally may be carried forward indefinitely and may be deducted against income only to the extent the Limited Partner has an at-risk amount in a subsequent year. In general, a Limited Partner's at-risk amount will be the adjusted cost base of his Units at the relevant time (plus, where that time is the end of the Partnership's fiscal period, income allocated to the Limited Partner for that fiscal period), less any amounts owing by the Limited Partner (or to a person or partnership that does not deal at arm's length with the Limited Partner) to the Partnership (or to a person or partnership that does not deal at arm's length with the Partnership) and less any amount or benefit provided to the Limited Partner (or to a person or partnership that does not deal at arm's length with the Limited Partner) for the purpose of protecting the Limited Partner against any loss the Limited Partner may sustain as a consequence of being a member of the Partnership or holding or disposing of a Unit.

Subject to the comments above, a Limited Partner may apply his share of losses allocated to him by the Partnership to reduce net income for the relevant taxation year and, to the extent such losses exceed net income for the year, they may generally be applied in the three previous taxation years or the twenty subsequent taxation years.

To the extent the Partnership is not a "Canadian partnership", as defined in the Tax Act, because one or more of the Limited Partners is not a Resident, certain amounts paid or credited to the Partnership, such as interest, may be subject to Canadian withholding tax. Limited Partners that are Residents may claim their pro-rata share of such withholding tax as a credit against taxes otherwise payable under Part I of the Tax Act.

Limited Partners will be subject, directly or indirectly, to U.S. federal income and Texas franchise tax in respect of U.S. source income of the Partnership as described in "Certain Material United States Federal Income Tax Consequences" and "Certain Material State of Texas and Local Tax Consequences" below. Subject to certain limitations, Canadian federal taxes payable by a Limited Partner will be reduced in part or in whole by U.S. federal and state income or profits taxes paid on such income, pursuant to the foreign tax credit provisions contained in the Tax Act. Generally, these foreign tax credit provisions require a separate foreign tax credit calculation to be made

in respect of foreign "non-business-income tax" within the meaning of the Tax Act (including foreign tax in respect of capital gains (if any) arising from the disposition of Units by Limited Partners) and foreign "business-income tax" within the meaning of the Tax Act (including foreign tax in respect of business income of the Partnership from activities carried on by the Partnership in the U.S.). In general, the maximum foreign tax credit available in respect of either a foreign non-business-income tax or a foreign business-income tax is equal to the lesser of the Canadian-dollar equivalent of that foreign non-business-income tax or foreign business-income tax (as the case may be) paid by a Limited Partner for the year to the foreign government, and the amount of Canadian tax otherwise payable for the year that pertains to the applicable foreign income. It is unclear if the Texas franchise tax would be an "income or profits tax" for the purposes of the foreign tax credit provision of the Tax Act. Limited Partners should consult their own tax advisors to determine the extent of any foreign tax credits available.

#### Disposition of Units

A disposition or deemed disposition by a Subscriber of his Units should generally result in a capital gain (or capital loss) to the Subscriber to the extent the proceeds of disposition of such Units, net of reasonable disposition costs, exceed (or are exceeded by) the adjusted cost base of the Units. In general, the adjusted cost base of a Limited Partner's Units at a particular time will be equal to the subscription price of the Units, plus income of the Partnership that has been allocated to the Limited Partner for completed fiscal periods, minus losses of the Partnership allocated to the Limited Partner for completed fiscal periods and minus distributions received by the Limited Partner from the Partnership. Where a Limited Partner disposes of all of its Units in a fiscal period of the Partnership, any income or loss allocated to the Limited Partner for such fiscal period will be taken into account in determining the adjusted cost base of the Limited Partner's Units. Losses which are not deductible because a Limited Partner does not have a sufficient at-risk amount will not reduce the adjusted cost base of Units.

If a Limited Partner disposes of Units and a person who is exempt from tax under the Tax Act or a Non-Resident, directly or indirectly through a partnership or a Resident trust of which a tax exempt person or Non-Resident is a member or a beneficiary, as the case may be, acquires the Units as part of a transaction or event, or series of transactions or events, then the gain may be taxed as ordinary income of the Limited Partner.

A Subscriber should consult his or her own tax advisors with respect to the effect that any U.S. federal estate tax may have on the amount of Canadian tax otherwise payable on a deemed disposition of Units on the death of a Limited Partner.

For Canadian federal income tax purposes a Subscriber generally will be required to convert the U.S. dollar initial cost of their Units, any reduction in the adjusted cost base of their Units arising from any U.S. dollar denominated distributions and any proceeds of disposition received in U.S. dollars into Canadian dollars based on the exchange rate prevailing at the time of such transactions.

If, at the end of any fiscal period of the Partnership, the deductions in computing the adjusted cost base of a Limited Partner's Units exceed the subscription price and additions in computing such adjusted cost base, such negative amount will be deemed to be a capital gain of the Limited Partner from a disposition of the Units and the adjusted cost base of the Limited Partner's Units will be nil at the beginning of the next fiscal period of the Partnership.

The General Partner has advised that it is unlikely that the exit strategy with respect to the Partnership and the Property will involve a disposition of the Units other than on a termination of the Partnership. See "Item 2 – Activities of the Partnership – Exit Strategies".

#### Capital Gains and Losses

One-half of the capital gain realized by a holder from a disposition or deemed disposition of Units must be included in computing the holder's income as a taxable capital gain. One-half of a capital loss realized in a taxation year from a disposition or deemed disposition of Units will be deductible as an allowable capital loss against taxable capital gains realized in that year, and to the extent such allowable capital losses exceed taxable capital gains in the year, may be applied in the three previous taxation years or any subsequent taxation year, subject to certain restrictions contained in the Tax Act.

A holder that is an individual or a trust may be liable to pay alternative minimum tax as a result of realizing a capital gain. A holder of Units that is a Canadian-controlled private corporation, within the meaning of the Tax

Act, will be liable to pay an additional refundable tax of 6 2/3% on certain investment income, including taxable capital gains.

### **Termination of the Partnership**

Upon the termination of the Partnership, generally, Partnership property that is distributed to a Limited Partner will be deemed to have been disposed of by the Partnership for its fair market value and acquired by the Limited Partner at a cost equal to the same amount. Generally, each Limited Partner will be deemed to dispose of his Units at that time for proceeds of disposition equal to the fair market value of the property received from the Partnership in satisfaction of those Units.

A capital gain (or capital loss) will be realized by a Limited Partner on the disposition of such Units to the extent that such proceeds, net of reasonable disposition costs, exceed (or are less than) the adjusted cost base of the Limited Partner's Units, calculated as described above. In addition, the amount, if any, by which the adjusted cost base to a Limited Partner of its Units is negative, will be deemed to be a capital gain of the Limited Partner from a disposition of those Units.

Any income, capital gain or loss realized by the Partnership on the disposition of the Property in the fiscal period ending as a result of the termination of the Partnership will be included in the income or loss of the Partnership for that fiscal period and allocated to the Partners of the Partnership in accordance with the Partnership Agreement.

### **NOT ELIGIBLE FOR INVESTMENT BY DEFERRED PLANS**

Units will not constitute a qualified investment for the purposes of the Tax Act for deferred plans such as a trust governed by a registered retirement savings plan (including a locked-in retirement account or a locked-in retirement savings plan), a registered retirement income fund (including a life income fund or a locked-in retirement income fund), a registered education savings plan, a deferred profit sharing plan, a registered disability savings plan and a tax-free savings account and, in order to avoid adverse tax consequences, should not be acquired by such plans.

### **CERTAIN MATERIAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES**

In the opinion of Fenwick & West LLP, United States tax counsel for the Partnership, the following discussion summarizes certain material United States federal income tax consequences to Subscribers from the acquisition of Units in the Partnership. This discussion is based on the Code, Treasury regulations, administrative rulings, and court decisions in effect as of the date of this Offering Memorandum, all of which may change at any time, possibly with retroactive effect.

This discussion assumes that Limited Partners are not residents of the U.S. for U.S. federal income tax purposes, and are residents of Canada for Canadian federal income tax purposes and are eligible for benefits under the U.S.-Canada Income Tax Convention (the "**Treaty**"). This discussion also assumes the Partnership will be treated as a foreign partnership for U.S. federal tax purposes and will not be treated as a publicly traded partnership within the meaning of Section 7704 of the Code, and that Limited Partners will hold the Units as capital assets within the meaning of Section 1221 of the Code. This discussion further assumes that all Monthly Distributions will be distributed prior to the Partnership receiving any income that is treated as effectively connected with the conduct of a trade or business within the United States.

**Non-Resident Subscribers may have different tax consequences than as described herein. Consequently, prospective investors that are Non-Residents should consult their own tax advisors.**

This discussion does not address all aspects of U.S. federal income taxation that may be important to an investor in light of such investor's particular circumstances or particular tax status. In addition, unless expressly stated otherwise, the following discussion does not address state, local, or non-U.S. tax considerations related to the acquisition of Units in the Partnership by investors, or the tax consequences of other transactions effectuated prior to, concurrently with, or after the acquisition of the Units in the Partnership, whether or not such transactions are in connection with the acquisition of the Units in the Partnership.

**This summary is of a general nature only and is not intended to be legal, tax or business advice to any particular prospective purchaser of Units. Therefore, Subscribers should consult their own tax**

**advisors as to the specific U.S. federal, state, local, and non-U.S. tax consequences to them from the acquisition of Units in the Partnership.**

### **U.S. Federal Tax Consequences of Acquisition of Units by Subscribers**

The initial acquisition of Units in the Partnership for cash by Subscribers (who will thereby become Limited Partners of the Partnership) in exchange for a contribution of cash to the Partnership will not be subject to U.S. federal taxation.

### **U.S. Federal Tax Consequences Prior to Disposition of the Property by the Partnership**

As a general matter, persons who are not residents of the U.S. are not subject to U.S. federal taxation except for (1) certain types of income that are received from sources within the U.S., and (2) income that is treated as effectively connected with the conduct of a trade or business in the U.S. or, if an income tax treaty applies, attributable to a permanent establishment or fixed base in the U.S.

The Partnership generally is not itself subject to U.S. federal income tax. Instead, Limited Partners are subject to U.S. federal income tax on their allocable share of partnership income (regardless of whether the Partnership makes a distribution of cash or Property) that is either U.S. source income or that is treated as effectively connected with the conduct of a U.S. trade or business. To the extent the Partnership earns either U.S. source income or income that is effectively connected with the conduct of a U.S. trade or business, Limited Partners may be subject to U.S. federal income tax and/or reporting obligations as a result of such income. The Partnership intends to treat income that it earns from leasing the Property (if any) as income that is not effectively connected with the conduct of a U.S. trade or business. As such, the gross amount of such leasing income would be subject to a 30% U.S. federal tax that is collected via withholding. A Limited Partner generally would not have a U.S. federal income tax return filing obligation in respect of this leasing income, provided that such Limited Partner is not otherwise engaged in a U.S. trade or business and certain other requirements are satisfied. The Partnership does not anticipate that income earned from leasing the Property (if any) will be significant.

To the extent that the Partnership receives U.S. source interest income (e.g. from Loans made to a Borrower that is a U.S. person or entity), such U.S. source interest income generally would be subject to a 30% U.S. federal tax that is collected via withholding. The U.S. withholding tax on U.S. source interest income may be eliminated, however, if Limited Partners qualify for benefits under the Treaty and certain reporting requirements are satisfied. Limited Partners generally will not be subject to additional U.S. federal taxation on the receipt of Monthly Distributions, provided that such Monthly Distributions are distributed prior to the Partnership receiving any income that is treated as effectively connected with the conduct of a trade or business within the United States.

If the Partnership earns income that is effectively connected with the conduct of a U.S. trade or business, such income, less applicable deductions, would be subject to the same graduated tax rates that apply to U.S. persons, as discussed below. Limited Partners that are classified as corporations for U.S. federal income tax purposes could also be subject to U.S. branch profits tax on their allocable share of the Partnership's income that is deemed to be effectively connected with the conduct of a U.S. trade or business. Limited Partners who qualify for the benefits of the Treaty may qualify for a branch profits tax rate of 5% under the Treaty; otherwise the branch profits tax rate is 30%.

In addition, the Partnership may have a withholding obligation in respect of the income amounts described in the above paragraph. Amounts withheld by the Partnership may be credited by the Limited Partners against their respective U.S. federal income tax liabilities. Subscribers should consult their own tax advisors regarding the specific U.S. federal tax consequences of any such income to such investors in light of their particular circumstances.

### **U.S. Federal Tax Consequences of the Sale of All or a Portion of the Property by the Partnership**

Income from the sale of an interest in real Property located in the U.S. by a non-U.S. person is treated under the Code as income that is effectively connected with the conduct of a trade or business in the U.S. and therefore is subject to U.S. federal taxation. Accordingly, the Limited Partners will be subject to U.S. federal taxation on their distributive share of income realized from the disposition of all or a portion of the Property by the Partnership. Under the Code and applicable Treasury regulations, the Partnership will be required to pay a withholding tax on the income earned from the Partnership's disposition of the Property that is allocable to non-U.S. partners (i.e., all the Partners). Such withholding tax may be reduced by the amount of tax withheld by the

purchaser of the Property, as further discussed below. The withholding taxes may be credited against the Limited Partners' U.S. federal income tax liabilities.

The U.S. federal taxation of income from the Partnership's sale or other disposition of the Property that is allocable to a particular Limited Partner will differ depending on the character of income as capital gain or ordinary income and the status of the particular Limited Partner as an individual (or other non-corporate taxpayer) or a corporation for U.S. federal tax purposes. If the income from the sale or other disposition of the Property by the Partnership is treated as long-term capital gain for U.S. federal tax purposes, Limited Partners who are individuals (or other eligible non-corporate taxpayers) may be eligible for a reduced rate of taxation (under current law, generally 15% or 20% depending on income levels) on their allocable share of the income from the sale or other disposition of the Property. The Partnership may withhold at the reduced rate of taxation for long-term capital gains in respect of a Limited Partner's distributive share of the Partnership's income, provided that such Limited Partner satisfies certain documentation requirements regarding its status as a non-U.S., non-corporate person. Capital gain is long-term if it is derived from the sale or other disposition of a capital asset held for more than one year. If income from the sale or other disposition of the Property by the Partnership is treated as ordinary income to the Partnership (or as capital gain that is not long-term), non-corporate Limited Partners will be subject to ordinary U.S. federal income tax rates (under current law, generally up to 39.6%, depending on income levels). If the Limited Partner is treated as a corporation for U.S. federal tax purposes, such Limited Partner will generally be subject to ordinary U.S. corporate income tax rates (generally up to 35%), regardless of whether the income from the sale or other disposition of the Property by the Partnership is treated as ordinary income or capital gain. As discussed above, a U.S. branch profits tax of 5% under the Treaty (or 30% if Treaty benefits are not applicable) also could apply to a corporate direct or indirect Limited Partner.

As discussed in this Offering Memorandum and the Partnership Agreement, the Partnership intends to acquire and hold the Property for investment purposes. The Partnership's current intention is to eventually sell the Property to a developer or other parties (either as a whole or in a small number of parcels) rather than develop the Property. The Partnership currently anticipates that it will need to hold the Property for approximately four (4) to six (6) years, although the actual holding period could be longer depending on market and economic conditions, which would affect the sales price of the Property. Although not free from doubt, assuming that the Partnership's sole activity will be the acquisition and holding of the Property solely for investment purposes and that the Partnership does not develop the Property (other than engaging in Concept Planning) or make any physical improvement to the Property, the income from the Partnership's eventual sale or other disposition of the Property should result in capital gain to the Partnership (and therefore to the Limited Partners). The above described treatment also assumes that the Partnership will not actively solicit or advertise the sale of the Property (other than minimal or incidental activity directed at disposing of the Property to a developer), and that the Partnership ultimately will dispose of the Property either as a whole or as a small number of parcels. If the actual facts surrounding the acquisition and sale of the Property by the Partnership differ from the assumed facts as set forth above (including the intention of the Partnership to acquire and hold the Property for investment purposes and not to develop the Property), the U.S. federal tax consequences of the sale or other disposition of the Property could materially change, possibly resulting in the taxation of gain from the disposition of the Property as ordinary income.

#### **U.S. Federal Tax Consequences from the Disposition of Units by Subscribers**

If a Limited Partner sells, transfers, or otherwise disposes of its Units in the Partnership prior to the sale of the Property by the Partnership, the disposition of such Units will be treated as the sale of a U.S. real property interest that is subject to U.S. federal taxation. Income from the sale of Units will be treated as income that is effectively connected with the conduct of a trade or business in the U.S., and generally will be subject to U.S. federal taxation similar to the treatment of the Partnership's sale of the Property described above. Accordingly, subject to the qualifications and assumptions discussed in the paragraph above (including the intention of the Partnership to acquire and hold the Property for investment purposes, and the eventual sale of the Property either as a whole or in a small number of parcels), any gain that is recognized by a Limited Partner upon the sale of its Units generally should be taxed as capital gain to the Limited Partner, and therefore should be eligible for the reduced rate of taxation for capital gains (under current law, generally 15% or 20% depending on income levels) if the Limited Partner is an individual (or other eligible non-corporate taxpayer) and the capital gain is long-term. Conversely, a Limited Partner that is treated as a corporation for U.S. federal tax purposes generally would be subject to ordinary U.S. corporate income tax rates (generally up to 35%), and may be subject to a U.S. branch profits tax of 5% under the Treaty (or 30% if Treaty benefits are not applicable).

## **U.S. Federal Tax Consequences on Dissolution of the Partnership**

The Partnership intends to sell or otherwise dispose of the Property before it dissolves or terminates. Accordingly, the dissolution or termination of the Partnership generally should not result in the recognition of gain or loss to the Limited Partners for U.S. federal income tax purposes, provided that the Property is sold or otherwise disposed of by the Partnership before such dissolution or termination.

## **U.S. Withholding Requirements on the Disposition of U.S. Real Property Interests**

The Code imposes certain withholding requirements on the purchaser of a U.S. real property interest from a seller who is a non-U.S. person. Generally, a purchaser of an interest in U.S. real property must withhold and pay to the Internal Revenue Service (the "IRS") a withholding tax equal to 10% of the gross purchase price. The amount that is required to be withheld may be reduced in certain circumstances, including the receipt of a withholding tax certificate from the IRS indicating to the purchaser that a reduced amount of withholding is permitted. The sale of the Property by the Partnership to a purchaser would be subject to such withholding requirements. Therefore, the purchaser would be required to withhold and pay to the IRS 10% of the gross purchase price, unless a withholding certificate is obtained from the IRS authorizing a reduced amount of withholding. As discussed above, the Partnership would also be required to pay a withholding tax on the income earned from the Partnership's disposition of the Property that is allocable to non-U.S. partners (i.e., all the Partners).

In addition, a purchaser of the Units would be required to withhold and pay to the IRS 10% of the amount of the purchase price, unless a withholding certificate is obtained from the IRS authorizing a reduced amount of withholding.

## **Requirement for Filing U.S. Federal Income Tax Return/Refund of Excess Amounts Withheld**

Given that income from the sale or other disposition of the Property by the Partnership will be treated as income that is effectively connected with the conduct of a U.S. trade or business, a Limited Partner generally will be required to file a U.S. federal income tax return with respect to its distributive share of the income from such sale. In the event that the allocable amount withheld and paid to the IRS by the purchaser of the Property and/or the Partnership exceeds the actual tax liability of a Limited Partner, such Limited Partner will be able to seek a refund for the excess amount withheld. Similarly, Limited Partners who sell or otherwise dispose of their Units prior to the Partnership's sale or other disposition of the Property generally will be required to file a U.S. federal income tax return with respect to the sale or other disposition and may seek a refund for any excess amounts that are withheld by the purchaser.

If, prior to the disposition of all or a portion of the Property by the Partnership, the Partnership earns either U.S. source income or income that is effectively connected with the conduct of a U.S. trade or business, Limited Partners may have U.S. federal income tax and return filing obligations and the Partnership may have a withholding obligation in respect of such income. As discussed above, income earned by the Partnership from leasing the Property (if any) would be treated as U.S. source income.

Return filing requirements and procedures and credits against withholding amounts may vary depending on the particular circumstances of each investor. Investors should consult their own tax advisors regarding any applicable return filing requirements.

## **U.S. Federal Estate Tax**

The Units could be treated as includible in a Limited Partner's gross estate for U.S. federal estate tax purposes. Individual investors should consult with their own tax advisors regarding the potential U.S. federal estate tax consequences of their acquisition and holding of Units.

**THE PRECEDING DISCUSSION OF CERTAIN MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES IS PROVIDED FOR INFORMATION PURPOSES ONLY AND DOES NOT PURPORT TO BE A COMPLETE ANALYSIS OR DISCUSSION OF ALL POTENTIAL TAX EFFECTS RELEVANT TO THE ACQUISITION OF THE UNITS. THE FOREGOING DISCUSSION NEITHER BINDS THE IRS NOR PRECLUDES IT FROM ADOPTING A CONTRARY POSITION. POTENTIAL INVESTORS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS TO DETERMINE THE PARTICULAR U.S. FEDERAL, STATE, LOCAL OR NON-U.S.**

## **INCOME OR OTHER TAX CONSEQUENCES TO SUCH INVESTORS BASED ON THEIR PARTICULAR CIRCUMSTANCES.**

### **CERTAIN MATERIAL STATE OF TEXAS AND LOCAL TAX CONSEQUENCES**

In the opinion of Carrington Coleman Sloman & Blumenthal, LLP, State of Texas tax counsel for the Partnership, the following discussion summarizes certain material State of Texas tax consequences to Subscribers from the acquisition of Units in the Partnership. This discussion is based on the Texas Tax Code, Texas regulations, opinions of attorney general, administrative rulings, and court decisions in effect as of the date of this Offering Memorandum, all of which may change at any time, possibly with retroactive effect. This discussion does not address all aspects of State of Texas taxation that may be important to an investor in light of such investor's particular circumstances or particular tax status.

***This summary is of a general nature only and is not intended to be legal, tax or business advice to any particular prospective purchaser of Units. Therefore, Subscribers should consult their own tax advisor as to the specific tax consequences to them from the acquisition of Units in the Partnership.***

#### **No Texas Income Tax**

There is no income tax in Texas for partnerships or individuals. Therefore, the initial acquisition of Units in the Partnership for cash by Subscribers (who will thereby become Limited Partners in the Partnership) in exchange for a contribution of cash to the Partnership will not be subject to taxation in Texas. Limited Partners will not be subject to tax in Texas on any income of the Partnership, including income from the Loans, distributions from the Partnership, or gain arising from the sale or disposition of their Units in the Partnership.

#### **Texas Franchise Tax**

While there is no income tax in Texas for partnerships or individuals, there is a franchise tax that applies to certain partnerships, including limited partnerships, if they are organized in Texas or do business in Texas. The Partnership will own real property in the state, and in accordance with Rule §3.546(c)(5) of the regulations promulgated by the Texas Comptroller, acquiring real estate in Texas constitutes doing business in Texas. The rate of the franchise tax is one percent of taxable margin, which is calculated from the gross receipts, and not income, of the taxpayer, less certain deductions. The rate is reduced for small companies reporting less than \$10,000,000 in gross receipts. The Texas legislature recently passed, and the governor signed into law, a twenty-five (25%) reduction in the franchise tax rate, which will go into effect in 2016.

While the Partnership will likely be subject to the Texas franchise tax, it may not be required to pay any franchise tax if ninety percent (90%) or more of its gross receipts as "passive" for purposes of the franchise tax, the amount of tax due will be less than \$1,000 or if total revenue from its entire business is less than or equal to a statutory amount that was increased to \$1,000,000 and adjusted for inflation. The revenue cut-off for 2014 is \$1,080,000. Since interest is considered passive, interest paid on the Loans will not be subject to franchise tax in Texas. The other exemptions may not be available, however, if there are other entities doing business in Texas in the same general business as the Partnership and that have a fifty percent (50%) common ownership or control of the Partnership, in which case the entities may be aggregated for purposes of the exemption amounts. In addition, when the Property is sold in the future, capital gains from the sale of real property will be considered passive under the Texas Tax Code and not subject to the franchise tax. Rental income is not considered passive, should the Partnership decide to lease out any of the Property while it is holding it.

Therefore, whether and to what extent the Partnership will have to pay the franchise tax in Texas each year will depend on the amount of revenue and type of income it earns in a given year. Prior to the sale and/or possible development of the Property, the Partnership may receive only a minimal amount of income from agricultural leases, if any, plus the interest on the Loans, and therefore could be exempt from paying any Texas franchise tax. Once the Partnership sells the Property, assuming at least ninety percent of its gross income in that year is capital gains from such sale, the Partnership will not be subject to the franchise tax. However, if the Partnership is treated as holding the Property for subdivision and sale, it may be subject to tax if the minimum amount of gross receipts is met.

**THE PRECEDING DISCUSSION OF CERTAIN MATERIAL STATE OF TEXAS TAX CONSEQUENCES IS PROVIDED FOR INFORMATION PURPOSES ONLY AND DOES NOT PURPORT TO BE A COMPLETE ANALYSIS OR DISCUSSION OF ALL POTENTIAL TAX EFFECTS RELEVANT TO THE ACQUISITION OF THE**

**PARTNERSHIP UNITS. THE FOREGOING DISCUSSION NEITHER BINDS THE TEXAS COMPTROLLER NOR PRECLUDES IT FROM ADOPTING A CONTRARY POSITION. POTENTIAL INVESTORS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS TO DETERMINE THE PARTICULAR STATE OF TEXAS TAX CONSEQUENCES TO SUCH INVESTORS BASED ON THEIR PARTICULAR CIRCUMSTANCES.**

#### **ITEM 7 – COMPENSATION PAID TO SELLERS AND FINDERS**

The Units may be offered for sale by agents who may be appointed from time to time, including registered dealers who agree by contract, to, among other things, sell Units in compliance with all applicable securities laws, as agents for the Partnership. See "Item 1 – Use of Available Funds". Any referral sources used by the agents in connection with the sale of Units to Subscribers, if any (which referral sources may include firms and representatives of such firms who are registered in certain of the Canadian provinces or territories as insurance brokers, real estate brokers or mortgage brokers), will be compensated by the payment of referral fees in an amount to be determined between the applicable agents and the referral sources, which amounts will be paid out of the commissions payable to the agents under the Offering and will not exceed the commissions payable to such agents. The Selling Commissions payable under the Minimum Offering will be \$132,500 and under the Maximum Offering will be \$3,427,775, being 13.25% of the Gross Proceeds of the Minimum Offering and the Maximum Offering, respectively.

The Selling Commissions payable under the Offering from the sale of the Units will be paid by the Partnership.

No agent was involved in the Partnership's decision to distribute Units or in the determination of the terms of the distribution of the Units.

The Partnership may enter into agency or referral agreements with appropriate parties. Such agreements will contain terms and conditions that are customary in respect of offerings of the nature of the Offering, which may include the ability of such parties to terminate their respective obligations at any time before the Closing upon certain occurrences.

In addition, WIGI may sponsor conferences or retreats, the participants in which may be selected based upon overall sales volumes of WIGI sponsored securities products and not related directly to any specific offering. WIGI may also pay corporate finance fees and/or due diligence fees to potential agents for the purposes of their review and due diligence in order to allow them to determine whether to sell the Units. These corporate finance fees and/or due diligence fees will be paid by WIGI and will not form part of the "Estimated Offering costs" as described in "Item 1 – Use of Available Funds" which will be borne by the Partnership but will not exceed, in respect of the Offering, \$150,000 in the aggregate.

#### **ITEM 8 – RISK FACTORS**

An investment in Units involves various risks and uncertainties. In addition to the risks set forth elsewhere in this Offering Memorandum, potential investors should carefully consider the following risk factors. The risks discussed in this Offering Memorandum can adversely affect the Partnership's operations, operating results, prospects and financial condition. This could cause the value of the Units to decline and cause investors therein to lose part or all of their investment. In addition to those set out below and elsewhere in this Offering Memorandum, other material risks and uncertainties of which the Partnership is not presently aware may also negatively impact the Partnership's investment activities. The following is a summary only of the material risk factors involved in an investment in the Units. Prospective investors should review the risks with their legal and financial advisors. Also, see "Cautionary Statements".

#### **The period of time the Partnership will hold the Property may be longer than anticipated**

The Partnership will hold its interests in the Property as an investment until it is commercially opportune for the Property to be developed, to sell or otherwise dispose of the Property and to distribute the net proceeds of the sale to Unitholders. **It is anticipated that the Property will need to be held for approximately four (4) to six (6) years before they are sold. Notwithstanding the above, market and economic conditions, and other relevant factors may become such that the Partnership will need to hold the Property for materially longer than the time periods expressed above.** See "Item 2 – Activities of the Partnership – Investment Activities – Historical Performance of Other Walton Group Pre-Development Projects" and "Item 2 – Activities of the Partnership – Investment Activities – Experience of Walton Group in Pre-Development Projects in the Texas



Region" for further information on the Walton Group's track record as it relates to Walton Group pre-development projects in North America and in Texas, in particular, that have not yet exited and those projects which have exceeded the Walton Group's original forecasted or stated hold periods.

In particular, and as noted elsewhere in this Offering Memorandum, 34 of the Walton Group's 71 Texas specific pre-development projects have exceeded their originally expected or stated hold period as of March 31, 2015 and to date there has been no full or partial exits of pre-development land projects in Texas. The Walton Group believes that the unanticipated length of the recent economic recession and slower than anticipated recovery adversely impacted the originally expected or stated hold periods for these projects and that, as a result, the estimated hold period for a large number of these Texas projects will likely be materially longer than originally expected or stated.

### **Purchase and sale of the Property**

The purchase price the Partnership will pay to Walton Texas for its interest in the Property will be significantly higher than the price paid by Walton Texas to the vendors. Walton Texas will recover its purchase price and earn a substantial return from the Property immediately on the sale of undivided interests in the Property to the Partnership, while a Subscriber must wait until the Property is sold by the Partnership in order to earn a potential return. Depending on the amount of costs incurred by the Partnership in relation to, among other things: (i) the maintenance and operation of the Partnership, the maintenance of the Property and Concept Planning on the Property which are in excess of its reserves; (ii) the total costs to the Partnership of any borrowing of funds by it; (iii) all other costs of the Partnership which are not paid by using any funds borrowed by the Partnership as referred to in (ii) above; and (iv) all other costs, expenses, obligations and liabilities of the Partnership which may or may not have been anticipated by the General Partner at the time the Offering was made, the aggregate average price per acre that the Partnership will have to receive in the future for sale of its entire interest in the Property, in order for investors to receive their investment in the Partnership back and a return thereon, will need to exceed the gross syndication price per acre to the investor (inclusive of Commissions, Reserves and Costs) of \$20,947 (assuming the Maximum Offering) and may be required to be a number of multiples of that gross syndication price per acre. See "Item 2 – Activities of the Partnership – Related Party Compensation to Walton Texas from the Acquisition of Interests in the Property by the Partnership."

### **The Monthly Distribution is not a debt obligation**

The Monthly Distribution is not a debt obligation. The Partnership will not earn any interest to fund Monthly Distributions until a Closing occurs and the Net Proceeds are lent to Borrowers. Under the Partnership Agreement, the declaration and payment of distributions are subject to the satisfaction of certain conditions and distributions shall only be declared in the sole discretion of the General Partner. There can be no assurance that the Monthly Distribution shall be declared in whole or in part in any month or at all. **The declaration and payment of the Monthly Distribution will be contingent upon availability of sufficient assets or funds and therefore upon the creditworthiness of the Borrowers and the Borrowers complying with their obligations to repay the Loans pursuant to the terms of the Loan Agreements.** If all or any part of the contemplated Monthly Distribution is not declared by the Partnership, such distribution shall not be paid to the Unitholders. Unitholders will not have a right of action against the Partnership or the General Partner if the General Partner determines it will not declare the Monthly Distribution in any month or at all or direct recourse against WIGI, the Material Affiliates or the Sponsored Entities if they do not satisfy their obligations under the Loan Agreements. Monthly Distributions, if any, will not be calculated and will cease after the Partnership acquires its first undivided interest in the Property.

### **The Monthly Distribution may change each month and payment shall be delayed**

The amount of any Monthly Distribution declared by the Partnership shall vary based on the amount of Gross Proceeds existing during the applicable calculation period. It will not be possible to determine the amount which will be declared in any month to Unitholders until that distribution is actually declared. Although the Monthly Distribution may be declared monthly, the distribution will only be paid on the thirtieth day following the date the Partnership first acquires an undivided interest in the Property. No interest will accrue on any declared but unpaid Monthly Distributions. Unitholders will not receive formal notice of any declared Monthly Distribution prior to payment. Rather, Unitholders will receive a statement of their Monthly Distributions declared by the Partnership at the time the distributions are paid.

**If a Borrower defaults on a Loan, and WIGI and Walton Global do not honor the Loan Guarantees, the ability of the Partnership to acquire an interest in the Property will be substantially reduced**

The ability of the Partnership to acquire an interest in the Property, and the financial performance of the Partnership, will be contingent upon the Borrowers complying with their obligations to repay the Loans pursuant the terms of the Loan Agreements, including the payment of interest accruing thereunder and upon WIGI and Walton Global honoring the Loan Guarantees. In the event that the Borrowers default on the Loans, and/or WIGI and Walton Global defaults on the Loan Guarantees for whatever reason, the Partnership's ability to acquire an interest in the Property will be substantially reduced. If a Borrower defaults on its payments to the Partnership under the Loan Agreements, or if WIGI and/or Walton Global defaults on the Loan Guarantees, Unitholders will not have direct recourse against WIGI, Walton Global, the Material Affiliates or the Sponsored Entities.

**Not all of the Gross Proceeds will be used to make Loans to Borrowers**

At each Closing the Partnership will pay the related Selling Commissions to the agents. As well, at the first Closing, the Partnership will pay to WIGI the full amount of the estimated Offering costs. Accordingly, only the Net Proceeds of the Offering will be available to be loaned to the Borrowers and will be the only amount upon which the Partnership may earn interest, which interest will be the Partnership's source of funds to pay its intended Monthly Distributions. The Partnership will need to ensure that the interest it earns from the Loans is sufficient to pay its intended Monthly Distributions.

**The future political climate in the State of Texas cannot be predicted**

The State of Texas, and more specifically the City of Waxahachie, and Ellis County, present social, economic and political conditions that are reasonably stable. However, these levels of local government and the federal government could implement policies that would have an adverse effect on the value of the Property. Examples of such policies are tax reform, land use restrictions, land ownership restrictions, transportation policies, development moratoriums, annexation proceedings or other adverse economic or monetary policies.

**The Property will be subject to the dominant mineral estate**

In Texas, the dominant estate is the mineral estate and not the surface estate, meaning that the owner of the mineral estate has the legal right of entry and the surface owner is subordinate to that right. The mineral estate has been severed from the ownership of the Property, and is vested partially in the vendors, as well as other third party owners. In connection with the closing of the acquisition of the Property by Walton Texas, the vendors will not be conveying any mineral rights they own, but the Deed to Walton Texas will include a surface waiver that binds the vendors' mineral estate. Accordingly, some degree of the surface use of the Property will not be in Walton Texas' control. In addition to the surface use waiver to be obtained from the vendors, surface use waivers are in place for the majority of the other existing mineral owners, restricting their rights to use the surface for exploration. If not otherwise obtained pre-closing of the Property, WDM US will continue to work with the other owners of the mineral rights post-closing to obtain surface use waivers for the remaining acreage to establish appropriate use restrictions. In the event that surface use waivers are not obtained and the mineral owners desire to explore minerals using the surface of the Property, which is not currently expected, then Walton Texas will accommodate drilling sites on or around the Property, which Walton Texas anticipates will not adversely impact any future development of the Property.

**The future economic climate in Texas cannot be predicted**

The success of the Partnership will be highly dependent on the economy of the State of Texas and of the local area in which the Property is located. The Texas economy may not sustain recent levels of growth and projections regarding future growth may not be accurate.

The oil and gas industry forms a part of the well diversified Texas economy. Oil and natural gas prices have fluctuated widely during recent years and are determined by supply and demand factors, including weather and general economic conditions, as well as conditions in other oil and natural gas regions, the actions of the Organization of the Petroleum Exporting Countries (OPEC), governmental regulation, political stability in the Middle East and elsewhere, the foreign supply of oil and natural gas, the price of foreign imports and the availability of alternative fuel sources. In particular, the prices of oil and natural gas have declined substantially during the last quarter of 2014 and the first quarter of 2015. While the Dallas Fort – Worth region is not heavily dependent on the oil and gas sector, any decline in the oil and gas economy in Texas, in the Texas economy generally or in the local

area in which the Property is located, could have a material adverse impact on the demand for or value of the Property or any future development thereon, the financial results of the Partnership, the ability of the Partnership to carry out its proposed activities with respect to the Property and the value and return to investors on their investment in the Partnership.

### **Highly speculative**

The purchase of Units is highly speculative. A potential Subscriber should purchase Units only if it is able to bear the risk of the entire loss of its investment. An investment in the Units should not constitute a significant portion of an investor's portfolio.

### **U.S. dollar currency risk**

The investment by the Partnership in the Property as well as the Limited Partner's investment in the Units will be denominated in U.S. dollars. As a result, the Partnership and the Limited Partners are exposed to market risks resulting from fluctuations in the U.S./Canadian dollar exchange rate. An increase in the value of the Canadian dollar as compared to the U.S. dollar will lessen the value of the Partnership's investment in the Property and the Limited Partners' investment in the Units from a Canadian dollar perspective.

### **No guarantee that investment in the Units will be successful**

There can be no guarantee that investors will not realize losses from an investment in Units and there can be no assurance that the Partnership's strategy of investing in the Property will be successful or that the objective of earning a profit will be achieved. Real estate investment and Concept Planning involves a high degree of risk that even the combination of experience and knowledge may not be able to avoid. Success in these objectives will depend to a certain extent on the efforts and abilities of the management of the General Partner, of management of any other Co-Owners of the Property and on a number of other external factors, such as, among other things, the development of the residential, commercial and/or industrial real estate markets in the vicinity of the Property and the general political and economic conditions that may prevail from time to time, which factors are beyond the control of the General Partner, WIGI, WIGI USA, WDM, WDM USA and Walton Texas.

The likelihood of success of the Partnership must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the establishment of any real estate investment. If the Partnership fails to address any of these risks or difficulties adequately, its investment performance likely will suffer. Future profits, if any, will depend upon various factors, including the growth of the urban areas and regions in or nearby the Property, the success, if any, of the development and marketability of the Property, the receipt of applicable government approvals, the application of government regulations and enforcement of such regulations and general political and economic conditions. There is no assurance that the Partnership can operate profitably or that the Partnership will successfully implement its plans.

### **Distributions on the Units are in the sole discretion of the General Partner and distributions, if any, may not occur for several years**

The amount, manner and timing of any distributions by the Partnership on the Units will be in the sole discretion of the General Partner provided that, prior to making any such distributions, the Partnership will be required to pay and/or make reservation for all amounts necessary for payment of all expenses of the Partnership (including all amounts owing by the Partnership under the Co-Ownership Agreement, the Funding Agreement, the Concept Planning Services Agreement, any credit facilities or other loans, or borrowings of the Partnership, and any tax withholding obligations) and will be required to reserve such amounts as in the opinion of the General Partner are necessary, having regard to the then current and anticipated resources of the Partnership and its commitments and anticipated commitments.

It is anticipated that distributions, if any, on the Units will not occur for several years, and may not occur until the end of the hold period of the Property by the Partnership.

### **Conflicts of interest**

The following is a summary of certain of the conflicts of interest that exist under this offering structure. There may be additional conflicts not highlighted in this summary. Please read the entire Offering Memorandum:

- The Partnership, the General Partner, Walton Texas, WIGI, WIGI USA, WDM, WDM USA, Walton Finance and Walton Nevada, all have a common parent company, Walton Global. All of these companies and others that are affiliates of the companies are members of the Walton Group. The sole director and officers of the General Partner are also management and/or directors and/or employees of other of such entities or other members of the Walton Group and may receive compensation in such roles from such other entities. As a result, these entities and the management and/or directors thereof may be influenced by the interests of the Walton Group overall or the interests of certain members of the Walton Group, individually, other than the Partnership, in their management decisions. These interests may not be the same as those of the Partnership.
- Walton Texas will acquire the Property for a purchase price of \$5,558 per acre. It will sell undivided interests in the Property to the Partnership at a price of \$15,173 per acre. The difference between those two prices is the related party compensation that Walton Texas will receive from the sale of undivided interests in the Property to the Partnership. This related party compensation will be used by Walton Texas and its parent corporation, WIGI USA, to pay for their costs and expenses (which will include payments to other members of the Walton Group for services in respect of the Property that are provided to Walton Texas and WIGI USA) and to generate a profit for the Walton Group. The vast majority of those costs will not be utilized for purposes that are directly related to the Property. The return to Limited Partners from their investment in the Partnership is based on the Partnership's return on the Loans and its investment in the Property only.
- The General Partner and WIGI are direct or indirect wholly-owned subsidiaries of Walton Global and are part of the Walton Group. Entities in the Walton Group earn income by providing services to others in the Walton Group, including Walton Texas, and therefore indirectly benefit from the related party compensation that Walton Texas receives from the sale of undivided interests in the Property to the Partnership.
- WIGI, WIGI USA and their affiliates have sponsored private real estate syndication programs with investment objectives similar to the Partnership's in the past and may become involved in such other programs in the future. Some of the past programs have sold their properties and are completed, while others are ongoing. To the extent that other programs sponsored by WIGI and WIGI USA or their affiliates own properties in the same geographic area as the Property, a conflict of interest could arise relating to the sale of the properties because the Property and such other programs may compete for the same buyers if the Partnership were to attempt to sell the Property at or around the same time as other properties owned or administered by WIGI, WIGI USA or their affiliates. In addition, WIGI, WIGI USA and their affiliates may believe that the overall value of properties owned by more than one program sponsored by WIGI, WIGI USA and their affiliates may be enhanced through the sale of multiple properties to a single developer. As such, it is possible that WIGI, WIGI USA and their affiliates may seek a sale of the Property as part of a larger transaction involving multiple properties administered by WIGI, WIGI USA or their affiliates, which may yield a lower value for the Property than a stand-alone sale of the Property or may cause the hold period of the Property to be longer or shorter than optimal.
- The Partnership and/or WIGI and/or Material Affiliates and/or Sponsored Entities will enter into the Loan Agreements whereby the Partnership intends to loan all of the Net Proceeds to the Borrowers. The Partnership will need to rely on the Borrowers to comply with the obligations under the Loan Agreements in order for the Partnership to be able to declare and pay Monthly Distributions. Additionally, WIGI and Walton Global will provide Loan Guarantees for any Loan Amounts borrowed by Material Affiliates and Sponsored Entities. Conflicts may arise between the Partnership and the Borrowers in the event the Partnership seeks to enforce its rights under the Loan Agreements upon a default thereunder by the Borrowers. In addition, conflicts may arise between the Partnership and WIGI and Walton Global in the event the Loan Guarantees need to be enforced. There can be no assurances that the Partnership will enforce its rights under the Loan Agreements and investors cannot require the Partnership to do so.
- Under the terms of the Concept Planning Services Agreement, a fee of \$200 per acre per year will be paid by the Partnership to WDM USA. WDM USA is affiliated with WIGI, Walton Global, the Partnership, the General Partner and other members of the Walton Group. This fee will be paid from the Concept Fund.
- WIGI will receive a fee of approximately CDN\$10,000 per year for providing accounting services to the Partnership. This fee will be paid by the Partnership out of the Entity Maintenance Reserve.
- Under the terms of the Funding Agreement, WIGI and Walton Finance will provide funding to the Partnership for, among other things, excess Offering costs, and costs and expenses that exceed the amounts that are reserves under the Offering. Walton Finance will receive interest from the Partnership for providing such funding. Walton Finance will be required to be repaid such amounts before distributions can be made by the Partnership to the Limited Partners. Walton Finance will take security over the assets of the Partnership, including the Property, to secure any amounts owing by the Partnership to Walton Finance under the Funding Agreement. As a result, if the Partnership defaults in the repayment of any such amounts, Walton Finance may take possession of such assets of the Partnership, including the Property.

- In addition to any lending under the Funding Agreement, the Partnership may borrow funds from any one or more members of the Walton Group for any number of purposes. Under the terms of such loans, such members of the Walton Group will receive interest from the Partnership and receive fees from the Partnership under such loans. Such members of the Walton Group will be required to be repaid such amounts before distributions can be made by the Partnership to the Limited Partners. Such members of the Walton Group will take security over the assets of the Partnership, including the Property, to secure any amounts owing by the Partnership under such loans. As a result, if the Partnership defaults in the repayment of any such amounts, such members of the Walton Group may take possession of such assets of the Partnership, including the Property.
- Significant transactions and agreements described in this Offering Memorandum, such as the Loan Agreements, the Purchase and Sale Option Agreement, the Concept Planning Services Agreement and the Funding Agreement are among related parties that are members of the Walton Group and may not contain the customary contractual terms that would be present in documentation negotiated with unrelated parties.
- Members of the Walton Group may make offers for the Property or portions thereof on their own account or may make offers for the Property in conjunction with future syndicates they help to assemble for the purposes of purchasing the Property. The Walton Group may maintain an ownership interest in such future structures and, accordingly, any exit offer made by such future structure would be a related party transaction. Under the terms of the Partnership Agreement, in certain circumstances, such related party transactions may be able to be completed by the Partnership without obtaining the approval of the Limited Partners. In all circumstances of such related party transactions, whether they are required to be approved by the Limited Partners or not, there may be benefits to the Walton Group that will not accrue to the Partnership or its investors unless they become part of the future structure that purchases the Property and there is no guarantee that they may be able to become part of such future structure.
- Limited Partners of the Partnership may include persons or entities organized in various jurisdictions (including one or more affiliates of the Walton Group) who may have conflicting investment, tax and other interests with respect to their investments in the Partnership. The conflicting interests of individual Limited Partners may relate to or arise from, among other things, the Property and the timing of the disposition of the Property and the price at which they are disposed. This may result in different returns being realized by different Limited Partners. As a consequence, conflicts of interest may arise in connection with decisions to be made by the General Partner that may be more beneficial for one Limited Partner than for another Limited Partner, especially with respect to a Limited Partner's individual tax situation.
- The Partnership will not acquire a 100% interest in the Property and will co-own the Property with Walton Texas and may, to the extent it acquires less than a 95% undivided interest, co-own the Property with other parties, including, potentially, other members of the Walton Group, who may have conflicting investment, tax and other interests with respect to their investments in the Property. The conflicting interests of individual co-owners may relate to or arise from, among other things, the timing of the disposition of the Property and the price at which they are disposed. Such investment may involve risks to the Partnership that are not present in investments where a third party is not involved, including, among other things, the possibility that: (i) this may result in different returns being realized by different co-owners and, as such, conflicts of interest may arise in connection with decisions to be made by the co-owners that may be more beneficial for one co-owner than for another co-owner, especially with respect to a co-owner's individual tax situation, (ii) the Partnership and the other co-owners may reach an impasse on a major decision that requires the approval of all parties; (iii) the other co-owners may at any time have economic or business interests or goals that are inconsistent with those of the Partnership; (iv) the other co-owners may encounter liquidity or insolvency issues or may become bankrupt; (v) the other co-owners may be in a position to take action contrary to the Partnership's investment objectives; (vi) the other co-owners may grant security against their interest in the Property that may prevent or make it difficult for the Partnership to sell any portion of its interest in the Property while that security is in place; (vii) the other co-owners may take actions that subject the Property to liabilities in excess of what the Partnership can successfully manage; or (viii) in certain circumstances, the Partnership may be liable for actions of the other co-owners.
- One or more affiliates of WIGI may acquire Units pursuant to the Offering and, as a result, may own significant numbers of Units and may be in a position to influence the Partnership in a manner that may be counter to the interests of other Limited Partners.
- The Partnership and General Partner do not have any employees. They will rely on the employees of their affiliates (including WIGI, WIGI USA, Walton Global, WDM USA, Walton Nevada and Walton Texas) for the day-to-day management of their affairs. Pursuant to the Co-Ownership Agreement, Walton Texas will be the administrator of the Property and, subject to certain actions which require consent of the Owners, will be solely responsible for the administration of the Property. In addition, Walton Texas will, from time to time, potentially retain the services of WIGI, WIGI USA, WDM, WDM USA and other affiliates thereof with respect to the same.

If WIGI or any of its affiliates suffers or is distracted by adverse financial or operational problems in connection with its operations unrelated to the Partnership, employees thereof may allocate less time and resources to the operations of the Partnership. If any of these things occur, the returns on the Property and the value of an investment in the Units may decrease or may not increase as anticipated.

- The Partnership may, from time to time, have the opportunity to retain third parties to act for the Partnership as consultants or in some other capacity, with whom WIGI, WIGI USA, WDM, WDM USA or any of their affiliates, have prior business relationships and an interest in preserving such relationships. If the Partnership retains any such parties, the General Partner (as an affiliate of each of WIGI, WIGI USA, WDM, WDM USA or any of their affiliates) may experience a conflict between the interests of the Partnership and the interests of WIGI, WIGI USA, WDM, WDM USA and their affiliates in preserving any ongoing business relationships with that party.
- Pursuant to the Co-Ownership Agreement, Walton Texas and WIGI USA will have the power and authority to manage and control the Property without further approval of the other co-owners, except in limited circumstances and certain decisions regarding the Property require the unanimous consent of the owners, such as participating in the development of the Property, encumbering the Property in certain circumstances and a sale of more than 10% of the Property's total acreage in any transaction. Such sales may also require approval as an Extraordinary Resolution under the Partnership Agreement. It is possible that the interests of Walton Texas, WIGI USA or of such other co-owners may differ from those of the Partnership or of Unitholders and therefore Walton Texas may not approve a matter, such as an exit transaction, that the Partnership or Unitholders would approve.
- Other Walton Group affiliates or syndicated entities or persons that are managed by Walton Group affiliates may become co-owners of the Property, and such entities may have common directors or officers with the General Partner. In certain circumstances, including in connection with the sale of the Property, the consents of such other co-owners, may be required. It is possible that the interests of such other Walton Group affiliates or syndicated entities or persons that are managed by Walton Group affiliates may differ from those of the Limited Partners and may not approve a matter, such as an exit transaction that the Limited Partners would approve.
- The General Partner may propose from time to time that the Partnership enter into other contractual arrangements with WIGI, WIGI USA, Walton Texas, Walton Finance, Walton Nevada, WDM, WDM USA and/or their affiliates for the provision of certain services for which fees will be paid for such services.
- Legal counsel that prepared, or will prepare, the documentation in connection with the transactions referred to in this Offering Memorandum, including the material contracts of the Partnership referred to elsewhere in this Offering Memorandum, also act as, or will act as, legal counsel for the Partnership, the General Partner, Walton Texas, Walton Finance, Walton Nevada, WDM, WDM USA, WIGI USA and Walton and various other affiliated parties thereof. No independent counsel was retained on behalf of the Partnership or investors. This Offering Memorandum and the documents referenced in this Offering Memorandum have not been reviewed by independent counsel on behalf of the Partnership or investors. No due diligence has been conducted on the Partnership, the General Partner, Walton Texas, Walton Finance, Walton Nevada, WDM, WDM USA, WIGI USA or Walton.

Other scenarios may arise where affiliates of WIGI or of the General Partner or of Walton Texas and WIGI USA are involved with the Partnership or the Property.

### **Limited operating history**

The General Partner has been incorporated for the purpose of managing the business of the Partnership and does not have a record of achievement to be relied upon. The Partnership's operations are subject to all the risks inherent in the establishment of a new investment activity, including a lack of operating history. If the economic growth in the area does not attain levels of growth that it has achieved in the past, any projections regarding future growth may not be accurate.

### **Risks of real property ownership**

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 office, retail space or warehousing or the demand for residential real estate in the area), government regulation and changes therein (such as zoning, taxation of property and environmental legislation), changes in governments and the political environment in the jurisdictions in which the Property is located and the attractiveness of the Property to potential purchasers and developers. In addition, each segment in the real estate development industry is capital

intensive and is typically sensitive to interest rates and economic conditions. The income generated by the Property, if any, is dependent upon general economic conditions and, accordingly, the return to Unitholders may be affected by changes in those conditions. There is also no assurance that the Property can be expected to be sold profitably. Economic conditions may also affect the municipalities and their ability and willingness to fund infrastructure projects to support development. The market for real property can be affected adversely by economic factors, which may be regional, national or international in scope.

The recent recession in the U.S. and the increased default rates on sub-prime mortgages in the U.S. and the effect of these increased default rates on the mortgage backed securities market in U.S. and Canada has significantly reduced the amount of debt financing available for real estate projects, in particular, residential real estate projects in the U.S., but in Canada as well. Some experts believe that as a consequence of significant drops in prices in the real estate sector, the current value of real estate investments could decrease considerably. This could mean that the Property may decrease in value. These factors may have a negative impact on the value of the Partnership's interest in the Property, on the length of time the Partnership will be required to hold the Property, on the purchase price of the Property when it is eventually sold and ultimately on the value of the Units.

In addition, there may be potential for the discovery of archaeological sites or biologically sensitive habitats on the Property which may require the Partnership to preserve the site at its expense and refrain from developing all or a portion of the Property. Even if there is ultimately to be nothing of archaeological value, or no biologic sensitivity on the Property, the Partnership may be required to respond to claims that there are. Defending against such claims or mitigating any potential biologic sensitivity may be expensive and may have a material adverse effect on the value of the Property and the investment in the Units.

The Partnership will be required to make certain expenditures in respect of its activities, including, but not limited to, the payment of property taxes, maintenance costs, insurance costs and related charges regardless of whether or not the Property is producing sufficient income to service such expenses. If the Partnership 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.

#### **Further encumbrances may be placed against the Property**

Pursuant to the Funding Agreement, Walton Finance will register a mortgage and other security against the Partnership's interest in the Property to secure the amounts that may be owed to it by the Partnership thereunder. There can be no assurances that between the date hereof, and the date of the acquisition of an interest in the Property by the Partnership, and/or subsequent to the date thereof, further encumbrances and restrictions will not be registered against the Property.

#### **Historical performance**

The examples of historical returns achieved by investors in past UDI projects syndicated and administered by the Walton Group discussed elsewhere in this Offering Memorandum are, for the most part, based on a different investment model and where the property was identified at the time of syndication and relate to parcels of land located in the Provinces of Alberta and Ontario that, in many cases, were sold several years ago. These historical returns cannot, and should not, be viewed as indicative of the future performance of the Units offered under this Offering Memorandum and must not be relied upon as a forecast or projection of the anticipated returns, if any, on an investment in the Units.

#### **Exit strategy limits on liquidity and price**

Real property investments tend to be relatively illiquid, with the degree of liquidity generally fluctuating in relation to demand for, and the perceived desirability of, the investment. The costs of holding real estate are considerable, and the Partnership, as a holder of a beneficial undivided interest in the Property, during a recessionary period may be faced with ongoing expenditures with little prospect of incoming receipts. If it was necessary to liquidate all or a portion of the Property, the proceeds to the Partnership might be significantly less than the total value of its investment on a going concern basis.

The Units are not redeemable and therefore investors will have no right to demand a return of capital from the Partnership. There is no market over which the Units may be traded, and it is very unlikely that one will develop.

## **Restrictions on ability to transfer units**

The Units do not trade on an exchange or any regulated market and no market is expected to develop. The Units will be subject to a number of resale restrictions, including a restriction on trading. Until the restriction on trading expires, a Unitholder will not be able to trade the Units unless it complies with very limited exemptions from the prospectus and registration requirements under applicable securities legislation. As the Partnership has no intention of becoming a reporting issuer in any jurisdiction in Canada, these restrictions on trading will not expire. In addition, the Partnership Agreement contains restrictions on the ability to transfer the Units. Consequently, Unitholders may not be able to liquidate their Units in a timely manner, if at all, or pledge their Units as collateral for loans. Subscribers are encouraged to seek independent legal advice. See "Item 10 – Resale Restrictions".

## **Walton Texas may sell the remaining interest in the Property to other investors**

Walton Texas may sell undivided interests in the Property to other investors. Such purchase of an interest by a third party may occur while this Offering is ongoing. The remaining interest in the Property may be offered to other investors of the Walton Group at a purchase price per acre of not less than the Partnership's acquisition price per acre of \$15,173. This may affect the ability to make decisions under the Co-Ownership Agreement or take other steps. See also "Item 2 – Activities of the Partnership – Material Contracts – Co-Ownership Agreement".

## **Regulatory approvals**

The desirability of the Property to potential developers who may wish to acquire them from the Partnership will depend on the Partnership's ability to obtain land use approvals and other approvals from local government agencies through the efforts of WDM USA. The process of obtaining such approvals may take many months or even years. There are no assurances that any of these approvals will be received or be received in a timely manner or be received in a manner that is acceptable to a developer. Failure to obtain acceptable approvals in a timely manner could have a significant negative effect on the value of the Property and, in turn, on the value of the Units.

For the Property to be attractive for development by a future developer, the Owners may choose to update the "Master Plan" and land use designations to fit market conditions, and obtain other associated required approvals from local government agencies. The process of obtaining these approvals may take many months and the costs of holding the Property will accrue while regulatory approvals are being sought. These approvals may not be received or not be received in a timely manner or not be received in a manner that is acceptable to the Partnership. Failure to obtain acceptable approvals in a timely manner could have a significant negative effect on the value of the Property and, in turn, on the value of the Units and could render the Property uneconomic.

In addition, there may be potential for the discovery of archaeological sites or biologically sensitive habitats on the Property which may require the Partnership to preserve the site at its expense and prevent the future development of all or a portion of the Property. Even if there is ultimately found to be nothing of archaeological value or no biologic sensitivity on the Property, the Partnership may be required to respond to claims that there are. Defending against such claims or mitigating any potential biologic sensitivity may be expensive and may have a material adverse effect on the value of the Property and the investment in the Units.

In addition, any required easement, cost sharing or other similar agreements with neighbouring land owners required for development of the Property may not be obtained on a timely basis, if at all. Failure to obtain any such required agreements could increase the costs of future development of the Property and the time it takes to develop the Property which could significantly and negatively impact the attractiveness of the Property to a potential developer and the returns anticipated to investors.

## **Funding Agreement – Walton Finance and WIGI have other funding obligations**

Walton Finance and WIGI have entered into, and may enter into, several other funding agreements similar in form and substance to the Funding Agreement with other entities in connection with other structured product offerings involving real estate in which Walton Finance and/or WIGI are involved and/or are a promoter. Those other funding agreements require, or will require, Walton Finance and/or WIGI to provide significant amounts of funding to those other entities. In the event that Walton Finance and/or WIGI for whatever reason, are unable to live up to their funding obligations to all of these entities and to the Partnership, they may choose to fund other entities instead of the Partnership, which choice may be made for any number of reasons, including that the property applicable to that other entity may have better development potential or better potential for profit or Walton



Finance and/or WIGI or Walton Texas may hold a higher interest in such property than in the Property. In the event that, for any reason (including those set out above), Walton Finance and/or WIGI are unable or unwilling to continue to provide funding under the Funding Agreement to the Partnership or the obligations of Walton Finance and WIGI under the Funding Agreement terminate, the Partnership will have to find other sources of funding to fund its ongoing costs and expenses, which other sources of funding may not be available or may not be available on terms that are acceptable to the Partnership. Any borrowings by the Partnership (including under the Partnership Agreement or the Funding Agreement or pursuant to the Funding Right) will take priority over the distribution of income or other amounts to the Unitholders and such amounts will be required to be repaid before any distributions of income or other amounts are made to the Unitholders. Any borrowings by the Partnership from parties other than Walton Finance will require the consent of Walton Finance under the Funding Agreement (other than pursuant to the Funding Right, as applicable), and, if such borrowing involves the granting of a charge on its interest in the Property (other than pursuant to the Funding Right), such charge will require the consent of Walton Texas under the Co-Ownership Agreement and the consent of the Limited Partners by way of Extraordinary Resolution. There can be no guarantee that the Partnership will be able to obtain third party financing in the event it exhausts its funding from Walton Finance or that such third party financing will be available on terms acceptable to the Partnership or that Walton Finance will agree to such third party financing when its consent is required for the same or that it or the Limited Partners will consent to the granting of security on the Property when their consent is required for the same. The inability of the Partnership to obtain adequate funding for its operations will have a material adverse effect on the Partnership, the value of the Property and the return that the Subscribers will receive on their investment in the Units.

The Funding Agreement provides that WIGI and Walton Finance will not fund the costs of, or any liabilities or losses of, the Partnership or the General Partner arising from any actions, lawsuits or tribunal hearings (including amounts paid in settlement thereof) in which the Partnership or the General Partner becomes involved or may be made a party to or which involves assets of the Partnership or the General Partner. As a result, if any such action, lawsuit or tribunal occurs, it will have a significant negative impact on the value of the Units.

If the Partnership defaults on any of its obligations under the Funding Agreement, Walton Finance will be able to exercise its rights thereunder and under the security provided by the Partnership to Walton Finance on the Property pursuant to the Funding Agreement to take possession of all or a portion of the Property and/or to sell the same to another party in order to recover the amounts owing to it by the Partnership under the Funding Agreement. If this occurs, this will have a material adverse effect on the Partnership, the value of the Property and the return that the Unitholders will receive on their investment in the Units.

#### **Time horizon of investment and financing of Partnership costs may not be sufficient**

As a result of the Partnership's primary intention to acquire an interest in the Property and then to hold it as an investment, it is anticipated that the net income, if any, earned from the Property will not be significant prior to its eventual sale. The Partnership will set aside the Expense Reserve and the Entity Maintenance Reserve, which will be utilized by the Partnership to pay the estimated anticipated ongoing and other costs of the Partnership. While the Partnership anticipates that it will need to hold its interest in the Property for approximately four (4) to six (6) years, market and economic conditions and other relevant factors may become such that the Property will need to be held for materially longer. The Partnership's estimates of annual costs and expenses to determine the Expense Reserve and the Entity Maintenance Reserve may prove to be materially incorrect. See "Item 2 – Activities of the Partnership – Investment Activities – Historical Performance of Other Walton Group Pre-Development Projects" and "Item 2 – Activities of the Partnership – Investment Activities – Experience of Walton Group in Pre-Development Projects in the Texas Region" for further information on the Walton Group's track record as it relates to Walton Group pre-development projects in North America and in Texas, in particular, that have not yet exited and those projects which have exceeded the Walton Group's original forecasted or stated hold periods.

#### **Single type of asset**

The Partnership was formed to ultimately acquire an interest in the Property. The Property will represent the only significant asset of the Partnership and therefore the Partnership's financial performance will be directly tied to the performance of the Property.

#### **Default on indebtedness**

If the Partnership defaults in the repayment of any indebtedness, including any future indebtedness that might exist due to the advance of funds under the Funding Right or becomes insolvent, the creditors holding such

indebtedness will be entitled to exercise available legal remedies against the Partnership, including among other things, preventing any distributions on the Units, declaring the full amounts of such loans immediately repayable and exercising their rights against the assets of the Partnership, including the Property. There is no assurance that there will be assets available to recover any portion of a Limited Partner's investment.

### **The Partnership may experience uninsured losses**

The Partnership or the other Owner(s) of the Property may not insure its activities and/or the Property, as the case may be, in a manner that is sufficient and there may be risks that are not foreseen and against which the Partnership or the Owner(s) have not obtained insurance. Insurance against some risks may not be available or may be prohibitively expensive. Even in cases where the Partnership or the Owner(s) have insured against loss, the amount of the loss may exceed the limits of the policy, the Partnership or the Owner(s) may not be able to substantiate the full extent of the loss to the satisfaction of the insurer, any coverage may be subject to large deductibles or co-payments and the limits under applicable policies may be required to be shared among a number of parties. The Partnership and the other Owner(s) will not be able to insure against total loss of the value of their assets, of the Property or the total value paid by the investors for the Units.

### **Environmental matters and other concerns**

Walton commissioned C&E Environmental, LLC to perform a Phase 1 ESA in accordance with ASTM Standards E1527-13 under the 'All Appropriate Inquiry' rule established by the U.S. Environmental Protection Agency. The ESA included a review of established environmental databases, historical maps and documents, interviews, and a site reconnaissance to determine if there are any Recognized Environmental Conditions (REC) onsite. The assessment revealed no evidence of any RECs associated with the Property, with no further investigation required. There can be no assurance, however, that all adverse environmental conditions and environmental risks have been identified in the ESA report.

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 as a result of 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 and, in turn, the value of the Units.

Under various environmental laws, ordinances and regulations, the current or previous owner or operator of the Property, and the Partnership once it acquires 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 Partnership 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 Partnership's ability to sell the Property or to borrow using the Property as collateral and could potentially also result in claims against the Partnership. Environmental laws provide for sanctions for non-compliance and may be enforced by governmental agencies or, in certain circumstances, by private parties. Certain environmental laws and common law principles could be used to impose liability for release of and exposure to hazardous substances into the air. Third parties may seek recovery from real property owners or operators for personal injury or property damage associated with exposure to released hazardous substances. The cost of defending against claims of liability, of complying with environmental regulatory requirements, of remediating any contaminated property, or of paying personal injury claims could be substantial and reduce the value of the investment in the Units. The Partnership 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 General Partner's perception of relative risk.

### **Competition**

The Partnership competes with other investors, developers, and owners of properties for the sale of desirable real estate properties. Some of the commercial, retail and residential properties of the competitors of the Partnership are 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 and efficiencies than the Partnership. The existence of competing developers and owners could have a material adverse effect on the ability of the Partnership and Walton Texas, or WIGI USA, to market the Property and could adversely affect the profitability of the Partnership.

WIGI USA and other affiliates of WIGI and/or of Walton Texas own, or may own, or manage numerous properties (the "**Competing Property**") elsewhere in Canada and the United States, including other properties that may be in close proximity to the Property. Such Competing Property can be seen as competitive properties to the Property. Under its investment models in Canada and elsewhere, when a *bona fide* third party offer is made for a property, WIGI, Walton Texas, and their respective affiliates may be obligated, contractually or otherwise, to advance such third-party offer to the registered owners of such Competing Property. It is possible that a developer may seek to acquire the Property and other proximate parcels, as well as other parcels of land owned by other parties or that may be acquired by Walton Texas in the future, and accordingly the sale of the Property could, in those circumstances, be contingent upon the approval of the investors in other WIGI and its affiliates sponsored syndications and the owners of such other parcels each of whom may not have the same investment objective as the Limited Partners. Due to the common directors and officers of WIGI, WIGI USA, Walton Texas, Walton Nevada and the General Partner and the other WIGI affiliates involved in those Competing Property, and the demands on their respective resources and time, such Competing Property may materially detract from the resources and time available to administer or promote the Property.

### **Potential Regulation of the Partnership**

As a result of recent highly publicized financial scandals and the ongoing financial turmoil, investors, regulators and the general public have expressed concerns over the integrity of both the financial markets and the regulatory oversight of these markets and their participants. As a result, the regulatory environment in which the Partnership and the General Partner will operate is subject to heightened regulation. With respect to alternative asset management funds, in recent years there has been debate in both the Canadian and non-Canadian governments about new rules or regulations to be applicable to hedge funds, private equity funds or other alternative investment products and the advisers thereto. It is impossible to determine the scope and extent of the impact of any new laws, regulations or initiatives that may be proposed, whether any of the proposals will become law or whether if enacted, any such laws, regulations or initiatives would apply to the Partnership. Compliance with any new laws or regulations could make compliance more difficult and expensive and affect the manner in which the Partnership and the General Partner operate. Moreover, as calls for additional regulation have increased, there may be a related increase in regulatory investigations of the investment activities of alternative asset management funds, including the Partnership and the General Partner. Such investigations may impose additional expenses on the Partnership and may require the attention of senior management and may result in fines if the Partnership is deemed to have violated any regulations.

### **Partnership purchasing Property on an "as is, where is" basis**

Under the terms of the Purchase and Sale Option Agreement, the Partnership will agree that it is purchasing its interest in the Property on an "as is, where is" basis with respect to the physical and environmental condition of the Property and that the vendors thereof make no representation or warranty to the Partnership with respect to the physical or environmental condition of the Property.

### **Changes in legislation and policies**

There can be no assurances that 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 new restrictions on the ability to develop the Property or which generally have the effect of significantly reducing the value, or the potential value, of the Property.

### **Affiliates of WIGI may constitute the largest Unitholder of the Partnership**

If any Units are issued to other affiliates of WIGI, the total percentage of Units that may end up held by affiliates of WIGI could even be significant.

### **There are no restrictions on the number of Units that can be acquired**

The Partnership does not place restrictions on the number of Units that any one Subscriber can acquire under the Offering. As a result, any one Subscriber could control a large number of Units of the Partnership which may impact the voting on important matters that affect the Partnership and the Property.

## No annual meetings

Holders of Units will not have the right to elect the directors (or the officers) of the General Partner which right is held solely by the shareholder of the General Partner. There is no agreement restricting the shareholder of the General Partner, and, as such, it may do any act it sees fit provided only that it complies with applicable law. Annual meetings of holders of Units will not be held. As a result, holders of Units must rely on management of the General Partner.

## Reliance on management

Decisions regarding the management of the Partnership's affairs will be made exclusively by the officers and directors of the General Partner and not by the Limited Partners. **The General Partner has no present intention to convene annual meetings of the Limited Partners.** Accordingly, Subscribers must carefully evaluate the personal experience and business performance of the persons acting as officers and directors of the General Partner, WIGI, Walton Texas and WIGI USA. The General Partner may retain independent contractors, including affiliates of the General Partner, WIGI, WIGI USA, and/or Walton Texas, to provide services to the Partnership. These contractors have no fiduciary duty to the Limited Partners and may not perform consistently with the fiduciary duty owed to Limited Partners by the General Partner.

The success of the Partnership will be largely dependent upon the performance of the management of the General Partner and the management and key employees of WIGI, Walton Global, Walton Texas, WIGI USA, and their affiliates. There is a risk that the death or departure of any member of management or any key employee could have a material adverse effect on the Partnership and the value of the Property. Additionally the General Partner may resign on 180 days' notice. Any replacement general partner may not be as adept at managing the Partnership's assets as the current General Partner.

## Tax aspects

Canadian federal and provincial tax aspects and U.S. federal, state, and local tax aspects should be considered prior to investing in the Units (see "Item 6 – Certain Material Canadian Federal and United States Federal, State and Local Income Tax Consequences"). The return on a Subscriber's investment may be affected by changes in Canadian and U.S. tax laws. The discussion of income tax considerations in this Offering Memorandum is based upon current income tax laws and regulations. There can be no assurance that (a) tax laws, regulations or judicial or administrative interpretations will not be changed, (b) applicable tax authorities will not take a different view as to the interpretation or the application of tax laws and regulations than the Partnership or than as set out in this Offering Memorandum, (c) applicable tax authorities will not challenge allocations by the Partnership of income, losses, gains or deductions or disallow certain deductions against income, or (d) the facts and assumptions upon which the tax discussions set out in this Offering Memorandum are materially correct. Any of the preceding may fundamentally alter, in a negative way, the tax consequences to investors of holding or disposing of Units. For example, because the Property will likely be considered inventory to the Partnership rather than capital property for Canadian tax purposes under the Tax Act, the Canadian tax authorities and/or the courts may take the view that the Units are held by the Limited Partners on income account (as an adventure in the nature of trade) rather than capital account, which, if correct, would result in any gains or losses realized by the Limited Partners on the disposition or deemed disposition of their Units being taxed on income account rather than on capital account.

As discussed in "Item 6 – Certain Material Canadian Federal and United States Federal, State and Local Income Tax Consequences", the potential U.S. federal taxation of income from the Partnership's disposition of the Property prior to development of the Property as capital gain is not free from doubt and also assumes that specific facts are true. If the United States Internal Revenue Service determines such proceeds to be ordinary income rather than capital gain, the resulting income tax liabilities of a Limited Partner could be significantly higher. In the event that the Partnership and Walton Texas, or WIGI USA are considered not to be dealing with each other at arm's length, as this term is defined in the Tax Act, and the transfer of the Property between the Partnership and Walton Texas, or WIGI USA, as the case may be, is not done at fair market value, certain provisions in the Tax Act may apply to deem the transfer to have been done at fair market value, which could result in additional income in the Partnership.

If the Partnership receives income from the Property prior to any sale of the Property, U.S. federal tax generally will be due on such income, and each Limited Partner may be required to file a U.S. federal tax return in respect of income that is allocable to such Limited Partner and the Partnership would file and pay any Texas

franchise tax. The Partnership intends to treat income that it earns from leasing the Property (if any) as income that is not effectively connected with the conduct of a U.S. trade or business. As such, the gross amount of such leasing income would be subject to a 30% U.S. federal tax that is collected via withholding. A Limited Partner generally would not have a U.S. federal income tax reporting obligation in respect of this leasing income, provided that such Limited Partner is not otherwise engaged in a U.S. trade or business and certain other requirements are satisfied.

Each Limited Partner generally will be required to file a tax return with the United States Internal Revenue Service, and pay U.S. federal income tax upon being allocated income from the sale of all or any portion of the Property by the Partnership, or upon recognizing income from the sale by such Limited Partner of Units in the Partnership. Accordingly, a Limited Partner may incur U.S. federal tax liability with respect to such Limited Partner's share of Partnership income, but in the event the Partnership does not make a corresponding distribution of cash (because, for example the Partnership retained cash to pay expenses or fund reserves), such Limited Partner may not receive sufficient cash from the Partnership to pay its income tax liability. See "Item 6 – Certain Material Canadian Federal and United States Federal, State and Local Income Tax Consequences."

Taxes in respect of (i) the Monthly Distribution; or (ii) interest earned by the Partnership from the Loans, may be payable by Limited Partners before the Monthly Distribution is paid to them. If Limited Partners lack the funds necessary to pay such taxes when due, certain penalties or other sanctions may be imposed by the relevant taxation authority.

Each Limited Partner is required to represent and warrant that an interest in such Limited Partner is not a "tax shelter investment" for purposes of the Tax Act and that such Limited Partner did not finance the acquisition of its Units with financing that is deemed to be a "limited recourse amount" for the purposes of the Tax Act. If a Limited Partner is or becomes a "tax shelter investment", finances the acquisition of its Units with limited recourse financing, or if more than 50% of the Units are held by "financial institutions" for the purposes of the Tax Act, there may be adverse tax consequences to all Limited Partners and the Partnership.

Each Limited Partner is required to represent, warrant and covenant that it will not, except with the prior written consent of the General Partner, knowingly cause or permit its interest in the Partnership to be "listed or traded on a stock exchange or other public market" within the meaning of such phrase in section 197 of the Tax Act. If investments in the Partnership are listed or traded on a stock exchange or other public market and the Partnership holds one or more "non-portfolio properties", as defined in the Tax Act, which generally do not include real property situated outside of Canada, then the Partnership may be a SIFT Partnership and the Canadian federal income tax considerations will be materially different than those described herein. "See Item 6 – Certain Material Canadian Federal and United States Federal, State and Local Income Tax Consequences".

This Offering Memorandum does not describe all of the risks of an investment in Units denominated or payable in United States dollars, and prospective investors should consult their own tax advisors as to the rules enacted with respect thereto.

The discussion of certain Canadian federal and U.S. federal, state and local income tax considerations contained in this Offering Memorandum is provided for information purposes only and is not a complete analysis or discussion of all potential tax considerations that may be relevant to the acquisition of Units. In particular, the Offering Memorandum does not contain a discussion of Canadian provincial or local tax considerations related to the acquisition of Units nor does it contain a discussion of Canadian tax considerations related to Subscribers that are Non-Residents. Prospective investors are urged to consult their own tax advisors, prior to investing in the Partnership, with respect to the specific tax consequences to them from the acquisition of Units.

**All investors will be responsible for the preparation and filing of their own United States and Canadian tax returns (including federal, provincial, state and local tax returns, as applicable) in respect of this investment. Costs associated with the preparation and filing of such returns may be material.** Potential investors should consult their own tax advisors for the specific Canadian federal and provincial and U.S. federal, state, local and foreign tax consequences to them.

Non-Resident Subscribers may have different tax consequences than as described herein and should consult their own tax advisors.

## **Possible loss of limited liability and liability for return of capital**

Maintenance of the limited liability of a Limited Partner requires compliance with certain legal requirements in jurisdictions in which the Partnership will operate and there is a risk that Limited Partners could lose their limited liability in certain circumstances and be liable beyond their Capital Contribution and share of undistributed Net Income of the Partnership. Where a Limited Partner has received a distribution from the Partnership, such Limited Partner may be liable to return to the Partnership or, if the Partnership is dissolved, to its creditors, any amount, not in excess of the amount distributed to such Limited Partner with interest, as may be necessary to discharge the liabilities of the Partnership to all creditors who extended credit or whose claims otherwise arose before such distribution.

## **Loss of limited liability on dissolution**

Upon dissolution of the Partnership, the Limited Partners may receive undivided interests in the Partnership assets and will no longer enjoy limited liability with respect to the ownership of such assets.

## **Representations – Qualified Person – Requirement to divest Units**

Each Limited Partner will represent that such Limited Partner is a Qualified Person. There is no assurance that now or in the future the General Partner will determine that a Limited Partner is not a Qualified Person. In the event that the General Partner determines that a Limited Partner has become an Unqualified Limited Partner, then such Unqualified Limited Partner shall be deemed to have ceased to be a Limited Partner effective immediately prior to the date of contravention and will not be entitled to any voting rights after such date or distributions of the Partnership which accrue after that date and the Units of that Unqualified Limited Partner will be deemed not to be outstanding until acquired by a Qualified Person.

## **General Partner has limited assets**

The General Partner has unlimited liability for the obligations of the Partnership. The General Partner will indemnify and hold harmless the Partnership from and against all costs incurred and damages suffered by the Partnership as a result of gross negligence, wilful misconduct or fraudulent act by the General Partner or as a result of any act or omission by the General Partner not believed in good faith by the General Partner to be within the scope of authority of the General Partner conferred by the Partnership Agreement. The General Partner has, and will continue to have, limited financial resources and will only have limited assets, which will affect its ability to indemnify the Partnership. The amount of any such indemnity will be limited to the extent of the assets of the General Partner and will under no circumstance include the assets of any affiliate of the General Partner.

## **Units not insured**

The Partnership is not a member institution of the Canada Deposit Insurance Corporation and the Units are not insured against any loss, including through the Canada Deposit Insurance Corporation.

## **ITEM 9 – REPORTING OBLIGATIONS**

The Partnership is not, and currently has no intention of becoming, a reporting issuer in any of the provinces or territories of Canada. The General Partner will forward or provide access to the Limited Partners (a) within 180 days of the end of each fiscal year of the Partnership (being December 31) following the first Closing (or such shorter period as is prescribed by applicable securities legislation), audited annual financial statements of the Partnership, (b) within 90 days following the end of each fiscal year following the first Closing, all income tax reporting information necessary to enable each Limited Partner to file a Canadian and, if required, a U.S. income tax return with respect to its participation in the Partnership in such fiscal year, and (c) within the time periods prescribed, any other information or documents required to be provided to the Limited Partners under applicable securities or other legislation.

Copies of the Certificate and any amendments thereto may be obtained from the Government of Alberta Corporate Registrar. Copies of certain corporate information with respect to the General Partner, including information on the terms contained in its Articles of Incorporation and certain information with respect to the directors and shareholders of the General Partner, may be obtained from the Government of Alberta Corporate Registrar.

## ITEM 10 – RESALE RESTRICTIONS

IN ADDITION TO THE OTHER RESTRICTIONS ON TRANSFER DESCRIBED HEREIN, THE UNITS DESCRIBED IN THIS OFFERING MEMORANDUM HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER POLITICAL SUBDIVISION OF THE UNITED STATES. THE UNITS MAY ONLY BE SOLD OR TRANSFERRED (I) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 904 UNDER THE SECURITIES ACT, (II) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) OR, (III) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH OF CASES (I) THROUGH (III) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THE HOLDER OF UNITS, AND EACH SUBSEQUENT HOLDER, IS REQUIRED TO NOTIFY ANY PURCHASER OF UNITS FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE. IN ADDITION, TRANSFER OR OTHER DISPOSITION OF THE UNITS IS RESTRICTED AS PROVIDED IN THE PARTNERSHIP AGREEMENT.

These securities will be subject to a number of resale restrictions, including a restriction on trading. Until the restriction on trading expires, a Limited Partner will not be able to trade the securities unless it complies with an exemption from the prospectus and registration requirements under securities legislation. Unless permitted under securities legislation, a Limited Partner cannot trade the securities before the date that is four months and a day after the date the Partnership becomes a reporting issuer in any province or territory of Canada. **The Partnership is not, and currently has no intention of becoming, a reporting issuer in any province or territory of Canada and, as such, the restrictions in trading in the Units will not expire. There is no market over which the Units can be transferred and it is very unlikely that one will develop. A Subscriber is encouraged to seek independent advice from its legal advisors.**

In addition to the above, for Subscribers resident in Manitoba, unless permitted under securities legislation, a Limited Partner must not trade the Units without the prior written consent of the regulator in Manitoba unless the Partnership has filed a prospectus with the regulator in Manitoba with respect to the Units and the regulator in Manitoba has issued a receipt for that prospectus, or the Limited Partner has held the Units for at least 12 months. The regulator in Manitoba will consent to a trade in a Unit by a Limited Partner if the regulator is of the opinion that to do so is not prejudicial to the public interest.

### Contractual Restrictions on Resale

A Unit may be transferred or assigned by a Limited Partner or such Limited Partner's agent duly authorized in writing. However, the transferor and transferee of a Unit must comply with the applicable securities legislation in connection therewith and the transferor, or his duly authorized agent, shall:

- (a) surrender, or cause to be surrendered, to the Registrar the Unit Certificate representing the Units being transferred or assigned;
- (b) deliver, or cause to be delivered, to the General Partner and the Registrar a duly completed transfer substantially in the form attached to the Partnership Agreement as part of Schedule "A", with the signature of the transferor guaranteed by a Canadian chartered bank, trust company or a member of the Investment Industry Regulatory Organization of Canada, completed and executed by such Limited Partner or his duly authorized agent, as well as such other documents required in such transfer form or as required by the General Partner or Registrar;
- (c) cause the transferee or assignee to deliver to the Registrar a duly completed declaration substantially in the form attached to the Partnership Agreement as part of Schedule "A" and to agree to be bound by the terms of the Partnership Agreement and to assume the obligations of a Limited Partner under the Partnership Agreement, in form and substance satisfactory to the General Partner; and
- (d) cause the transferee or assignee to pay the reasonable fees and expenses of the Registrar in connection with the transfer or assignment unless the General Partner agrees to pay such fees and expenses,

or satisfy such other requirements as are reasonably imposed, in the alternative, and given by the General Partner. If the transferee or assignee is entitled to become a Limited Partner pursuant to such provisions hereof, the General Partner is authorized by the Limited Partners to admit the transferee or assignee to the Partnership as a

Limited Partner and the Limited Partners are deemed to consent to the admission of the transferee or assignee to the Partnership as a Limited Partner without further act of the Partners.

A transferee of Units will automatically become bound and subject to the Partnership Agreement, without execution of further instruments and such transferee shall be deemed to make all of the representations and warranties, covenants, agreements and acknowledgements of a Limited Partner pursuant to the Partnership Agreement and to grant the power of attorney to the General Partner as set out therein.

If the transferor or assignor of a Unit is a firm or a corporation, or purports to assign such Unit in any representative capacity, or if a transfer or assignment results from the death, mental incapacity or bankruptcy of a Limited Partner or is otherwise involuntary, the assignor or his legal representative shall furnish to the General Partner and the Registrar such documents, certificates, assurances, court orders and other materials as the General Partner and the Registrar may reasonably require to cause such transfer or assignment to be effected.

The Registrar will:

- (a) record in the register any assignment or transfer made in accordance with the Partnership Agreement;
- (b) make such filings and cause to be made such recordings as are required by law in connection with such assignment or transfer; and
- (c) forward notice of such assignment or transfer to the transferee.

No transfer or assignment of a Unit will relieve the Limited Partner of any obligation which has accrued or was incurred prior to the effective date of such transfer or assignment.

A transferee or assignee of a Unit or a person who has become entitled to a Unit by operation of law who has not complied with the transfer and assignment provisions referred to above, has no right to access or be provided with any information with respect to the investment activities of the Partnership and has only the rights accorded to such transferees or assignees pursuant to the Partnership Act.

The General Partner has the right, in its sole and absolute discretion, to reject any transfer, in whole or in part, for any reason, including without limitation: (i) the fact, or the General Partner's belief, that any of the representations and warranties to be provided by the transferee in the transfer form are untrue; (ii) the fact, or the General Partner's belief, that an interest in the transferee is a "tax shelter investment" within the meaning of the Tax Act; (iii) the fact, or the General Partner's belief, that the transferee has or proposes to acquire the Units with financing that is, or is deemed to be, limited recourse for the purpose of the Tax Act; (iv) in the opinion of counsel to the Partnership, such transfer would result in the violation of any applicable securities laws or any of the provisions of the Partnership Agreement; or (v) the fact, or General Partner's belief that the transfer would cause or be likely to cause the Partnership to be classified as a "publicly traded partnership" under the Code or a "SIFT partnership" under the Tax Act; or (vi) the fact, or General Partner's belief, that the transfer would cause, or be likely to cause the Partnership to be classified as a "financial institution" within the meaning of the Tax Act. The General Partner has the right to deny any transfer where there has been default in payment of any amount to the Partnership by the transferor or transferee, including the subscription price of any Unit held by the transferor or transferee, until all amounts required to be paid (including interest, if any) have been paid in full.

Subject to the other applicable terms of the Partnership Agreement, a Limited Partner may, but only after the purchase price for that Unit has been paid in full, mortgage, pledge, charge or grant a security interest in a Unit as security for a loan to or an obligation of such Limited Partner. Neither the General Partner nor the Registrar is obliged to recognize or acknowledge any such mortgage, pledge, charge or security interest, and unless and until a Unit is transferred in accordance with the Partnership Agreement, only the registered holder of the Unit will be recognized by the General Partner and the Registrar and all distributions will be made to such registered holder.

A transfer or assignment of a Unit shall be deemed to take effect on the date the Certificate is amended to include the assignee as a Limited Partner with respect to such transfer or assignment in accordance with the Partnership Act.



## ITEM 11 – PURCHASER'S RIGHTS

A Subscriber to the Offering will have certain rights, some of which are described below. For information about its rights, a potential Subscriber should consult a lawyer. You can cancel your agreement to purchase the Units. To do so, you must send notice to the Partnership by midnight on the second Business Day after you sign the subscription agreement to buy the Units.

### **British Columbia, Alberta, Prince Edward Island, Newfoundland, Northwest Territories, Nunavut and Yukon**

If there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

- (a) the Partnership to cancel your agreement to buy Units; or
- (b) for damages against the Partnership, every person who was a director of the General Partner at the date of the Offering Memorandum, and every other person who signed this Offering Memorandum.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the Units. If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after the date of the transaction that gave rise to the cause of action. You must commence your action for damages within the earlier of:

- (a) 180 days after learning of the misrepresentation; or
- (b) three years after the date of the transaction that gave rise to the cause of action.

### **Saskatchewan**

If there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

- (a) the Partnership to cancel your agreement to buy Units; or
- (b) for damages against:
  - (i) the Partnership, a director of the General Partner, or promoter of the Partnership, as the case may be, at the time the Offering Memorandum was sent or delivered;
  - (ii) every person or company whose consent has been filed respecting the Offering, but only with respect to reports, opinions or statements that have been made by them;
  - (iii) every person who, or company that, in addition to the persons or companies mentioned in clauses (i) and (ii), signed the Offering Memorandum; and
  - (iv) every person who or company that sells Units on behalf of the Partnership under the Offering Memorandum.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the Units. If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after the date of the transaction that gave rise to the cause of action.

You must commence your action for damages within the earlier of:

- (a) one year after learning of the misrepresentation; or
- (b) six years after the date of the transaction that gave rise to the cause of action.

### **Manitoba**

If there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

- (a) the Partnership to cancel your agreement to buy Units; or
- (b) for damages against the Partnership, every person who was a director of the General Partner at the date of the Offering Memorandum, and every other person who signed this Offering Memorandum.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the Units. If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after the date of the transaction that gave rise to the cause of action. You must commence your action for damages within the earlier of:

- (a) 180 days after learning of the misrepresentation; or
- (b) two years after the date of the transaction that gave rise to the cause of action.

### **Nova Scotia**

If there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

- (a) the Partnership to cancel your agreement to buy Units; or
- (b) for damages against the Partnership, every person who was a director of the General Partner at the date of the Offering Memorandum, and every other person who signed this Offering Memorandum.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the Units. If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action for damages or to cancel the agreement within 120 days of the date on which payment was made for the Units.

### **Ontario**

If there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

- (a) the Partnership to cancel your agreement to buy these Units; or
- (b) for damages against the Partnership.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the Units. If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after the date of the transaction that gave rise to the cause of action.

You must commence your action for damages within the earlier of:

- (a) 180 days after learning of the misrepresentation; or
- (b) three years after the date of the transaction that gave rise to the cause of action.

### **Québec**

If there is a misrepresentation in this Offering Memorandum, you have a statutory right to apply to have the contract rescinded or the price revised, without prejudice to your claim for damages and you have a statutory right to sue for damages against

- (a) the Partnership and every officer or director of the General Partner;
- (b) any dealer under contract to the Partnership;

- (c) any person who is required to sign a certificate in the Offering Memorandum, in accordance with the conditions prescribed by regulations; and
- (d) any expert whose opinion, containing a misrepresentation, appeared, with his consent, in the Offering Memorandum.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the Units. If you intend to rely on the rights described in (a), (b), (c) or (d) above, you must do so within strict time limitations. No action may be commenced to enforce such right unless the right is exercised:

- (a) in the case of rescission or revision of the price, within three years from the date of the transaction; and
- (b) in the case of damages, within three years of the date on which you acquired knowledge of the facts giving rise to the action, except upon proof that the plaintiff acquired such knowledge more than three years after the date of the transaction as a result of the negligence of the plaintiff, subject to a maximum period of five years from the date of the filing of the Offering Memorandum with the Autorité des marchés financiers.

In an action for rescission or revision of the price against the Partnership, the defendant may defeat the application only if it is provided the plaintiff knew, at the time of the transaction, of the alleged misrepresentation.

## **New Brunswick**

If there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

- (a) the Partnership to cancel your agreement to buy these Units; or
- (b) for damages against the Partnership.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the Units. If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after the date of the transaction that gave rise to the cause of action.

You must commence your action for damages within the earlier of:

- (a) one year after learning of the misrepresentation; or
- (b) six years after the date of the transaction that gave rise to the cause of action.

## **General**

Securities laws are complex. Reference should be made to the full text of the provisions summarized above relating to rights of action. **The rights discussed above are in addition to, and without derogation from, any other rights or remedies which Subscribers may have at law.**

**Subscribers should consult their own legal advisors with respect to their rights and the remedies available to them.**

## **ITEM 12 – FINANCIAL STATEMENTS**

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# FINANCIAL STATEMENTS

Walton TX Dallas Kemp Ranch Corporation

FOR THE PERIOD FEBRUARY 12, 2015 TO APRIL 30, 2015 AND THE PERIOD ENDED FEBRUARY 11, 2015

(Expressed in Canadian dollars)



May 25, 2015

## **Independent Auditor's Report**

### **To the Shareholder of Walton TX Dallas Kemp Ranch Corporation**

We have audited the accompanying financial statements of Walton TX Dallas Kemp Ranch Corporation, which comprise the statements of financial position as at April 30, 2015 and February 11, 2015, and the statements of comprehensive income for the period February 11, 2015 to April 30, 2015, changes in equity, and cash flows for the period February 12, 2015 to April 30, 2015 and for the one day period ended February 11, 2015, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

#### **Management's responsibility for the financial statements**

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

#### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Walton TX Dallas Kemp Ranch Corporation as at April 30, 2015 and February 11, 2015 and its financial performance and its cash flows for the period February 12, 2015 to April 30, 2015 and for the one day period ended February 11, 2015 in accordance with International Financial Reporting Standards.

*PricewaterhouseCoopers LLP*

#### **Chartered Accountants**

*PricewaterhouseCoopers LLP*  
Suite 3100, 111 5<sup>th</sup> Avenue SW, Calgary, Alberta, Canada T2P 5L3  
T: +1 403 509 7500, F: +1 403 781 1825, [www.pwc.com/ca](http://www.pwc.com/ca)

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

# WALTON TX DALLAS KEMP RANCH CORPORATION

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## Statements of Financial Position AS AT APRIL 30, 2015 AND FEBRUARY 11, 2015

(Expressed in Canadian dollars)

	April 30, 2015 \$	February 11, 2015 \$
<b>ASSETS</b>		
Cash	36	100
Investment (note 4)	64	-
<b>TOTAL ASSETS</b>	<b>100</b>	<b>100</b>
<b>SHAREHOLDER EQUITY</b>		
Share capital (note 6)	100	100
<b>TOTAL EQUITY</b>	<b>100</b>	<b>100</b>

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

Approved by the Director of the Board:

\_\_\_\_\_  
("signed") Director  
William K. Doherty

# WALTON TX DALLAS KEMP RANCH CORPORATION

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## Statement of Comprehensive Income FOR THE PERIOD FEBRUARY 11 TO APRIL 30, 2015

(Expressed in Canadian dollars)

	February 11 - April 30, 2015 \$
REVENUE	-
EXPENSES	-
COMPREHENSIVE INCOME	-

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



# WALTON TX DALLAS KEMP RANCH CORPORATION

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## Statement of Changes in Equity

FOR THE PERIOD FEBRUARY 12 TO APRIL 30, 2015 AND THE PERIOD ENDED FEBRUARY 11, 2015

(Expressed in Canadian dollars)

	Shares #	Share Capital \$	Retained Earnings \$	Total \$
BALANCE – BEGINNING OF PERIOD	100	100	-	100
Issuance of Class A voting common shares	-	-	-	-
BALANCE – END OF PERIOD	100	100	-	100

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

# WALTON TX DALLAS KEMP RANCH CORPORATION

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## Statements of Cash Flows

FOR THE PERIOD FEBRUARY 12 TO APRIL 30, 2015 AND THE PERIOD ENDED FEBRUARY 11, 2015

(Expressed in Canadian dollars)

	February 12 – April 30, 2015 \$	For the period ended February 11, 2015 \$
<b>CASH PROVIDED BY (USED IN)</b>		
<b>INVESTING ACTIVITIES</b>		
Purchase of investment	<u>(64)</u>	<u>-</u>
<b>FINANCING ACTIVITIES</b>		
Issuance of Class A voting common shares	<u>-</u>	<u>100</u>
<b>(DECREASE)/INCREASE IN CASH</b>	(64)	100
Cash – Beginning of Period	<u>100</u>	<u>-</u>
Cash – End of Period	<u><u>36</u></u>	<u><u>100</u></u>

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

# WALTON TX DALLAS KEMP RANCH CORPORATION

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## Notes to Financial Statements

FOR THE PERIOD FEBRUARY 12 TO APRIL 30, 2015 AND THE PERIOD ENDED FEBRUARY 11, 2015

(Expressed in Canadian dollars)

### 1. NATURE OF BUSINESS

Walton TX Dallas Kemp Ranch Corporation (the “**Corporation**”) was incorporated under the laws of the province of Alberta on February 11, 2015 under the name Walton Colorado Mountain Vista Corporation. Pursuant to articles of amendment filed on April 21, 2015, the Corporation changed its name to Walton TX Dallas Kemp Ranch Corporation. The Corporation was formed to act as general partner for Walton TX Dallas Kemp Ranch LP 1 (the “**Partnership**”). The address of the registered office is 2300, 605 – 5th Avenue SW, Calgary, Alberta, T2P 3H5.

The Partnership was formed to issue up to 2,587,000 limited partnership units at \$10 USD per unit to raise sufficient funds to purchase an undivided interest in land (1,300 acres, more or less, located in Ellis County, Texas) (the “**Property**”) from Walton Texas, LP (“**Walton Texas**”), a related party by virtue of the fact that it is controlled by Walton Global Investments Ltd. (“**Walton Global**”). All, or substantially all, of the shares of Walton Global are owned by or for the benefit of the Doherty family, including William K. Doherty, the Chief Executive Officer and director of Walton Global. As of the date of these financial statements, Walton Texas does not own the Property. However, pursuant to the terms of contracts for purchase and sale of real property dated effective February 18, 2015, as amended, between Walton Texas and the vendors of the Property, subject to certain performance conditions, all material conditions to closing have been satisfied. It is anticipated that Walton Texas will acquire the Property, as well as other land adjacent thereto, in two closings. The first closing of the adjacent land will be for approximately 1,362 acres on or before August 26, 2015, and the second closing will be the approximate 1,300 acres comprising the Property, on or before March 31, 2016.

The Partnership will hold its interest in the Property as an investment, and may conduct concept planning, until it is commercially opportune for the Property to be developed, to sell or otherwise dispose of the Property and to distribute the net proceeds of the sale to the holders of limited partnership units of the Partnership. The Partnership will not undertake physical development of the Property without first obtaining the approval of unitholders by extraordinary resolution. It is the intention of the Corporation as the general partner of the Partnership, to wind up the Partnership at the earlier of the eventual sale of the Property, the authorization of the dissolution of the Partnership by extraordinary resolution, or December 31, 2055, as contemplated in the Partnership’s limited partnership agreement.

### 2. BASIS OF PREPARATION

#### Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) as issued by the International Accounting Standards Board. As this is the first year of operations of the Corporation, these financial statements have also been prepared in accordance with IFRS 1: *First-time Adoption of International Financial Reporting Standards*.

The policies applied in these financial statements are based on IFRS issued and outstanding as of May 25, 2015, the date the Director of the Board approved the financial statements. The Director of the Board has the power to amend and reissue the financial statements. Any subsequent changes to IFRS that are given effect in the Corporation’s annual financial statements for the period February 11, 2015 to December 31, 2015 could result in restatement of these financial statements.

# WALTON TX DALLAS KEMP RANCH CORPORATION

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## Notes to Financial Statements

FOR THE PERIOD FEBRUARY 12 TO APRIL 30, 2015 AND THE PERIOD ENDED FEBRUARY 11, 2015

(Expressed in Canadian dollars)

### Basis of Presentation

The Corporation's financial statements have been prepared on the 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 3.

The financial statements are presented in Canadian dollars, which is the Corporation's functional and presentation currency.

The statement of financial position has been prepared using a liquidity based presentation because the presentation based on liquidity is considered by management to provide information that is more reliable and relevant to the users of the financial statements. Other than the investment, all assets and liabilities are current in nature.

### 3. ACCOUNTING POLICIES

#### Cash

Cash consists of amounts on deposit at a financial institution.

#### Investment

The Corporation's investment in the Partnership is accounted for using the equity method as the Corporation has power but is not exposed to variability of returns until the terms of the Partnership's offering memorandum in respect of the Partnership's offering of limited partnership units is completed.

Subsequent to the offering of the limited partnership units being completed, the Corporation will have significant influence through its ability to manage, represent and make decisions regarding the affairs of the Partnership but not power over the most relevant activity, being the ability to approve the sale of the land which is executed under extraordinary resolution of holders of the limited partnership units. Accordingly, the Corporation will continue to account for its investment in the Partnership using the equity method and increase or decrease the carrying amount of the investment in the Partnership to recognize the Corporation's share of the profit or loss of the Partnership in the statement of comprehensive income. If, as a result of applying the equity method, the Corporation's interest is reduced to zero, additional losses will be provided for, and a liability will be recognized, to the extent that the Corporation has incurred legal or constructive obligations or made payments on behalf of the Partnership.

The Corporation will assess at least annually whether there is objective evidence that its interest in equity accounted investments is impaired. If impaired, the carrying value of the Corporation's share of the underlying assets of equity accounted investments will be written down to its estimated recoverable amount, with any difference charged to the statement of comprehensive income. Any reversal of impairment loss will be recognized to the extent that the recoverable amount of the investment subsequently increases.

# WALTON TX DALLAS KEMP RANCH CORPORATION

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## Notes to Financial Statements

FOR THE PERIOD FEBRUARY 12 TO APRIL 30, 2015 AND THE PERIOD ENDED FEBRUARY 11, 2015

(Expressed in Canadian dollars)

### Foreign Currency

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. Foreign exchange gains and losses are included in the statement of comprehensive income.

### 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. Financial assets and liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have been transferred and the Corporation has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation specified in the contract is discharged.

Financial instruments are recognized initially at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Subsequent measurement depends on how the financial instrument has been classified.

Financial assets classified as loans and receivables and other financial liabilities are measured at amortized cost using the effective interest rate method.

At each reporting period, the Corporation will assess whether there is any objective evidence that a financial asset, other than those classified as fair value through profit or loss, is impaired. Impairment, if any, is recorded in net income.

### Share Capital

Class A voting common shares have been classified as equity because they represent residual assets of the entity after the deduction of all its liabilities, and do not provide the holder of the shares with the right to put the shares back into the Corporation.

### Future Changes in Accounting Policy

#### *Financial instruments*

IFRS 9 Financial Instruments ("IFRS 9") (July 2014) replaces earlier versions of IFRS 9 that had not yet been adopted by the Corporation and supersedes IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 introduces new models for classification and measurement of financial instruments, hedge accounting and impairment of financial assets and is mandatorily effective for periods beginning on or after January 1, 2018.

# WALTON TX DALLAS KEMP RANCH CORPORATION

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## Notes to Financial Statements

FOR THE PERIOD FEBRUARY 12 TO APRIL 30, 2015 AND THE PERIOD ENDED FEBRUARY 11, 2015

(Expressed in Canadian dollars)

The Corporation continues to review the standard as it is updated and monitor its impact on the Corporation's financial statements.

### *Revenue*

IFRS 15: Revenue from Contracts with Customers ("**IFRS 15**") was issued in May 2014, which replaces IAS 18: Revenue, IAS 11: Construction Contracts, and related interpretations as the single source for accounting for revenue for all companies in all industries and replaces current guidance including industry or product specific guidance. IFRS 15 provides specific and detailed guidance in many areas where current standards have been more limited, and thus may provide for less flexibility in developing and applying accounting policies and practices. This standard is required to be adopted either retrospectively or using a modified transition approach and is effective for annual periods beginning on or after January 1, 2017, with earlier adoption permitted. The Corporation is in the process of assessing the impacts of this new standard.

### Adoption of Canadian Accounting Standards for Private Enterprises

Upon completion of the offering, the Corporation may adopt Canadian accounting standards for private enterprises. As a result of applying these standards, certain related party transactions may be accounted for on a different basis.

## 4. INVESTMENT

As at April 30, 2015, the Corporation held 1 general partner unit in the Partnership with a carrying amount of \$64 (\$50USD).

The following is a summary of key financial information of the Partnership as at April 30, 2015:

	April 30, 2015 \$
Total assets	100
Total liabilities	100
Revenue	-
Net Loss	-

## 5. FINANCIAL INSTRUMENTS

The Corporation's financial instruments consist of cash. The fair value of cash approximates its carrying value due to its short-term nature. Unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant interest, currency, or credit risks from cash.

# WALTON TX DALLAS KEMP RANCH CORPORATION

## Notes to Financial Statements

FOR THE PERIOD FEBRUARY 12 TO APRIL 30, 2015 AND THE PERIOD ENDED FEBRUARY 11, 2015

(Expressed in Canadian dollars)

### 6. SHARE CAPITAL

Authorized

Unlimited number of Class A voting common shares

	April 30, 2015		February 11, 2015	
	Number of shares	Amount \$	Number of shares	Amount \$
Class A voting common shares	100	100	100	100
BALANCE – END OF PERIOD	100	100	100	100

On February 11, 2015, 100 Class A voting common shares were issued to Walton G.P. Holdco Ltd. for cash consideration of \$100. Walton G.P. Holdco Ltd. is a wholly owned subsidiary of Walton International Group Inc. ("WIGI"). WIGI is a wholly owned subsidiary of Walton Global Investment Ltd ("Walton Global").

### 7. CAPITAL MANAGEMENT

The Corporation's capital resources are the aggregate capital raised. The Corporation's capital management framework is designed to maintain a level of capital that allows it to implement its business strategy.

### 8. SUBSEQUENT EVENT

#### Offering Memorandum

On May 25, 2015, the Partnership commenced a private placement offering of limited partnership units of the Partnership issued under the Offering. The Partnership will be authorized to issue a maximum of \$25,870,000 USD (2,587,000 units) of limited partnership units under the offering. The funds from the Offering will be used to purchase an undivided interest in the Property and pay related party compensation to Walton Texas. There is no guarantee that these transactions will occur.

It is the Partnership's intention to enter into a co-ownership agreement, purchase and sale option agreement, funding agreement, and concept planning services agreement with entities that are either controlled by or affiliated with Walton Global.

# FINANCIAL STATEMENTS

Walton TX Dallas Kemp Ranch LP 1

FOR THE PERIOD FEBRUARY 13, 2015 TO APRIL 30, 2015 AND THE PERIOD ENDED FEBRUARY 12, 2015

(Expressed in US dollars)





May 25, 2015

## **Independent Auditor's Report**

### **To the Director of Walton TX Dallas Kemp Ranch Corporation as General Partner of Walton TX Dallas Kemp Ranch LP 1**

We have audited the accompanying financial statements of Walton TX Dallas Kemp Ranch LP 1, which comprise the statements of financial position as at April 30, 2015 and February 12, 2015 and the statements of comprehensive income for the period February 12, 2015 to April 30, 2015, and cash flows for the period February 13, 2015 to April 30, 2015 and for the one day period ended February 12, 2015, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

#### **Management's responsibility for the financial statements**

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

#### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Walton TX Dallas Kemp Ranch LP 1 as at April 30, 2015 and February 12, 2015 and its financial performance and its cash flows for the period February 13, 2015 to April 30, 2015 and for the one day period ended February 12, 2015 in accordance with International Financial Reporting Standards.

*PricewaterhouseCoopers LLP*

#### **Chartered Accountants**

*PricewaterhouseCoopers LLP*  
Suite 3100, 111 5<sup>th</sup> Avenue SW, Calgary, Alberta, Canada T2P 5L3  
T: +1 403 509 7500, F: +1 403 781 1825, [www.pwc.com/ca](http://www.pwc.com/ca)

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

# WALTON TX DALLAS KEMP RANCH LP1

## Statements of Financial Position AS AT APRIL 30, 2015 AND FEBRUARY 12, 2015

(Expressed in US dollars)

	April 30, 2015 \$	February 12, 2015 \$
<b>ASSETS</b>		
Cash	<u>100</u>	<u>100</u>
<b>TOTAL ASSETS</b>	<u><u>100</u></u>	<u><u>100</u></u>
 Partners' capital (note 6)	<u>100</u>	<u>100</u>
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>	<u><u>-</u></u>	<u><u>-</u></u>

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

Approved by the Director of the Board of the General Partner:

                    ("signed")                     Director  
William K. Doherty

## WALTON TX DALLAS KEMP RANCH LP1

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### Statement of Comprehensive Income FOR THE PERIOD FEBRUARY 12, 2015 TO APRIL 30, 2015

(Expressed in US dollars)

	February 12 - April 30, 2015 \$
REVENUE	-
EXPENSES	-
COMPREHENSIVE INCOME	-

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

## WALTON TX DALLAS KEMP RANCH LP1

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### Statements of Cash Flow

FOR THE PERIOD FEBRUARY 13 TO APRIL 30, 2015 AND THE PERIOD ENDED FEBRUARY 12, 2015

(Expressed in US dollars)

	February 13 - April 30, 2015 \$	Period ended February 12, 2015 \$
CASH PROVIDED BY (USED IN)		
FINANCING ACTIVITIES		
Issuance of partnership units	-	100
INCREASE IN CASH	-	100
Cash – Beginning of period	100	-
Cash – End of period	100	100

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

# WALTON TX DALLAS KEMP RANCH LP1

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## Notes to Financial Statements

FOR THE PERIOD FEBRUARY 13 TO APRIL 30, 2015 AND THE PERIOD ENDED FEBRUARY 12, 2015

(Expressed in US dollars)

### 1. NATURE OF BUSINESS

Walton TX Dallas Kemp Ranch LP 1 (the “**Partnership**”) was formed under the laws of the province of Alberta on February 12, 2015 under the name Walton Colorado Mountain Vista LP. On April 21, 2015, the Partnership filed an amendment to its certificate of limited partnership to change its name to Walton TX Dallas Kemp Ranch LP 1. The address of the registered office is 2300, 605 – 5th Avenue SW, Calgary, Alberta, T2P 3H5.

The Partnership was formed to issue up to 2,587,000 limited partnership units at \$10 per unit to raise sufficient funds to purchase an undivided interest in land (1,300 acres, more or less, located in Ellis County, Texas) (the “**Property**”) from Walton Texas, LP (“**Walton Texas**”), a related party by virtue of the fact that it is controlled by Walton Global Investments Ltd. (“**Walton Global**”). As of the date of these financial statements, Walton Texas does not own the Property. However, pursuant to the terms of contracts for purchase and sale of real property dated effective February 18, 2015, as amended, between Walton Texas and the vendors of the Property, subject to certain performance conditions, all material conditions to closing have been satisfied. It is anticipated that Walton Texas will acquire the Property, as well as other land adjacent thereto, in two closings. The first closing of the adjacent land will be for approximately 1,362 acres on or before August 26, 2015, and the second closing will be the approximate 1,300 acres comprising the Property, on or before March 31, 2016.

The Partnership will hold its interest in the Property as an investment, and may conduct concept planning, until it is commercially opportune for the Property to be developed, to sell or otherwise dispose of the Property and to distribute the net proceeds of the sale to the holders of limited partnership units of the Partnership. The Partnership will not undertake physical development of the Property without first obtaining the approval of unitholders by extraordinary resolution. It is the intention of the general partner of the Partnership, Walton TX Dallas Kemp Ranch Corporation (the “**General Partner**”), to wind up the Partnership at the earlier of the eventual sale of the Property, the authorization of the dissolution of the Partnership by extraordinary resolution, or December 31, 2055, as contemplated in the Partnership’s limited partnership agreement.

### 2. BASIS OF PREPARATION

#### Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) as issued by the International Accounting Standards Board. As this is the first year of operations of the Partnership, these financial statements have also been prepared in accordance with IFRS 1: *First-time Adoption of International Financial Reporting Standards*.

# WALTON TX DALLAS KEMP RANCH LP1

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## Notes to Financial Statements

FOR THE PERIOD FEBRUARY 13 TO APRIL 30, 2015 AND THE PERIOD ENDED FEBRUARY 12, 2015

(Expressed in US dollars)

The policies applied in these financial statements are based on IFRS issued and outstanding as of May 25, 2015, the date the Director of the Board of the General Partner approved the financial statements. The Director of the Board of the General Partner has the power to amend and reissue the financial statements. Any subsequent changes to IFRS that are given effect in the Partnership's annual financial statements for the period February 12, 2015 to December 31, 2015 could result in restatement of these financial statements.

### Basis of Presentation

The Partnership's financial statements have been prepared on the 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 4.

The financial statements are presented in US dollars, which is the Partnership's functional and presentation currency.

The statement of financial position has been prepared using a liquidity based presentation because the operating cycle of the Partnership 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 financial statements. Other than the general partner unit included within partner's capital, all assets and liabilities are current in nature.

### 3. GENERAL PARTNER

Walton TX Dallas Kemp Ranch Corporation was incorporated on February 11, 2015 under the laws of the province of Alberta, under the name Walton Colorado Mountain Vista Corporation, to act as the General Partner and manage the affairs of the Partnership, and is a subsidiary of Walton G.P Holdco Ltd., a wholly owned subsidiary of Walton International Group Inc. ("**WIGI**"). Pursuant to articles of amendment filed on April 21, 2015, the Corporation changed its name to Walton TX Dallas Kemp Ranch Corporation. WIGI is a wholly owned subsidiary of Walton Global. All, or substantially all, of the shares of Walton Global are owned by or for the benefit of the Doherty family, including William K. Doherty, the Chief Executive Officer and director of Walton Global.

### 4. ACCOUNTING POLICIES

#### Allocation of partnership income or loss

Net income or net loss is allocated to the limited partners and to the General Partner. These financial statements include only the assets of the Partnership, and do not include other assets, liabilities, revenues or expenses, including income taxes, of the limited partners.

# WALTON TX DALLAS KEMP RANCH LP1

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## Notes to Financial Statements

FOR THE PERIOD FEBRUARY 13 TO APRIL 30, 2015 AND THE PERIOD ENDED FEBRUARY 12, 2015

(Expressed in US dollars)

Net income or net loss of the Partnership for a fiscal year will be allocated as follows: (a) the General Partner will be allocated, in its capacity as General Partner, 0.1 % of the net income or net loss; and (b) the balance of the net income or net loss will be allocated to limited partners of record on the last day of such fiscal year in accordance with their respective sharing ratios at that time.

### Income taxes

No provision has been made for income taxes of the Partnership, the liability for which is the responsibility of the partners.

### Cash

Cash consists of amounts on deposit at financial institutions.

### Partners' Capital

Partners' capital consists of the proceeds raised from the issuance of the general partner unit and of the initial limited partner unit of the Partnership. The general partner unit is ultimately repaid on dissolution and the initial limited partner unit is repaid at face value. As a result, both of these units have been classified as liabilities.

### Foreign Currency

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. Foreign exchange gains and losses are included in the statement of comprehensive income.

### 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. Financial assets and liabilities are recognized when the Partnership becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have been transferred and the Partnership has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation specified in the contract is discharged.

Financial instruments are recognized initially at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Subsequent measurement depends on how the financial instrument has been classified.

# WALTON TX DALLAS KEMP RANCH LP1

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## Notes to Financial Statements

FOR THE PERIOD FEBRUARY 13 TO APRIL 30, 2015 AND THE PERIOD ENDED FEBRUARY 12, 2015

(Expressed in US dollars)

Financial assets classified as loans and receivables and other financial liabilities are measured at amortized cost using the effective interest rate method.

At each reporting period, the Partnership will assess whether there is any objective evidence that a financial asset, other than those classified as fair value through profit or loss, is impaired. Impairment, if any, is recorded in net income.

### Transaction Costs

Transaction costs of an equity transaction are accounted for as a deduction from equity to the extent there are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

### Future Changes in Accounting Policy

#### *Financial instruments*

IFRS 9 Financial Instruments ("**IFRS 9**") (July 2014) replaces earlier versions of IFRS 9 that had not yet been adopted by the Partnership and supersedes IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 introduces new models for classification and measurement of financial instruments, hedge accounting and impairment of financial assets and is mandatorily effective for periods beginning on or after January 1, 2018.

The Partnership continues to review the standard as it is updated and monitor its impact on the Partnership's financial statements.

#### *Revenue*

IFRS 15: Revenue from Contracts with Customers ("**IFRS 15**") was issued in May 2014, which replaces IAS 18: Revenue, IAS 11: Construction Contracts, and related interpretations as the single source for accounting for revenue for all companies in all industries and replaces current guidance including industry or product specific guidance. IFRS 15 provides specific and detailed guidance in many areas where current standards have been more limited, and thus may provide for less flexibility in developing and applying accounting policies and practices. This standard is required to be adopted either retrospectively or using a modified transition approach and is effective for annual periods beginning on or after January 1, 2017, with earlier adoption permitted. The Partnership is in the process of assessing the impacts of this new standard.

### Adoption of Canadian Accounting Standards for Private Enterprises

Upon completion of the offering (note 8), the Partnership may adopt Canadian accounting standards for private enterprises. As a result of applying these standards, certain related party transactions may be accounted for on a different basis.



# WALTON TX DALLAS KEMP RANCH LP1

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## Notes to Financial Statements

FOR THE PERIOD FEBRUARY 13 TO APRIL 30, 2015 AND THE PERIOD ENDED FEBRUARY 12, 2015

(Expressed in US dollars)

### 5. FINANCIAL INSTRUMENTS

The Partnership's financial instruments consist of cash and partners' capital. The fair value of cash approximates its carrying value due to its short-term nature. Partners' capital is a financial liability carried at amortised cost. Unless otherwise noted, it is management's opinion that the Partnership is not exposed to significant interest, currency, or credit risk from cash, or liquidity risk from partner's capital.

### 6. PARTNERS' CAPITAL

#### Authorized

- Unlimited number of limited partnership units at a price of \$10
- 1 general partner unit at a price of \$50
- 1 initial limited partnership unit at a price of \$50

	April 30, 2015	
	Number of units	Amount \$
General partner unit issued	1	50
Initial limited partnership unit issued	1	50
<b>BALANCE – END OF PERIOD</b>	<b>2</b>	<b>100</b>

On February 12, 2015, 1 general partner unit was issued to the General Partner for cash consideration of \$50 and 1 initial limited partnership unit was issued for cash consideration of \$50.

The general partner unit is ultimately repaid on dissolution and the initial limited partnership unit is to be repaid at face value. As a result, both of these units have been classified as liabilities.

### 7. CAPITAL MANAGEMENT

The Partnership's capital resources are the aggregate of partners' capital and cash. The Partnership's capital management framework is designed to maintain a level of capital that allows it to implement its business strategy.

The Partnership will raise the capital required to meet its obligations through the issuance of limited partnership units.

## WALTON TX DALLAS KEMP RANCH LP1

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### Notes to Financial Statements

FOR THE PERIOD FEBRUARY 13 TO APRIL 30, 2015 AND THE PERIOD ENDED FEBRUARY 12, 2015

(Expressed in US dollars)

#### 8. SUBSEQUENT EVENT

##### Offering Memorandum

On May 25, 2015, the Partnership commenced a private placement offering of limited partnership units of the Partnership issued under an offering memorandum. The Partnership will be authorized to issue a maximum of \$25,870,000 (2,587,000 units) of limited partnership units under the offering. The funds from the offering will be used to purchase an undivided interest in the Property and pay related party compensation to Walton Texas. There is no guarantee that these transactions will occur.

It is the Partnership's intention to enter into a co-ownership agreement, purchase and sale option agreement, funding agreement, and concept planning services agreement with entities that are either controlled by or affiliated with Walton Global.

**ITEM 13 – DATE AND CERTIFICATE**

Dated: July 3, 2015

**This Offering Memorandum does not contain a misrepresentation.**

(signed) "William K. Doherty"

William K. Doherty  
President and Chief Executive Officer

(signed) "Mark McKenna"

Mark McKenna  
Chief Financial Officer

On behalf of the Board of Directors of Walton TX Dallas Kemp Ranch Corporation

(signed) "William K. Doherty"

William K. Doherty  
Director

**Promoters**

Walton TX Dallas Kemp Ranch Corporation

(signed) "William K. Doherty"

William K. Doherty  
Chief Executive Officer

Walton International Group Inc.

(signed) "William K. Doherty"

William K. Doherty  
Chief Executive Officer

**SCHEDULE "A"**  
**DESCRIPTION OF PROPERTY**

**Parcel 1:**

All that certain lot, tract, or parcel of land, situated in a portion of the J. Barker Survey, Abstract No. 40, E. Bellow Survey, Abstract No. 101, and the J. C. Reed Survey, Abstract No. 904, City of Waxahachie, Ellis County, Texas, being part of that certain called 1927.200 acre tract described in a deed from Eagle Ford Land Partners, LP to Boa Sorte, LP, et al on August 26, 2004 and recorded in Volume 2062, Page 437 of the Deed Records of Ellis County, Texas (DIRECT), and being more completely described as follows, to-wit:

COMMENCING at a 1/2" iron rod found for the most northwesterly corner of said 1927.200 acre tract, the Northeast corner of a called 1.725 acre tract described in a deed to Patricia L. Knight recorded in Volume 2273, Page 384 (DIRECT), and being in the South right-of-way of Farm to Market Highway No. 875 (80' right-of-way width);

THENCE North 59 deg. 54 min. 04 sec. East along the North line of said 1927.200 acre tract and said South right-of-way line, a distance of 465.52 feet to a 5/8" capped iron rod found stamped "TXDOT ROW";

THENCE North 59 deg. 02 min. 19 sec. East along said North line and South right-of-way line, a distance of 701.62 feet to a 5/8" capped iron rod found stamped "LTRA 10140700", said point being a Point of Curvature of a circular curve to the right, having a radius of 920.72 feet, a central angle of 27 deg. 16 min. 15 sec., and being subtended by a chord which bears North 72 deg. 40 min. 27 sec. East - 434.10 feet;

THENCE in a northeasterly direction along said curve to the right, said North line, and said South right-of-way line, a distance of 438.23 feet to a 1/2" capped iron rod set;

THENCE North 86 deg. 18 min. 34 sec. East tangent to said curve, along said North line and South right-of-way line, a distance of 1982.07 feet to a 1/2" capped iron rod set for the TRUE POINT OF BEGINNING;

THENCE in an easterly direction along the North line of said 1927.200 acre tract and said South right-of-way line the following eight (8) courses;

North 86 deg. 18 min. 34 sec. East, a distance of 854.48 feet to a 1/2" capped iron rod set, said point being a Point of Curvature of a circular curve to the left, having a radius of 1504.82 feet, a central angle of 14 deg. 06 min. 45 sec., and being subtended by a chord which bears North 79 deg. 15 min. 12 sec. East - 369.71 feet;

Continue in an easterly direction along said curve to the left, a distance of 370.65 feet to a 5/8" capped iron rod found stamped "LTRA 10140700";

North 72 deg. 11 min. 49 sec. East tangent to said curve, a distance of 475.71 feet to a 5/8" capped iron rod found stamped "LTRA 10140700";

North 72 deg. 42 min. 49 sec. East, a distance of 202.51 feet to a 1/2" capped iron rod set, said point being a Point of Curvature of a circular curve to the right, having a radius of 2251.83 feet, a central angle of 9 deg. 09 min. 46 sec., and being subtended by a chord which bears North 77 deg. 17 min. 42 sec. East - 359.73 feet;

Continue in an easterly direction along said curve to the right, a distance of 360.11 feet to a 5/8" capped iron rod found stamped "TXDOT ROW";

North 81 deg. 52 min. 35 sec. East tangent to said curve, a distance of 122.75 feet to a 5/8" capped iron rod found stamped "TXDOT ROW", said point being a Point of Curvature of a circular curve to the right, having a radius of 587.69 feet, a central angle of 7 deg. 44 min. 56 sec., and being subtended by a chord which bears North 85 deg. 45 min. 03 sec. East - 79.42 feet;

Continue in an easterly direction along said curve to the right, a distance of 79.48 feet to a 5/8" capped iron rod found stamped "TXDOT ROW";

North 89 deg. 37 min. 34 sec. East non-tangent to said curve, a distance of 1554.63 feet to a 1/2" capped iron rod set, said point being a Point of Curvature of a circular curve to the left, having a radius of 1931.89 feet, a central angle of 3 deg. 33 min. 59 sec., and being subtended by a chord which bears North 87 deg. 50 min. 35 sec. East - 120.23 feet;

Continue in an easterly direction along said curve to the left, a distance of 120.25 feet to a 1/2" capped iron rod set for the Northeast corner of said 1927.200 acre tract and being in the West right-of-way of Union Pacific Railroad;

THENCE South 31 deg. 23 min. 33 sec. East departing said South right-of-way line and continuing along the East line of said 1927.200 acre tract and the West right-of-way line of said railroad, being 50 feet west of and parallel to the centerline of said railroad, a distance of 1239.17 feet to a 1/2" capped iron rod set, said point being a Point of Curvature of a circular curve to the left, having a radius of 1959.88 feet, a central angle of 35 deg. 04 min. 26 sec., and being subtended by a chord which bears South 48 deg. 55 min. 46 sec. East - 1181.10 feet;

THENCE in a southeasterly direction along said curve to the left, the East line of said 1927.200 acre tract, and the West right-of-way line of said railroad, a distance of 1199.75 feet to a 1/2" capped iron rod set;

THENCE South 06 deg. 40 min. 05 sec. West non-tangent to said curve, and continuing along the East line of said 1927.200 acre tract and the West right-of-way line of said railroad, a distance of 41.76 feet to a 1/2" capped iron rod set, said point being a Point of Curvature of a non-tangent circular curve to the left, having a radius of 1999.88 feet, a central angle of 13 deg. 47 min. 52 sec., and being subtended by a chord which bears South 73 deg. 42 min. 44 sec. East - 480.44 feet;

THENCE in a southeasterly direction along said curve to the left, the East line of said 1927.200 acre tract and the West right-of-way line of said railroad, being 90 feet South of and parallel to the centerline of said railroad, a distance of 481.60 feet to a 1/2" iron rod found for the most easterly corner of said 1927.200 acre tract and in the Northwest line of a called 130 acre tract described in a mechanic's lien to Unity Presbyterian Homes recorded in Volume 912, Page 780 (DRECT);

THENCE South 12 deg. 25 min. 26 sec. West non-tangent to said curve, departing said West right-of-way line, and continuing along the East line of said 1927.200 acre tract and the Northwest line of said 130 acre tract, at 852.61 feet pass a 1/2" iron rod found for reference and continue a total distance of 866.18 feet to a point in the center of a creek;

THENCE in a southerly direction along the East line of said 1927.200 acre tract and the centerline of a creek the following twenty-one (21) courses;

South 55 deg. 57 min. 46 sec. West, a distance of 17.23 feet to a point for corner;

South 86 deg. 18 min. 25 sec. West, a distance of 58.99 feet to a point for corner;

North 73 deg. 07 min. 35 sec. West, a distance of 17.27 feet to a point for corner;

South 76 deg. 03 min. 54 sec. West, a distance of 43.90 feet to a point for corner;

North 41 deg. 30 min. 44 sec. West, a distance of 25.95 feet to a point for corner;

South 55 deg. 27 min. 48 sec. West, a distance of 44.04 feet to a point for corner;

South 27 deg. 26 min. 13 sec. West, a distance of 90.38 feet to a point for corner;

South 01 deg. 57 min. 39 sec. West, a distance of 24.29 feet to a point for corner;

South 50 deg. 57 min. 27 sec. West, a distance of 18.98 feet to a point for corner;

South 01 deg. 04 min. 18 sec. West, a distance of 39.19 feet to a point for corner;

South 12 deg. 28 min. 08 sec. West, a distance of 44.61 feet to a point for corner;

South 05 deg. 47 min. 07 sec. West, a distance of 127.56 feet to a point for corner;

South 49 deg. 21 min. 10 sec. West, a distance of 117.39 feet to a point for corner;

South 35 deg. 47 min. 44 sec. West, a distance of 116.39 feet to a point for corner;

South 89 deg. 39 min. 37 sec. West, a distance of 77.26 feet to a point for corner;

South 68 deg. 20 min. 54 sec. West, a distance of 53.67 feet to a point for corner;

South 02 deg. 00 min. 42 sec. East, a distance of 50.83 feet to a point for corner;

South 28 deg. 22 min. 23 sec. West, a distance of 81.53 feet to a point for corner;

South 43 deg. 48 min. 28 sec. West, a distance of 90.13 feet to a point for corner;

South 30 deg. 56 min. 12 sec. West, a distance of 58.06 feet to a point for corner;

South 42 deg. 04 min. 17 sec. West, a distance of 51.16 feet to a point for corner for the Northwest corner of said 130 acre tract and being in the Northeast line of a called 60 acre tract described in a deed to T. L. Allen recorded in Volume 227, Page 326 (DIRECT);

THENCE North 38 deg. 44 min. 01 sec. West departing said centerline and continuing along the East line of said 1927.200 acre tract and the Northeast line of said 60 acre tract, a distance of 107.40 feet to a 1/2" iron rod found for the Northeast corner of said 60 acre tract;

THENCE South 89 deg. 22 min. 18 sec. West along the East line of said 1927.200 acre tract and the North line of said 60 acre tract, a distance of 1029.07 feet to a 1/2" iron rod found for an ell corner of said 1927.200 acre tract and the Northwest corner of said 60 acre tract, being in the recognized East line of the J. Barker Survey and the recognized West line of E. Bellow Survey;

THENCE South 01 deg. 10 min. 55 sec. East along the East line of said 1927.200 acre tract and the West line of said 60 acre tract, the recognized East line of the J. Barker Survey, and the recognized West line of the E. Bellow Survey, a distance of 541.96 feet to a 1/2" iron rod found for an ell corner of said 1927.200 acre tract;

THENCE South 58 deg. 40 min. 27 sec. West departing said survey lines and continuing along the East line of said 1927.200 acre tract, a distance of 477.57 feet to a 1/2" capped iron rod set;

THENCE South 30 deg. 46 min. 56 sec. East along the East line of said 1927.200 acre tract, a distance of 982.20 feet to a 1/2" iron rod found for an ell corner of same, in the recognized easterly North line of the J. Barker Survey, and the recognized South line of the E. Bellow Survey;

THENCE South 56 deg. 32 min. 49 sec. West departing said survey lines and continuing along the East line of said 1927.200 acre tract, a distance of 16.30 feet to a 1/2" iron rod found for an ell corner of same;

THENCE South 30 deg. 19 min. 20 sec. East along the East line of said 1927.200 acre tract, a distance of 638.29 feet to a 1/2" capped iron rod set for an ell corner of same;

THENCE North 59 deg. 30 min. 57 sec. East along the East line of said 1927.200 acre tract, a distance of 2071.60 feet to a 1/2" capped iron rod set for an ell corner of same, in the West line of a called 202.85 acre tract described in said mechanic's lien recorded in Volume 912, Page 780 (DIRECT), the recognized Northwest corner of the J. E. Prince Survey, Abstract No. 845, and a recognized ell corner of said E. Bellow Survey;

THENCE South 30 deg. 39 min. 05 sec. East along the East line of said 1927.200 acre tract, the West line of said 202.85 acre tract, the recognized West line of the J. E. Prince Survey, the recognized South line of the E. Bellow Survey, and the recognized East line of the J. Barker Survey, at 1932.08 feet pass a 1" iron pipe found for reference and continue a total distance of 1963.03 feet to a P.K. nail set for the Southeast corner of said 1927.200 acre tract and being in the North line of a 25 foot right right-of-way dedication of Brookside Drive as shown in the final plat of Brookside Addition recorded in Cabinet B, Page 329 of the Plat Records of Ellis County, Texas (PRECT), also being the original North line of a called 120.88 acre tract described in a deed to Robert L. Beer recorded in Volume 351, Page 107 (DIRECT)

THENCE South 58 deg. 06 min. 39 sec. West along the South line of said 1927.200 acre tract, at 4.14 feet pass a P.K. nail set for the Northwest corner of said Brookside Addition and being a North corner of a called 117.518 acre

tract described in a deed to Waxahachie Land Acquisition Joint Venture recorded in Volume 719, Page 155 (DIRECT), at 970.26 feet pass a 1/2" capped iron rod set for the Northwest corner of said 117.518 acre tract, and continue a total distance of 2041.71 feet to a 1/2" capped iron rod set for an ell corner of said 1927.200 acre tract and the most northerly Northwest corner of a called 265.36 acre tract described in a deed to Nay Trust B recorded in Volume 2739, Page 149 (DIRECT);

THENCE South 04 deg. 10 min. 42 sec. East along the South line of said 1927.200 acre tract and the North line of said 265.36 acre tract, a distance of 1491.41 feet to a 1/2" capped iron rod set for an ell corner of same;

THENCE South 31 deg. 26 min. 53 sec. East along the South line of said 1927.200 acre tract and the North line of said 265.36 acre tract, a distance of 214.05 feet to a 1/2" iron rod found in the recognized South line of said J. Barker Survey, recognized Northeast corner of the M. Myers Survey, Abstract No. 714, and the recognized Northwest corner of the J. Fifer Survey, Abstract No. 351;

THENCE South 58 deg. 27 min. 04 sec. West along the South line of said 1927.200 acre tract, the North line of said 265.36 acre tract, the recognized South line of the J. Barker Survey, and the recognized North line of the M. Myers Survey, at 1456.37 feet pass a 1/2" capped iron rod set for the Northeast corner of a called 141.512 acre tract described in a deed to SPG Harvard IV, LLLP, et al recorded in Volume 2279, Page 450 (DIRECT) and the Northwest corner of said 265.36 acre tract, and continue a total distance of 2553.72 feet to a 1/2" iron rod found for an ell corner of said 1927.200 acre tract and the Southwest corner of a called 300.765 acre tract described in a deed to Jeffrey Lane Frazier and Jeanette Marie Frazier recorded in Volume 2048, Page 1588 (DIRECT);

THENCE North 30 deg. 52 min. 01 sec. West departing the North and South lines of said Surveys and continuing along the East line of said 300.765 acre tract and the South line of said 1927.200 acre tract, at 2132.69 feet pass a 1/2" capped iron rod found stamped "RPLS 4466" for the Northeast corner of said 300.765 acre tract and the Southeast corner of a called 398.261 acre tract described in a deed to SPG Harvard IV, LLLP, et al recorded in Volume 2216, Page 1654 (DIRECT), at 5201.80 feet pass a 1/2" iron rod found for an ell corner of said 1927.200 acre tract and the Northeast corner of said 398.261 acre tract, and continue a total distance of 7701.80 feet to a 1/2" iron rod set

THENCE North 05 deg. 52 min. 31 sec. East, a distance of 3477.87 feet to the POINT OF BEGINNING, containing 45,330,322 square feet or 1040.641 acres of land, more or less.

## **Parcel 2:**

All that certain lot, tract, or parcel of land, situated in a portion of the J. Barker Survey, Abstract No. 40, J. Fifer Survey, Abstract No. 351, and the J. E. Prince Survey, Abstract No. 845, City of Waxahachie, Ellis County, Texas, being all of that certain called 117.529 acre tract described in a deed from Waxahachie Land Acquisition Joint Venture to Boa Sorte, LP, et al on April 6, 2005 and recorded in Volume 2115, Page 774 of the Deed Records of Ellis County, Texas (DIRECT), and being more completely described as follows, to-wit:

BEGINNING at a 1/2" iron pipe found for the Northeast corner of said 117.529 acre tract, the Southeast corner of a called 0.4312 acre tract described in a deed to Barbara Kay Beer Mouser, et vir recorded in Volume 2100, Page 1456 (DIRECT), the Southwest corner of a called 0.503 acre tract described in a deed to Robert P. Kelley, et ux recorded in Volume 567, Page 555 (DIRECT), and being in the West line of the remainder of called 125 acre tract described in a deed to Jack Kelley recorded in Volume 404, Page 324 (DIRECT);

THENCE South 31 deg. 13 min. 11 sec. East along the East line of said 117.529 acre tract and the West line of said 125 acre tract, a distance of 2358.70 feet to a 1/2" capped iron rod set for the Southeast corner of said 117.529 acre tract, the Southwest corner of said 125 acre tract, and being in the North line of a called 140 acre tract described in a deed to Clint Allen Riddle and Curtis Ray Riddle recorded in Volume 2675, Page 812 (DIRECT), from which a 1/2" iron rod found bears South 15 deg. 39 min. 16 sec. West - 2.77 feet and from which a 1/2" iron pipe found for the Northeast corner of said 140 acre tract bears North 59 deg. 45 min. 11 sec. East - 952.87 feet;

THENCE South 59 deg. 45 min. 11 sec. West along the South line of said 117.529 acre tract and the North line of said 140 acre tract, at 1243.66 feet pass a 1/2" iron rod found for the Northwest corner of said 140 acre tract and the Northeast corner of a called 10.00 acre tract described in a deed to Melissa Mims recorded in Volume 2139, Page 2147 (DIRECT) and continue a total distance of 2108.66 feet to a 1/2" capped iron rod set for the Southwest

corner of said 117.529 acre tract and being an ell corner of a called 265.36 acre tract described in a deed to Nay Trust B recorded in Volume 2739, Page 149 (DRECT);

THENCE North 31 deg. 44 min. 11 sec. West along the West line of said 117.529 acre tract, the East line of said 265.36 acre tract, and the East line of a called 2.113 acre tract described in a deed to Terry L. Nay, et ux recorded in Volume 1621, Page 662 (DRECT) at 2466.20 feet pass a 1/2" iron rod found 75.00 feet West of and perpendicular to said line for a corner in the West line of said 2.113 acre tract and continue a total distance of 2482.55 feet to a 1/2" capped iron rod set for the original Northwest corner of a called 117.518 acre tract described in a deed to Waxahachie Land Acquisition Joint Venture recorded in Volume 719, Page 155 (DRECT), said point being in the South line of a called 1927.200 acre tract described in a deed to Boa Sorte, LP, et al recorded in Volume 2062, Page 437 (DRECT);

THENCE South 58 deg. 06 min. 39 sec. West along the North line of said 117.518 acre tract and the South line of said 1927.200 acre tract, a distance of 966.12 feet to a P.K. nail set for a North corner of said 117.518 acre tract and the Northwest corner of Brookside Addition recorded in Cabinet B, Page 329 of the Plat Records of Ellis County, Texas (PRECT);

THENCE South 31 deg. 25 min. 31 sec. East along the North line of said 117.518 acre tract and the West line of said Brookside Addition, at 25.00 feet pass a 3/8" iron rod found for the Northwest corner of Lot 1 of said Brookside Addition, and continue along the North line of said 117.529 acre tract, a total distance of 175.01 feet to a 3/8" iron rod found for the Southwest corner of said Lot 1 and an ell corner of said 117.529 acre tract;

THENCE North 58 deg. 34 min. 29 sec. East along the North line of said 117.529 acre tract, the South line of said Brookside Addition, the South line of a called 0.43 acre tract described in a deed to Monica Davis recorded in Volume 2589, Page 1329 (DRECT), the South line of a called 0.5152 acre tract described in a deed to Shirley Allred recorded in Volume 1550, Page 826 (DRECT), and the South line of a called 0.4309 acre tract described in a deed to Katy R. Ryan and Booby Hopgood recorded in Volume 2512, Page 1420 (DRECT), a distance of 998.69 feet to a 1/2" capped iron rod set for an ell corner of said 117.529 acre tract and the Southeast corner of said 0.4309 acre tract;

THENCE North 31 deg. 25 min. 31 sec. West along a North line of said 117.529 acre tract and the East line of said 0.4309 acre tract, a distance of 150.04 feet to a 1/2" iron pipe found for a North corner of said 117.529 acre tract, the Northeast corner of said 0.4309 acre tract, and being in the South right-of-way of said Brookside Drive;

THENCE North 58 deg. 34 min. 29 sec. East along the North line of said 117.529 acre tract and said South right-of-way line, a distance of 40.12 feet to a 1/2" capped iron rod set for a North corner of said 117.529 acre tract and the Northeast corner of said 0.4312 acre tract;

THENCE South 31 deg. 25 min. 31 sec. East departing said South right-of-way line and continuing along a North line of said 117.529 acre tract and the West line of said 0.4312 acre tract, a distance of 150.04 feet to a 1/2" capped iron rod found stamped "RPLS 4466" for an ell corner of said 117.529 acre tract and the Southwest corner of said 0.4312 acre tract;

THENCE North 58 deg. 34 min. 29 sec. East along the North line of said 117.529 acre tract and the South line of said 0.4312 acre tract, a distance of 125.26 feet to the POINT OF BEGINNING, containing 5,122,692 square feet or 117.601 acres of land, more or less.

### **Parcel 3:**

All that certain lot, tract, or parcel of land, situated in a portion of the J. Drinkard Survey, Abstract No. 273 and the M. Myers Survey, Abstract No. 714, Ellis County, Texas, being all of that certain called 141.512 acre tract described in a deed from Darell V. Nay and Gladys A. Nay on January 5, 2007 and recorded in Volume 2279, Page 450 of the Deed Records of Ellis County, Texas (DRECT), and being more completely described as follows, to-wit:

BEGINNING at a 1/2" capped iron rod found stamped "RPLS 4466" for the Southeast corner of said 141.512 acre tract, the southerly corner of a called 0.7778 acre tract described in a deed to Hiram Clay Schoolfield, et ux recorded in Volume 2105, Page 1459 (DRECT), the Southwest corner of a called 40.889 acre tract described as Tract 1 in a deed to Hiram Clay Schoolfield recorded in Volume 2424, Page 1248 (DRECT), and being in the North



right-of-way line of Farm to Market Highway No. 1446 (80' right-of-way width), from which a 1/2" iron rod found for a P.I. in said right-of-way bears North 84 deg. 07 min. 41 sec. East - 903.57 feet;

THENCE South 84 deg. 07 min. 41 sec. West along the South line of said 141.512 acre tract and said North right-of-way line, a distance of 1056.15 feet to a 1/2" capped iron rod set for a Point of Curvature of a non-tangent circular curve to the left, having a radius of 1949.86 feet, a central angle of 7 deg. 42 min. 06 sec., and being subtended by a chord which bears South 80 deg. 06 min. 44 sec. West - 261.90 feet;

THENCE in a westerly direction along said curve to the left, the South line of said 141.512 acre tract, and said North right-of-way line, a distance of 262.10 feet to a 1/2" capped iron rod set;

THENCE South 76 deg. 15 min. 41 sec. West tangent to said curve, and along the South line of said 141.512 acre tract, and said North right-of-way line, a distance of 16.06 feet to a 1/2" capped iron rod set for the Southwest corner of said 141.512 acre tract and the Southeast corner of a called 195.17 acre tract described in a deed to ACCRU, Inc. recorded in Volume 1737, Page 2029 (DIRECT), from which a 60D nail found bears South 31 deg. 29 min. 58 sec. East - 0.33 feet;

THENCE North 31 deg. 29 min. 58 sec. West along the West line of said 141.512 acre tract and the East line of said 195.17 acre tract, a distance of 3389.99 feet to a 1/2" capped iron rod set for the Northwest corner of said 141.512 acre tract, a South corner of a called 300.765 acre tract described in a deed to Jeffrey Lane Frazier and Jeanette Marie Frazier recorded in Volume 2048, Page 1588 (DIRECT), being in the recognized South line of the J. Barker Survey, Abstract No. 40, and the recognized North line of said M. Myers Survey, from which a 1/2" iron rod found "bent" bears North 31 deg. 29 min. 58 sec. West - 0.71 feet;

THENCE North 58 deg. 27 min. 04 sec. East along the North line of said 141.512 acre tract, the South line of said 300.765 acre tract, the South line of the recognized J. Barker Survey, and the North line of the recognized M. Myers Survey, at 660.45 feet pass a 1/2" iron rod found for the Southeast corner of said 300.765 acre tract and the Southwest corner of the remainder of a called 1927.200 acre tract described in a deed to Boa Sorte, LP, et al recorded in Volume 2062, Page 437 (DIRECT), and continue a total distance of 1757.80 feet to a 1/2" capped iron rod set for the Northeast corner of said 141.512 acre tract, the Northwest corner of a called 265.36 acre tract described in a deed to Nay Trust B recorded in Volume 2739, Page 149 (DIRECT), and being in the South line of said 1927.200 acre tract;

THENCE South 30 deg. 59 min. 02 sec. East along the East line of said 141.512 acre tract and the West line of said 265.36 acre tract, a distance of 2323.39 feet to a 1/2" capped iron rod set for the most westerly Southwest corner of said 265.36 acre tract and the Northwest corner of said 40.889 acre tract;

THENCE South 02 deg. 15 min. 28 sec. East along the East line of said 141.512 acre tract and the West line of said 40.889 acre tract, a distance of 25.10 feet to a 1/2" capped iron rod set for the Northerly corner of a called 0.7798 acre tract describe as Tract 3 in said Volume 2424, Page 1248 (DIRECT);

THENCE South 18 deg. 58 min. 50 sec. East along the East line of said 141.512 acre tract and the West line of said 0.7798 acre tract, a distance of 816.36 feet to a 1/2" capped iron rod set for the southerly corner of said 0.7798 acre tract, said corner being in the West line of said 40.889 acre tract;

THENCE South 12 deg. 44 min. 40 sec. East along the East line of said 141.512 acre tract and the West line of said 40.889 acre tract, a distance of 19.10 feet to a 1/2" capped iron rod set for the northerly corner of a called 0.2831 acre tract describe as Tract 2 in said Volume 2424, Page 1248 (DIRECT);

THENCE South 08 deg. 46 min. 58 sec. East along the East line of said 141.512 acre tract, the West line of said 0.2831 acre tract, and the West line of said 0.7778 acre tract, a distance of 855.83 feet to the POINT OF BEGINNING, containing 6,164,780 square feet or 141.524 acres of land, more or less.

**SCHEDULE "B"**  
**PARTNERSHIP AGREEMENT**

**WALTON TX DALLAS KEMP RANCH LP 1**

**THIRD AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT**

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This Third Amended and Restated Limited Partnership Agreement is dated for reference the 22<sup>nd</sup> day of June 2015,

BETWEEN:

**WALTON TX DALLAS KEMP RANCH CORPORATION**, a body corporate incorporated under the *Business Corporations Act* (Alberta) (hereinafter referred to as the "**General Partner**")

OF THE FIRST PART

AND

**KENNETH H. PHILLIPS**, an individual residing in the City of Calgary, in the Province of Alberta (hereinafter referred to as the "**Initial Limited Partner**")

OF THE SECOND PART

AND

Each of those Persons who from time to time is accepted as and becomes a limited partner of the Partnership formed pursuant to this Agreement in accordance with the terms and conditions of this Agreement (hereinafter referred to individually as a "**Limited Partner**" and collectively with the Initial Limited Partner as the "**Limited Partners**")

OF THE THIRD PART

WHEREAS:

A. The General Partner and the Initial Limited Partner have established a limited partnership originally known as Walton Colorado Mountain Vista LP pursuant to a limited partnership agreement dated February 12, 2015 (the "**Original Agreement**");

B. The General Partner and the Initial Limited Partner, being all of the partners of the Partnership as at the date hereof, amended and restated the Original Agreement on April 21, 2015 and again on May 6, 2015, and desire to further amend and restate the Original Agreement as provided for in this Agreement;

C. The Partnership intends to acquire and hold interests (being a maximum 95% beneficial undivided interest) in the Property which is located in Ellis County, Texas;

C. The General Partner has determined to offer Units of the Partnership by way of private placement in certain provinces and territories of Canada and such other jurisdictions as it may determine in its sole discretion for the primary purposes of financing the acquisition of such interests and funding certain of the ongoing costs of the Partnership and maintaining such interests and will admit subscribers for Units as Limited Partners; and

D. It is considered necessary and desirable to enter into this Agreement to set out the terms and conditions upon which the Partnership is to be established and operated;

In consideration of the covenants, representations and agreements contained herein, and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the parties agree as follows:

## ARTICLE 1 DEFINITIONS AND INTERPRETATION

### 1.1 Definitions

In this Agreement, in addition to any terms defined parenthetically herein, the following terms shall have the following meanings unless the context otherwise requires:

"**ABCA**" means the *Business Corporations Act* (Alberta);

"**affiliate**" or "**associate**" means a Person who is affiliated or associated with the Person who is the object of the description for the purposes of the ABCA;

"**Agent Commissions**" means all commissions, fees and other compensation payable, if any, to a selling agent with respect to any offering or sale of Units;

"**Agreement**" or "**Limited Partnership Agreement**" means this third amended and restated limited partnership agreement, including the Schedules to this agreement, as amended or supplemented from time

to time, and "herein", "hereby", "hereof", "hereunder", "hereto" and similar expressions mean or refer to this Agreement and not to any particular provision of this Agreement;

**"Auditors"** means such firm of chartered accountants as may be appointed by the General Partner from time to time as auditor for the Partnership;

**"Borrowers"** means any of WIGI, its Material Affiliates and Sponsored Entities, who borrow the Net Proceeds from the Partnership pursuant to the Loan Agreements;

**"Capital Contribution"**, with respect to any Partner, means the amount of capital contributed, or deemed to be contributed, by such Partner to the Partnership in accordance with Article 4 hereof, including, in the case of a Limited Partner, such Limited Partner's Initial Capital Contribution;

**"Certificate"** means the certificate in respect of the Partnership filed pursuant to the Partnership Act, as amended from time to time in accordance with all notices to amend such certificate that are filed and recorded as aforesaid;

**"Code"** means the United States *Internal Revenue Code of 1986*, as amended, and Treasury Regulations promulgated thereunder;

**"Concept Planning"** means those pre-development actions initiated to (i) conduct planning studies to assess the development potential of the Property; (ii) prepare a conceptual master plan for the Property; (iii) pursue local governmental planning and regulatory approvals necessary to implement the conceptual master plan, including plan amendments and rezoning; (iv) prepare and obtain local governmental approval of subdivision plans; and (v) negotiate and secure service agreements;

**"Co-Ownership Agreement"** means an agreement to be entered into on the date the Partnership first acquires an interest in the Property or shortly thereafter between the General Partner for and on behalf of the Partnership and Walton Texas, governing the relationship of the parties as it relates to the holding, management and sale of the Property;

**"Excise Tax Act"** means the *Excise Tax Act* (Canada);

**"Extraordinary Resolution"** means a resolution approved by not less than 66⅔% of the votes cast by those Limited Partners who vote and are entitled to vote in person or by proxy at a duly convened meeting of Limited Partners, or at any adjournment thereof, called in accordance with this Agreement, or a written resolution signed in one or more counterparts by Limited Partners holding in the aggregate not less than 66⅔% of the aggregate number of votes held by those Limited Partners who are entitled to vote with respect to such resolution at the time of such meeting, if a meeting were called;

**"Fiscal Year"** has the meaning ascribed thereto in Section 6.7;

**"Funding Agreement"** means an agreement to be entered into on the date of the first closing of the Private Placement between Walton Finance and the Partnership whereby Walton Finance will agree to fund certain expenses and other costs of the Partnership, some of which will be reimbursable by the Partnership and some of which will not be reimbursable by the Partnership;

**"General Partner"** means Walton TX Dallas Kemp Ranch Corporation and each other party who becomes an additional or substituted General Partner pursuant to the terms and conditions of this Agreement;

**"Income Tax Act"** means the *Income Tax Act* (Canada), as amended and supplemented from time to time;

**"Initial Capital Contribution"** means an amount per Unit issued to a Limited Partner (other than the Initial Limited Partner) equal to a price per Unit as determined by the General Partner;

**"Initial Limited Partner"** means Kenneth H. Phillips;

**"Interest"** means the undivided interest in the Property to be acquired by the Partnership;

**"Limited Partners"** means the Initial Limited Partner and each of those Persons who from time to time is accepted as and becomes a limited partner of the Partnership in accordance with the terms and conditions of this Agreement, including the General Partner if and when it holds Units;

**"Loan"** means the amount the Partnership will lend to the Borrowers in amounts not in excess of the Net Proceeds outstanding from time to time pursuant to the Loan Agreements;

**"Loan Agreements"** means the agreements to be entered into between a Borrower and the Partnership, from time to time, whereby the Partnership will agree to make unsecured demand Loans to the Borrower;

**"Material Affiliate"** means any affiliate of WIGI, including any affiliates which come into existence after the date hereof;



**"Net Income" or "Net Loss"** means, with respect to any fiscal period, the net income or net loss, as the case may be, of the Partnership as determined by the General Partner in accordance with Canadian generally accepted accounting principles or International Financial Reporting Standards, as applicable;

**"Net Proceeds"** has the meaning ascribed thereto in the Offering Memorandum;

**"Offering Memorandum"** means the offering memorandum of the Partnership prepared in accordance with Form 45-106F2, under which the Partnership will sell Units to raise proceeds to acquire up to an undivided 95% Interest in the Property;

**"Ordinary Resolution"** means a resolution approved by more than 50% of the votes cast by those Limited Partners who vote and are entitled to vote in person or by proxy at a duly convened meeting of Limited Partners, or at any adjournment thereof, called in accordance with this Agreement, or a written resolution signed in one or more counterparts by Limited Partners holding in the aggregate more than 50% of the aggregate number of votes held by those Limited Partners who are entitled to vote with respect to such resolution at the time of such meeting, if a meeting were called;

**"Partners"** means the General Partner and the Limited Partners collectively, and **"Partner"** means any one of them;

**"Partnership"** means Walton TX Dallas Kemp Ranch LP 1, a limited partnership formed pursuant to the terms of this Agreement under the Partnership Act;

**"Partnership Act"** means the *Partnership Act* (Alberta);

**"Person"** means any "person" or "company" as such terms are defined in the *Securities Act* (Alberta);

**"Private Placement"** means the private placement having the attributes as described in the Offering Memorandum;

**"Property"** means the property comprising an aggregate of 1,300 acres of land, more or less, located in Ellis County, Texas as depicted in Schedule "A" of the Offering Memorandum, in which the Partnership may acquire an Interest;

**"Qualified Person"** means a Person in respect of which, if such Person were to become a Limited Partner, the representations of such Person contained in Section 13.2(a) would be true;

**"Register"** means the register of Partners maintained or caused to be maintained pursuant to Section 6.10;

**"Registrar and Transfer Agent"** means the registrar and transfer agent for the Units referred to in Section 6.10;

**"Regulations"** shall mean the United States Treasury Department regulations issued pursuant to the Code;

**"Resident"** means a Person (other than a partnership) that is resident in Canada for the purposes of the *Income Tax Act*, and a "Canadian partnership" as defined in the *Income Tax Act*;

**"Sharing Ratio"**, with respect to any Limited Partner and any Units, means the proportion that the number of Units held by such Limited Partner constitutes of the aggregate number of Units held by all Limited Partners;

**"Sponsored Entity"** means any entity where WIGI or an affiliate thereof has an administrative, management, or management development role, either under a contract or by virtue of ownership, and which entity receives funding with funds from a Loan, for general corporate purposes and includes any Sponsored Entities which come into existence after the date hereof;

**"Subscription Agreement"** means a subscription agreement for the acquisition of Units from the Partnership in such form as is approved from time to time by the General Partner;

**"Unit"** means one unit of the Partnership representing an equal and undivided interest in the Partnership (subject to the interest of the General Partner therein) entitling the holder thereof to the rights, restrictions, privileges and obligations of a Limited Partner as provided in this Agreement;

**"Unit Certificate"** means a certificate representing ownership of Unit(s), which certificate shall be substantially in the form attached hereto as Schedule B or such other form as is approved from time to time by the General Partner, provided, however, that no physical certificate is required to be issued as the Registrar and Transfer Agent will maintain a book-based registry for the Units;

**"Unqualified Limited Partner"** means a Limited Partner in respect of which any of the representations of such Limited Partner contained in Section 13.2(a)(iii), (iv), (v) or (vi) cease to be true;

**"Walton Finance"** means Walton Finance Ltd., an Alberta corporation;

**"Walton Nevada"** means Walton International Group Inc., a Nevada corporation that is manager of Walton Texas GP, LLC which is the general partner of Walton Texas;

**"Walton Texas"** means Walton Texas LP, a wholly-owned indirect subsidiary of Walton USA, and an affiliate of the General Partner and WIGI, being the entity from which the Partnership will acquire up to a 95% undivided interest in the Property. See "Item 2 – Activities of the Partnership – Structure";

**"Walton USA"** means Walton International Group (USA), Inc., an Arizona corporation;

**"WDMI"** means Walton Development & Management (USA), Inc., an Arizona corporation; and

**"WIGI"** means Walton International Group Inc., an Alberta corporation.

## 1.2 **Schedules**

The following Schedules form part of this Agreement:

Schedule A	Transfer Form
Schedule B	Unit Certificate

## 1.3 **Headings**

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

## 1.4 **Section References**

Unless the contrary intention appears, references in this Agreement to an Article, Section or Schedule by number or letter or both refer to the Article, Section or Schedule, respectively, bearing that designation in this Agreement.

## 1.5 **Number and Gender**

In this Agreement, unless the context otherwise requires, words importing the singular include the plural and vice versa; and words importing gender include all genders.

## 1.6 **Date for Actions**

In the event that the date on which any action is required to be taken hereunder by any of the parties is not a business day in the place where the action is required to be taken, such action shall be required to be taken on the next succeeding day which is a business day in such place.

## 1.7 **Statutes**

References in this Agreement to any statute or sections thereof shall include such statute as amended or substituted and any regulations or other administrative authority promulgated thereunder from time to time in effect.

## 1.8 **Currency**

Unless otherwise stated, all references in this Agreement to sums of money are expressed in lawful money of the United States of America.

# **ARTICLE 2 THE PARTNERSHIP**

## 2.1 **Formation of Partnership**

The General Partner and the Limited Partners hereby form and enter into the Partnership, a limited partnership to be governed by the laws of Alberta and the terms and conditions of this Agreement.

## **2.2 Name**

The name of the Partnership shall be "Walton TX Dallas Kemp Ranch LP 1", or such other name as the General Partner may determine from time to time, of which notice to amend the Certificate is filed and recorded pursuant to the Partnership Act.

## **2.3 Number of Partners**

The Partnership currently has, and will at all times, have at least one General Partner and one or more Limited Partners.

## **2.4 Maintaining Status of Limited Partnership**

The General Partner will be the general partner of the Partnership, will do all things and will cause to be executed and filed such certificates, declarations, instruments and documents as may be required under the laws of the Province of Alberta or the laws of Canada or the laws of any other province or territory or state having jurisdiction, to reflect the constitution of the Partnership from time to time. The General Partner shall make an election under Regulations section 301.7701-3 for the Partnership to be treated as a partnership under the Code. The General Partner and each Limited Partner will execute and deliver as promptly as possible any certificates, declarations, instruments and documents that may be necessary or desirable to accomplish the purposes of this Agreement or to give effect to the formation, continuance, operation or dissolution of the Partnership under any and all applicable laws. The General Partner will take all necessary actions on the basis of information available to it in order to maintain the legal status of the Partnership as a limited partnership under the Partnership Act.

## **2.5 Principal Office**

The principal office of the Partnership shall be 23<sup>rd</sup> Floor, 605 – 5<sup>th</sup> Avenue S.W., Calgary, Alberta, T2P 3H5. The General Partner may change the principal office of the Partnership to such other office or offices in the Province of Alberta as the General Partner may from time to time determine provided that the General Partner gives notice of such change to the Limited Partners. The General Partner may establish such other place or places of business of the Partnership as it may determine from time to time.

# **ARTICLE 3 PURPOSE AND FUNCTION OF THE PARTNERSHIP**

## **3.1 Purpose and Function of the Partnership**

The Partnership has been formed for the purposes of (i) making an offering of its Units; (ii) loaning funds to the Borrowers and using the interest resulting therefrom to declare and pay distributions from time to time in the sole discretion of the General Partner, including, without limitation, in the manner set out in the Offering Memorandum; (iii) purchasing the Interest from Walton Texas; (iv) holding the Interest as an investment; (v) eventually selling or otherwise disposing of the Interest with a view to making a profit; and (vi) performing such other activities as may be incidental to or arising from the foregoing purposes as may be reasonably determined by the General Partner, including without limitation, participating in Concept Planning prior to the sale of the Interest. Although it is the current intention of the Partnership to hold the Interest as an investment, to participate in Concept Planning and to eventually dispose of the Interest in one or more transactions prior to development of the Property, in the event it is determined that the Partnership will extend its investment activities beyond Concept Planning and develop or participate in the development of the Property, the activities of the Partnership will also include the partial or full development of such Property prior to the sale thereof.

## **3.2 Powers**

The purposes of the Partnership set forth in Section 3.1 and the powers vested in the General Partner described in Section 6.5 shall be construed as both purposes and powers of the Partnership. The Partnership shall have, without limitation, the power to do, or cause to be done, any and all acts and things necessary, convenient or incidental to the accomplishment of the purposes of the Partnership, and the enumeration in Section 6.5 of any means by which the purposes of the Partnership may be accomplished shall not limit or be construed so as to limit the powers which may be exercised by the Partnership.

**ARTICLE 4**  
**ADMISSION OF LIMITED PARTNERS AND CAPITAL CONTRIBUTIONS**

**4.1 Division into Units**

The interests of the Limited Partners in the Partnership shall be divided into, and the Partnership is authorized to issue, an unlimited number of one class of Units. Each Unit shall, subject to Section 4.2, have attached thereto the same rights and obligations as, and shall rank equally with, each other Unit with respect to distributions, allocations and voting.

**4.2 Initial Limited Partner**

The Initial Limited Partner contributed \$50.00 as the initial capital contribution to the Partnership and such contribution was accepted by the General Partner. Upon one or more other Persons becoming Limited Partners, the Initial Limited Partner shall be entitled to and shall receive payment from the Partnership of \$50.00 as a return of the capital contributed by the Initial Limited Partner, whereupon the Initial Limited Partner shall cease to be a Limited Partner.

**4.3 Fractional Units**

A Unit may be divided or split into fractions, and the Partnership will record any subscription for, assignment of, or otherwise recognize any interest in less than a whole Unit. Unless the context otherwise requires, any reference to a Unit or Units in this Agreement will be deemed to include a reference to a fraction of a Unit.

**4.4 Additional Limited Partners**

The General Partner may, subject to the other provisions of this Agreement, admit Limited Partners from time to time by the offering, sale and issuance of further Units pursuant to the Private Placement. The Private Placement will consist of the offering by the Partnership of the number of Units as described in the Offering Memorandum at a price per Unit as determined by the General Partner. The General Partner may determine the other terms and conditions of such offering and sale of the Units thereunder and may do all such things as may be necessary or advisable to give effect to such offering and sale (including, without limitation, the filing of the Offering Memorandum (or any amendment thereto), the payment of issue expenses and the entry into of agreements to pay Agent Commissions with respect to the offering or sale of Units) and any such acts done are hereby ratified and confirmed by the Limited Partners. Each Person subscribing for Units pursuant to the Private Placement must complete, execute and deliver to, or to the order of, the General Partner, a Subscription Agreement and any other documents deemed necessary by the General Partner to comply with applicable securities laws and the terms and conditions of issue. A subscriber for Units shall become a Limited Partner upon the acceptance by the General Partner of the subscriber's Subscription Agreement and other documents and payment of such Limited Partner's Initial Capital Contribution and, thereupon, the Limited Partners hereby consent to the admission of, and will admit, additional Limited Partners to the Partnership without further act of the Partners.

**4.5 Amendment of Certificate**

Upon compliance with the other terms and conditions of this Agreement, the General Partner shall amend the Certificate in accordance with the *Partnership Act* to include the name of each additional Person intended to become a Limited Partner as a Limited Partner, the amount and conditions of such Person's Capital Contribution to the Partnership and such other information as is required to be stated in the Certificate, and shall make such other filings and recordings as may be required by law.

**4.6 Refusal of Subscriptions**

The General Partner may, for any reason in its absolute discretion, refuse to accept any subscription for a Unit. In the event of any such refusal, the General Partner shall cause the return of the subscriber's Subscription Agreement, accompanying documents and any contribution of capital to the subscriber.

**4.7 No Additional Capital Contributions – Limited Partners**

No Limited Partner shall be required to make any contribution to the capital of the Partnership in excess of the subscription price that such Limited Partner has agreed to pay to the Partnership for its Units.

#### 4.8 **Capital Contribution – General Partner**

The General Partner, in its capacity as general partner of the Partnership, shall contribute to the capital of the Partnership an amount equal to \$50.00. The General Partner may subscribe and purchase Units on the same terms and conditions as the Limited Partners.

### **ARTICLE 5 ACCOUNTS, ALLOCATIONS AND DISTRIBUTIONS**

#### 5.1 **Capital Accounts**

The General Partner shall establish and maintain on the books of the Partnership a capital account for the General Partner and each of the Limited Partners, which account shall be credited with each contribution to the capital of the Partnership made by the Partner in accordance with the terms of this Agreement and credited or debited, as the case may be, with amounts of capital allocated or distributed to the Partner from time to time.

#### 5.2 **Current Accounts**

The General Partner shall establish and maintain on the books of the Partnership a current account for the General Partner and each of the Limited Partners, which account shall be credited with all amounts, other than capital, in respect of which Partners are entitled to be credited, and debited with all amounts, other than capital, in respect of which Partners are to be charged, all in accordance with Canadian generally accepted accounting principles.

#### 5.3 **Allocations of Income**

Net Income or Net Loss of the Partnership for a Fiscal Year shall be allocated as follows:

- (a) General Partner – the General Partner shall be allocated, in its capacity as General Partner, 0.1% of the Net Income or Net Loss; and
- (b) Limited Partners – the balance of the Net Income or Net Loss shall be allocated to Limited Partners of record on the last day of the Fiscal Year (including, if applicable, the General Partner in its capacity as a Limited Partner) in accordance with their respective Sharing Ratios at that time.

#### 5.4 **Distributions**

After payment and reservation of all amounts necessary for payment for all expenses of the Partnership (including all amounts owing by the Partnership under the Funding Agreement, the Co-Ownership Agreement and any tax withholding obligations) and reservation of such amounts as in the opinion of the General Partner are necessary having regard to the then current and anticipated resources of the Partnership and its commitments and anticipated commitments, distributions of cash, assets or property of the Partnership (whether resulting from revenue or income earned by the Partnership or from the proceeds of sale of all or any part of the Property or other assets of the Partnership including any amounts distributed pursuant to Section 12.4 or otherwise) will be made, at the sole discretion of the General Partner, to the Partners as follows:

- (a) General Partner – subject to paragraph (c) below, the General Partner shall receive, in its capacity as General Partner, 0.1% of such distributions;
- (b) Limited Partners – subject to paragraph (c) below, the balance of such distributions shall be made to Limited Partners of record on the record date established by the General Partner for the distribution (including, if applicable, the General Partner in its capacity as a Limited Partner) in accordance with their respective Sharing Ratios at that time;
- (c) subject to Section 5.4(d), in no event shall the aggregate of amounts distributed to the General Partner or any particular Limited Partner be greater than the sum of the Net Income allocated to such Partner or any prior owner of such Partner's Units and the amount of the Capital Contributions made to the Partnership by such Partner or any prior owner of such Partner's Units less the amount, if any, of Net Losses allocated to such Partner or any prior owner of such Partner's Units; and
- (d) to the extent additional amounts are available for distribution after the application of Sections 5.4(a), 5.4(b) and 5.4(c), such amounts shall be distributed to the Partners *pro rata* in proportion to the sum of the amounts contained in their respective capital and current accounts (but not

exceeding the amounts contained in their respective capital and current accounts), and thereafter shall be distributed to the Partners in accordance with their respective Sharing Ratios at that time.

The manner and timing of such distributions will be in the sole discretion of the General Partner. Any amount withheld by the General Partner and paid over to a taxing authority shall be treated as actually distributed to the Partner in respect of whom such withholding and payment was made.

The General Partner shall be entitled, in its sole discretion and at any time, and from time to time, subject to the above, to distribute or return any contributions made by the Partners to the Partnership, and each of the Partners hereby provides its express consent to the General Partner and to the Partnership, pursuant to Section 62(1) of the *Partnership Act* (or any similar or successor provisions), to distribute or return such contributions to the Partners.

#### **5.5 Return of Capital**

No Partner shall be entitled to a return, or to demand a return, of any portion of such Partner's Capital Contribution or be entitled to any distribution or allocation except as provided in this Agreement.

#### **5.6 No Interest Payable on Accounts**

Except as provided herein, no Partner has the right to receive interest on any credit balance in accounts maintained on the books of the Partnership and no Partner is liable to pay interest to the Partnership on any deficit in any accounts maintained on the books of the Partnership.

#### **5.7 Allocations for Income Tax Purposes**

The net income, gains, losses, deductions or credits of the Partnership for purposes of the *Income Tax Act*, or the Code or similar legislation of a province or territory of Canada or state or territory of the United States of America, which may vary from the Net Income or Net Loss for that Fiscal Year, shall be allocated in the same proportions as set forth in Section 5.3.

#### **5.8 Authority to Withhold; Treatment of Withheld Tax**

- (a) Notwithstanding any other provision of this Agreement, each Partner hereby authorizes the Partnership or its duly appointed agent to withhold and to pay over, or otherwise pay, any withholding or other taxes that the Partnership or such agent may be required to withhold or pay (pursuant to the *Income Tax Act*, the Code, or any provincial, territorial or foreign tax law) with respect to amounts allocable to such Partner or as a result of such Partner's participation in the Partnership, and in the event of any such payment or withholding:
  - (i) the Partnership shall provide notice to such Partner of any such payment required to be made as soon as practicable;
  - (ii) if and to the extent that the Partnership is required to withhold or pay any such withholding or other taxes, such Partner shall be deemed for all purposes of this Agreement to have received a distribution from the Partnership, effective as of the time such withholding or other tax is required to be paid, to the extent that such Partner (or any successor to such Partner's interest in the Partnership) would have received a distribution but for such withholding or other taxes; and
  - (iii) to the extent that the aggregate of actual distributions and distributions deemed to be made pursuant to this Section 5.8 to a Partner for any period exceeds the distributions that such Partner would have received for such period but for such withholding, the General Partner shall notify such Partner as to the amount of such excess and such Partner shall immediately remit payment to the Partnership of the amount of such excess by wire transfer.
- (b) The provisions of Section 5.8(a) shall apply to a distribution in-kind, mutatis mutandis, based on the fair value of such distribution.
- (c) Any withholdings referred to in this Section 5.8 shall be made at the maximum applicable rate under applicable law unless the General Partner shall have received an opinion of counsel or other evidence, reasonably satisfactory to the General Partner, to the effect that a lower rate is applicable, or that no withholding is applicable.

- (d) To the extent that amounts received or receivable by the Partnership are subject to withholding or other taxes as a result of one or more Partners not being a Resident (including, for greater certainty amounts withheld by a purchaser under Section 116 of the *Income Tax Act*), then the full amount of any such withholdings or other taxes shall be borne exclusively by any such non-Resident Partner or, if there is more than one non-Resident Partner then the full amount of any such withholdings or other taxes shall be borne exclusively by all of such non-Resident Partners according to their respective Sharing Ratios.

#### **5.9 Limitation on Distributions**

No distributions shall be made unless, after making the distribution, sufficient property of the Partnership remains to satisfy all liabilities of the Partnership (including any amounts owing by the Partnership under the Funding Agreement or the Co-Ownership Agreement). Notwithstanding anything contained herein, including without limitation, Section 4.7, the General Partner may require the Limited Partners to, and shall itself, return (in proportion to the distribution made thereto) all or part of such distributions as have rendered the Partnership unable to satisfy all liabilities of the Partnership and may require any Limited Partner to, and shall itself, forthwith return to the Partnership any amount distributed to such Partner in excess of such Partner's entitlement.

#### **5.10 Unclaimed Interest or Distribution**

If the General Partner shall hold any part of any otherwise distributable amount which is unclaimed or which cannot be paid to a Limited Partner for any reason, the General Partner shall be under no obligation to invest or reinvest such amount but shall only be obliged to hold it in a current non-interest-bearing account pending payment to the Person or Persons entitled thereto for a period commencing on the date upon which the amount became due and payable to such Limited Partner and ending six years following the date of the dissolution of the Partnership in accordance with the provisions hereof. The General Partner shall, as and when required by law and this Agreement, and may at any time prior to such required time, pay all or part of any such distributable amount so held to the Public Trustee of the Province of Alberta or other appropriate government official or agency, whose receipt shall be a good discharge and release of the obligations of the General Partner hereunder with respect to such distributable amount.

### **ARTICLE 6 POWERS, RIGHTS AND DUTIES OF THE GENERAL PARTNER**

#### **6.1 Management of Partnership**

The General Partner shall, subject to the provisions of this Agreement, manage and control the affairs of the Partnership, represent the Partnership and make all decisions regarding the affairs of the Partnership. No person dealing with the Partnership shall be required to inquire into the authority of the General Partner to take any action or to make any decision in the name of the Partnership.

#### **6.2 Duties of the General Partner**

The General Partner covenants that it will exercise its powers and discharge its duties under this Agreement honestly and in good faith, and that it will exercise the care, diligence and skill of a reasonably prudent person. The General Partner will be entitled to retain advisors, experts and consultants to assist it in the exercise of its powers and the performance of its duties hereunder.

#### **6.3 Transactions Involving Affiliates or Associates**

The validity of a transaction, agreement or payment involving the Partnership and an affiliate or associate of the General Partner is not affected by reason of the relationship between the General Partner and the affiliate or associate or by reason of the approval or lack thereof of the transaction, agreement or payment by the directors of the General Partner, any or all of whom may be officers, directors, or employees of, or otherwise interested in or related to such affiliate or associate.

#### **6.4 Safekeeping of Assets**

The General Partner is responsible for the safekeeping and use of all of the funds of the Partnership, whether or not in its immediate possession or control, and will not employ or permit another to employ the funds or assets of the Partnership except for the exclusive benefit of the Partnership.

**Powers of General Partner**

- (a) In addition to the powers and authorities possessed by the General Partner pursuant to the *Partnership Act* or conferred by law or elsewhere in this Agreement, the General Partner shall, subject to the provisions of Section 6.5(b), have the power and authority to manage and control the affairs of the Partnership and to do, or cause to be done, on behalf of and in the name of the Partnership any and all acts necessary, convenient or incidental to the activities of the Partnership without further approval of the Limited Partners, including, without limitation, the power and authority:
- (i) to acquire and hold the Interest on behalf of the Partnership;
  - (ii) to provide Loans to the Borrowers pursuant to the Loan Agreements;
  - (iii) undertake Concept Planning on all or any portion of the Property;
  - (iv) to pay the Partnership's share of all real estate taxes or special assessments imposed on the Property or with respect to the Partnership's Interest therein;
  - (v) to apply for and obtain any and all financing required or as the General Partner determines advisable to carry out the purposes of the Partnership, and to grant such debentures, mortgages, deeds of trust, security interests and other encumbrances and charges on the Property or its Interest therein and any other assets of the Partnership as the General Partner may determine necessary or advisable in connection with such financing;
  - (vi) to procure all insurance for the Partnership;
  - (vii) to pay all debts and financial obligations of the Partnership;
  - (viii) to negotiate, enter into, execute and carry out agreements by or on behalf of the Partnership involving matters or transactions that are necessary or appropriate for or incidental to, carrying on the Partnership's affairs;
  - (ix) to manage and control all of the activities of the Partnership and to take all measures necessary or appropriate for the Partnership's property or ancillary thereto and to ensure that the Partnership complies with all necessary reporting and administrative requirements;
  - (x) to manage, administer, conserve and dispose of the Property or its Interest therein (or any portion thereof or interest therein) and any and all other assets of the Partnership, and in general to engage in any and all phases of the Partnership's affairs and to delegate, if the General Partner so chooses in its sole discretion, the management and administration of the Property or its Interest therein and to enter into the Co-Ownership Agreement with Walton Texas or a similar agreement with any other person;
  - (xi) to conclude agreements with third parties, including associates of, affiliates of, and any other parties related to, the General Partner:
    - (A) for the provision of services to the Partnership, and
    - (B) to delegate to any such Person any power or authority of the General Partner hereunder where, in the discretion of the General Partner, it would be advisable to do so (provided that such agreement or delegation will not relieve the General Partner of any of its obligations hereunder),
 including, without limitation, entering into the Co-Ownership Agreement and the Funding Agreement;
  - (xii) to decide in its sole and entire discretion of any additional time when property of the Partnership shall be distributed to the Partners and the amount of any such distribution;
  - (xiii) notwithstanding Section 6.13(b), where the General Partner determines that it is not appropriate or advisable for the assets of the Partnership to be held or registered in the name of the Partnership or the General Partner, to hold the assets of the Partnership in the name of the General Partner or in the name of Walton Texas or an affiliate of the General Partner, in the case of the Property or the Partnership's Interest therein or another nominee as nominee for the Partnership;
  - (xiv) to employ such Persons necessary or appropriate (including associates of, affiliates of, and any other parties related to, the General Partner) to carry out the affairs of the



Partnership and/or to assist it in the exercise of its powers and the performance of its duties hereunder and to pay such fees, expenses, salaries, wages and other compensation to such Persons as it shall in its sole discretion determine;

- (xv) to make any and all expenditures and payments which it, in its sole discretion, deems necessary or appropriate in connection with the management of the affairs of the Partnership and the carrying out of its obligations and responsibilities under this Agreement, including, without limitation, (i) all legal, accounting and other related expenses incurred in connection with the organization and financing of the Partnership and the ongoing operation and administration of the Partnership and (ii) any fees payable to the General Partner, and to borrow on behalf of the Partnership such funds necessary or advisable to fund such expenditures and payments;
- (xvi) to open and operate one or more bank accounts in order to deposit and to distribute funds of the Partnership and to appoint from time to time signing officers and to draw cheques and other payment of monies, provided Partnership funds are not commingled with the General Partner's funds;
- (xvii) to file tax returns or information returns of the Partnership required by the *Income Tax Act*, the Code or any other taxation or similar laws or required by any governmental or like authority;
- (xviii) to maintain proper books and records reflecting the activities of the Partnership;
- (xix) subject to the provisions of this Agreement, to admit any Person as a Limited Partner;
- (xx) to make any election, determination, application or designation or similar document or instrument on behalf of the Partnership that may be required or desirable under the *Income Tax Act*, the *Excise Tax Act*, the Code (including, without limitation, an election to adjust the basis of the Partnership's property under Section 754 of the Code where the General Partner determines, in its sole discretion, that such an election would be appropriate), any other similar legislation of a province or territory of Canada or state or territory of the United States of America, or any and all applications for governmental grants or other incentives;
- (xxi) to execute any and all deeds, documents and instruments and to do all acts as may be necessary or desirable in the opinion of the General Partner to carry out the intent and the purpose of this Agreement;
- (xxii) to cause the Partnership to make any necessary withholdings of taxes in respect of allocations of Net Income or distributions of cash or property to the Partners;
- (xxiii) to serve as the "tax matters partner" within the meaning of Section 6231(a)(7) of the Code and for the purpose of Section 165(1.15) of the *Income Tax Act*;
- (xxiv) to attend to all required registrations, accounting, filing and reporting obligations, collections, remittances and other activities of the Partnership in respect of the *Excise Tax Act*, the Code, and any other applicable federal, provincial or territorial commodity taxes, sales taxes and similar taxes; and
- (xxv) to commence and defend any and all legal proceedings for and on behalf of the Partnership as the General Partner may deem necessary or advisable,

and the General Partner may contract with any person, including an affiliate or associate of the General Partner, to carry out any of the duties of the General Partner and may delegate to such person any power and authority of the General Partner hereunder, but no such contract or delegation shall relieve the General Partner of any of its duties or obligations hereunder.

- (b) Subject to the provisions of the Partnership Act, unless authorized by an Extraordinary Resolution, the General Partner, on behalf of the Partnership, will not be entitled to:
  - (i) extend the Partnership's investment activities beyond Concept Planning and develop or participate in the development of the Property;
  - (ii) create or register an encumbrance of a financial nature on or against the Property or its Interest therein in favour of any Person, other than:
    - (A) Walton Finance pursuant to the provisions of the Funding Agreement; or

- (B) any party or parties (including, without limitation, Walton Finance, WIGI, Walton Texas or affiliates thereof):
  - (1) to secure financing in accordance with the terms of the Funding Agreement; or
  - (2) in accordance with the Co-Ownership Agreement.
- (iii) effect or participate in a sale, transfer or other disposition (excluding leases) of one or more parcels of land included in the Property that consist of an acreage that is more than 10% of the total number of acres comprised in all of the Property in which the Partnership eventually acquires Interests; or
- (iv) in the event that it is determined pursuant to an Extraordinary Resolution that the Partnership will participate in the development of all or a portion of the Property or its Interest therein, reinvest all or any part of the income of the Partnership received from the Property or its Interest therein or from the sale of portions of the Property or its Interest therein (and that would have otherwise been available for distribution to the Limited Partners hereunder) in such development, unless specifically approved in such Extraordinary Resolution.

## 6.6 **Records of the Partnership**

The General Partner shall maintain complete and adequate books (including without limitation those referred to in Sections 5.1 and 5.2) and records of the affairs of the Partnership. Subject to applicable laws, such books and records shall (until the expiry of one year following the termination of the Partnership) be kept available for inspection and audit by any Limited Partner or his duly authorized representatives (at the expense of such Limited Partner) on not less than 48 hours (excluding Saturdays, Sundays and statutory holidays) notice to the General Partner, during normal business hours at the principal office of the Partnership. Notwithstanding the foregoing, but subject to applicable law, Limited Partners shall not have access to or be provided with information with respect to the affairs of the Partnership if such disclosure is prohibited by law or agreement or if, in the reasonable opinion of the General Partner, it is in the interests of the Partnership that such information be kept confidential.

## 6.7 **Fiscal Year**

The first fiscal period of the Partnership shall end on December 31, 2015 and, thereafter, unless otherwise determined by the General Partner, the Fiscal Year of the Partnership shall be the period from and including January 1 to and including December 31 of the particular calendar year. Each such period shall be referred to as a "Fiscal Year".

## 6.8 **Auditors**

The General Partner shall appoint an independent and qualified firm of chartered accountants to act as the Auditors of the Partnership and to review and report to the Partners with respect to the financial statements of the Partnership as at the end of, and for, each Fiscal Year commencing for the first Fiscal Year ending after the first closing of the Private Placement provided that the General Partner may, at any time and from time to time, change the Auditors of the Partnership.

## 6.9 **Reporting**

The General Partner shall forward, or cause to be forwarded, to each Limited Partner:

- (a) within 180 days of the end of each Fiscal Year (or such shorter period as is prescribed by applicable securities legislation) commencing for the first Fiscal Year ending after the first closing of the Private Placement, audited financial statements of the Partnership;
- (b) within 90 days of the end of each Fiscal Year commencing for the first Fiscal Year ending after the first closing of the Private Placement, all income tax reporting information necessary to enable the Limited Partner to file a Canadian and a U.S. income tax return (if applicable) with respect to the Limited Partner's participation in the Partnership in such Fiscal Year; and
- (c) within the time periods prescribed, any other information or documents required to be provided to the Limited Partners under applicable securities or other legislation.

#### 6.10 Registrar and Transfer Agent

The General Partner shall either act as registrar and transfer agent for the Units or appoint a duly qualified and properly licensed trust or other company for such purpose at the cost of the Partnership and in such capacity the Registrar and Transfer Agent shall maintain and keep a register (the "**Register**") comprised of:

- (a) a list of the name and last known residence address of each Partner, including a designation of whether the Partner is a General Partner or a Limited Partner, and the number of Units held by such Partner;
- (b) particulars of the registration of Units;
- (c) particulars of the assignment of Units;
- (d) a copy of the Certificate and any amendments thereto;
- (e) a copy of this Agreement and any amendments hereto; and
- (f) such other records as are required by applicable law.

Upon request, a Limited Partner or his duly authorized representative shall be entitled to inspect, and at its expense receive a copy of, the Register.

#### 6.11 Conflict of Interest

The Limited Partners acknowledge that the General Partner's associates, affiliates and their respective directors and officers, and the directors and officers of the General Partner, may and are permitted to be engaged in and continue in other businesses in which the Partnership will not have an interest and which may be competitive with the activities of the Partnership. Without limitation, the General Partner's associates, affiliates and their respective directors and officers, and the directors and officers of the General Partner may, and are permitted to, act as a partner, shareholder, director, officer, employee, consultant, joint venturer, advisor or in any other capacity or role whatsoever of, with or to, other entities, including limited partnerships, which may be engaged in all or some of the aspects of the affairs of the Partnership and may be in competition with the Partnership.

Some or all of the directors and/or officers of the General Partner (i) are directors and/or officers of Walton Finance, an affiliate of the General Partner, which proposes to enter into the Funding Agreement with the General Partner; (ii) are directors and/or officers of Walton Texas or Walton Nevada, affiliates of the General Partner, which propose to transfer the Interest in the Property to the Partnership and to enter into the Co-Ownership Agreement with the General Partner under which, among other things, Walton Texas (and its nominee, Walton USA) will be the manager of the Property; (iii) are directors and/or officers of Walton Capital Management Inc., an affiliate of the General Partner, which may act as an agent under the Private Placement and receive commissions and fees therefrom; (iv) are directors and/or officers of other affiliates of the General Partner, Walton Finance, and WIGI; (v) are directors or officers of WDMI which will oversee and provide Concept Planning services for the Property in exchange for fees; (vi) may be directors, officers and/or trustees of other entities (including entities affiliated with WIGI) that may acquire Units under the Private Placement, which number of Units so acquired may be significant; and are, or may be, directors and officers of entities which may, in the future make offers to acquire the Interest of the Partnership in the Property.

Walton Texas will continue to hold an undivided interest in the Property after the Partnership acquires the Interest. Some affiliates of WIGI (including Walton Capital Management Inc.) may be sales agents for the Partnership for the sales of Units under the Offering Memorandum and they (and their respective employees) will receive fees and commissions with respect thereto. The General Partner may propose from time to time that the Partnership enter into contractual arrangements with WIGI, Walton Finance, Walton Texas, Walton Nevada, Walton USA, Walton Capital Management Inc., WDMI, and/or their affiliates for the provision of certain services and/or for other purposes.

#### 6.12 Consent to Conflict

The Limited Partners agree that the activities and facts as set forth in Section 6.11 shall not constitute a conflict of interest or breach of fiduciary duty to the Partnership or the Limited Partners, the Limited Partners hereby consent to such activities and the Limited Partners waive, relinquish and renounce any right to participate in, and any other claim whatsoever with respect to, any such activities. The Limited Partners further agree that neither the General Partner nor any other party referred to in Section 6.11 will be required to account to the Partnership or any Limited Partner for any benefit or profit derived from any such activities or from such similar or

competing activity or any transactions relating thereto by reason of any conflict of interest or the fiduciary relationship created by virtue of the position of the General Partner hereunder.

#### **6.13 Conduct of Partnership Affairs**

The General Partner agrees to conduct the affairs of the Partnership in the following manner:

- (a) funds of the Partnership will not be commingled with any other funds of the General Partner or any other Person;
- (b) subject to Section 6.5(a)(xii), title to the assets of the Partnership shall be held in the name of the Partnership or in the name of the General Partner for the sole benefit of the Partnership, or in the name of any other Person or entity as may be required by law for the sole benefit of the Partnership;
- (c) the Partnership shall not make loans to, nor guarantee the obligations of, the General Partner or any associate or affiliate of the General Partner or any of their respective directors or officers, provided that the Partnership may loan funds to Borrowers in the manner described in the Offering Memorandum and pursuant to the Loan Agreements;
- (d) the General Partner will obtain and maintain or cause to be obtained and maintained insurance in such amounts and with such coverage as in the judgment of the General Partner may be advisable with respect to the Partnership's Interest in the Property or the activities of the Partnership; and
- (e) where services are supplied to the Partnership by the General Partner or any associate or affiliate of the General Partner or any of their respective directors or officers, the cost of such services to the Partnership shall not exceed the fair market value thereof.

### **ARTICLE 7 REIMBURSEMENT AND REMUNERATION OF GENERAL PARTNER**

#### **7.1 Expenses**

The General Partner may from time to time incur reasonable costs and expenses on behalf and for the account of the Partnership, and any such costs and expenses incurred by the General Partner on behalf or for the account of the Partnership shall be reimbursed by the Partnership to the extent required or, in the event that funds on hand are insufficient for such reimbursement, may be incurred by the General Partner and shall be considered an advance to the Partnership from the General Partner. The General Partner shall not be obligated to advance any amount to the Partnership.

#### **7.2 Borrowing Costs**

The General Partner is entitled to reimbursement by the Partnership of any advance by the General Partner to the Partnership together with interest thereon at the rate of interest and expense relative thereto at which such amounts could be borrowed by the General Partner from its bankers.

### **ARTICLE 8 LIABILITY OF PARTNERS**

#### **8.1 Liability of General Partner**

The General Partner has unlimited liability for the debts, liabilities, losses and obligations of the Partnership to the full extent of the General Partner's assets.

#### **8.2 Liability of Limited Partners**

Subject to the provisions of the *Partnership Act* and any specific assumption of liability, the liability of each Limited Partner for the debts, liabilities, losses and obligations of the Partnership is limited to the aggregate of the amount of the Limited Partner's Initial Capital Contribution, any additional amount the Limited Partner has agreed to contribute to the capital of the Partnership, such Limited Partner's share of the undistributed assets of the Partnership, and the amount required to be returned by the Limited Partner to the Partnership pursuant to Section 5.9. A Limited Partner shall have no further liability for such debts, liabilities, losses or obligations and shall not be liable for any further calls, assessments or contributions to the Partnership.

### 8.3 **Limitation on Authority of Limited Partners**

A Limited Partner may from time to time inquire as to the state and progress of the activities of the Partnership and may provide comment as to its management; however, no Limited Partner will, in its capacity as Limited Partner:

- (a) take part in the control of the business of the Partnership;
- (b) transact any affairs on behalf of the Partnership or execute any document which binds or purports to bind the Partnership, the General Partner or any other Limited Partner as such;
- (c) hold such Limited Partner out as having the power or authority to bind the Partnership, the General Partner or any Limited Partner as such;
- (d) have any authority to undertake any obligation or responsibility on behalf of the Partnership (except that the General Partner may act on behalf of the Partnership notwithstanding that it may also be a Limited Partner); or
- (e) have any right to use or occupy any part of the Property, or bring any action for partition or sale in connection with the Partnership's Interest in the Property or any other assets of the Partnership, whether real or personal, or register or permit any lien or charge in respect of the Units of such Limited Partner to be filed or registered or remain undischarged against the Partnership's Interest in the Property in respect of such Limited Partner's interest in the Partnership.

The Limited Partners will comply with the provisions of all applicable legislation, including the Partnership Act, in force or in effect from time to time and will not take any action which will jeopardize or eliminate the status of the Partnership as a limited partnership.

### 8.4 **Liability of Limited Partners Upon Dissolution**

It is acknowledged and agreed by the Limited Partners that upon dissolution of the Partnership, the Limited Partners may receive undivided interests in the Partnership assets and will thereafter no longer have limited liability with respect to the ownership of such assets.

### 8.5 **Maintenance of Limited Liability**

The Partnership and the General Partner shall, to the greatest extent practical, endeavour to maintain the limited liability of the Limited Partners under applicable laws of the jurisdictions in which the Partnership carries on or is deemed to carry on its affairs.

### 8.6 **General Partner Liability to Limited Partners**

- (a) The General Partner shall not be liable to any Limited Partner in tort, contract or otherwise, in connection with any matter pertaining to the Partnership or the Property, the exercise by the General Partner of, or any failure by the General Partner to exercise, any power, authority or discretion conferred under this Agreement, the Co-Ownership Agreement, the Funding Agreement, or any agreement referred to in such agreements, including, without limitation:
  - (i) any mistake or error in judgment;
  - (ii) any act or omission believed in good faith to be within the scope of authority of the General Partner conferred by this Agreement;
  - (iii) any act or omission believed in good faith to be within the scope of authority of the General Partner, WIGI, Walton Finance, Walton USA, Walton Nevada, or Walton Texas, conferred by the Co-Ownership Agreement or the Funding Agreement or any other agreement referred to in those agreements;
  - (iv) any action taken or suffered or omitted to be taken in good faith in reliance on any document that is prima facie properly executed, or taken or not taken pursuant to any Ordinary Resolution, or Extraordinary Resolution under this Agreement;
  - (v) any action taken or suffered or omitted to be taken that resulted in the depreciation of or loss to the Property;

- (vi) any inaccuracy in any evaluation or assessment provided by the General Partner, WIGI, Walton Finance, Walton USA, Walton Nevada, or Walton Texas, or any appropriately qualified Person, and any reliance on any such evaluation or assessment;
- (vii) any reliance in good faith on any communication from any appropriately qualified Person as to any matter, fact or opinion; and
- (viii) any action or failure to act of any Person to whom the General Partner has, as permitted hereby, delegated any of its duties hereunder;

provided that the foregoing provisions of this Section 8.6(a) shall not relieve the General Partner from liability for its own gross negligence, wilful misconduct or fraudulent act.

- (b) Notwithstanding Section 6.5(a), if the General Partner or any associate or affiliate of the General Partner has retained a valuator, auditor, engineer or other expert or advisor or legal counsel with respect to any matter connected with the exercise of its powers, authorities or discretions or the carrying out of its duties under this Agreement, the General Partner may act or refuse to act based on the reliance by the General Partner, in good faith, on advice of such valuator, auditor, engineer or other expert, advisor or legal counsel and the General Partner shall not be liable for, and shall be fully protected from, any loss or liability occasioned by any action or refusal to act based on the reliance by the General Partner, in good faith, on advice of any such valuator, auditor, engineer or other expert, advisor or legal counsel.

## 8.7 **General Partner Indemnity**

The General Partner shall indemnify and hold harmless the Partnership from and against all costs incurred and damages suffered by the Partnership as a result of gross negligence, wilful misconduct or fraudulent act by the General Partner or as a result of any act or omission by the General Partner not believed in good faith by the General Partner to be within the scope of authority of the General Partner conferred by this Agreement.

## **ARTICLE 9 UNIT CERTIFICATES**

### 9.1 **Unit Certificate**

Subject to Section 9.3, the General Partner shall issue, or cause to be issued, to each Limited Partner a Unit Certificate in the form set out in Schedule B attached hereto, or in such form as may be approved from time to time by the General Partner, specifying the number of Units held by such Limited Partner. Notwithstanding the foregoing, or any other provision of this Agreement, any Unit or Units may be represented by a physical certificate, or may be represented by an un-certificated unit as maintained by the Partnership's Registrar and Transfer Agent. Each physical Unit Certificate shall be signed by at least one officer or director of the General Partner and countersigned by or on behalf of the Registrar and Transfer Agent. Any such signatures may be printed or otherwise mechanically reproduced and, in such event, a physical Unit Certificate is as valid as if signed manually notwithstanding that any person whose signature is so printed or mechanically reproduced shall have ceased to hold the office that such officer or director is stated on the Unit Certificate to hold. A physical Unit Certificate may be delivered to a Limited Partner entitled thereto by being mailed by prepaid post addressed to the address of such Limited Partner shown in the Register (or in the case of a physical Unit Certificate issued in the name of two or more Persons, to the Person whose name first appears on the physical Unit Certificate), and none of the Partnership, the General Partner or the Registrar and Transfer Agent shall be liable for any loss occasioned to any Limited Partner by reason that the physical Unit Certificate so posted is lost or stolen from the mail or is not delivered. For greater certainty, it is anticipated that the majority of Units will not be represented by physical Unit Certificates, but rather will be reflected in a book-based registry maintained by the Registrar and Transfer Agent.

### 9.2 **Lost Physical Unit Certificate**

Where a Partner claims that a physical Unit Certificate representing a Unit recorded in the name of such Partner has been defaced or apparently lost, destroyed or wrongly taken, the Registrar and Transfer Agent shall cause a new physical Unit Certificate to be issued in substitution for such physical Unit Certificate provided that such Limited Partner, if requested by the General Partner:

- (a) files with the General Partner or Registrar and Transfer Agent a form of proof of loss and an indemnity bond in a form and in an amount satisfactory to the General Partner to indemnify and hold harmless each of the Partnership, the General Partner and the Registrar and Transfer Agent

from any costs, damages, liabilities or expenses suffered or incurred as a result of or arising out of issuing such new physical Unit Certificate; and

- (b) satisfies such other requirements as are reasonably imposed by the General Partner or Registrar and Transfer Agent, including, but not limited to, delivery of a form of proof of loss,

or satisfies such other requirements as are reasonably imposed, in the alternative, by the General Partner or the Registrar and Transfer Agent.

### **9.3 Registered Holders of Units**

Where a Unit is subscribed for by, or assigned to, two or more Persons, or a physical Unit Certificate is issued in the name of two or more Persons:

- (a) the name of each Person shall be shown on the physical Unit Certificate or in the book-based registry, as applicable, in respect of the Unit;
- (b) the Unit shall be presumed by the Partnership to be held jointly;
- (c) the physical Unit Certificate, if applicable, shall be delivered to the Person whose name appears first on the Register in respect of the Unit;
- (d) amounts distributed by the Partnership in respect of the Unit may be sent to the Person whose name appears first on the Register in respect of the Unit or to such one of them as the joint holders direct in writing, and any one of such Persons may give effectual receipts for any monies or assets distributed in respect of the Unit and the other of such Persons shall have no further recourse against the Partnership; and
- (e) any one of such Persons may vote in respect of the Unit as if that Person were solely entitled thereto, but if more than one of such Persons is present or is represented at a meeting, the Person whose name appears first on the Register in respect of the Unit shall alone be entitled to vote in respect thereof.

## **ARTICLE 10 ASSIGNMENTS AND TRANSFERS OF UNITS**

### **10.1 Transfer of Interest of General Partner**

Except as otherwise provided herein, the General Partner may not sell, assign, transfer or otherwise dispose of its interest in the Partnership as general partner, without the prior approval of the Limited Partners given by Extraordinary Resolution except if such sale, assignment, transfer or disposition is to an affiliate of the General Partner or is pursuant to or in connection with an amalgamation or merger of the General Partner and the surviving or continuing body corporate is the General Partner. Any such sale, assignment, transfer or other disposition requiring approval as provided herein that is made without such approval will not relieve the General Partner of the obligations of the General Partner set forth in this Agreement.

### **10.2 Transfer or Assignment of Unit**

Except as otherwise provided in this Agreement, a Unit may be transferred or assigned by a Limited Partner or such Limited Partner's agent duly authorized in writing without restriction and no such transfer or assignment will require approval or consent from the General Partner or any other Limited Partner. However, the transferor and transferee of a Unit must comply with the applicable securities legislation in connection therewith and the transferor, or his duly authorized agent, shall:

- (a) surrender, or cause to be surrendered, to the Registrar and Transfer Agent the Unit Certificate representing the Units being transferred or assigned if such Unit is represented by a Unit Certificate in physical form;
- (b) deliver, or cause to be delivered, to the General Partner and the Registrar and Transfer Agent, a duly completed transfer substantially in the form attached hereto as part of Schedule A, with the signature of the transferor guaranteed by a Canadian chartered bank, trust company or a member of the Investment Industry Regulatory Organization of Canada, completed and executed by such

Limited Partner or his duly authorized agent, as well as such other documents required in such transfer form or required by the General Partner or the Registrar and Transfer Agent pursuant to the provisions of such transfer form;

- (c) cause the transferee or assignee to deliver to the Registrar and Transfer Agent a duly completed declaration substantially in the form attached hereto as part of Schedule A and to agree to be bound by the terms of this Agreement and to assume the obligations of a Limited Partner under this Agreement, in form and substance satisfactory to the General Partner; and
- (d) cause the transferee or assignee to pay the reasonable fees and expenses of the Registrar and Transfer Agent in connection with the transfer or assignment unless the General Partner agrees to pay such fees and expenses,

and satisfy such other requirements as are reasonably imposed, in the alternative, and given by the General Partner. If the transferee or assignee is entitled to become a Limited Partner pursuant to the provisions hereof, the General Partner is hereby authorized by the Limited Partners to admit the transferee or assignee to the Partnership as a Limited Partner and the Partners hereby consent to the admission of, and will admit, the transferee or assignee to the Partnership as a Limited Partner without further act of the Partners.

A transferee of Units will automatically become bound by and subject to this Agreement, without execution of further instruments, and, without limiting the generality of the foregoing, such transferee shall be deemed to make all of the representations and warranties, covenants, agreements and acknowledgements of a Limited Partner pursuant to this Agreement and to grant the power of attorney as set out in Article 18.

If the transferor or assignor of a Unit is a firm or a corporation, or purports to assign such Unit in any representative capacity, or if a transfer or assignment results from the death, mental incapacity or bankruptcy of a Limited Partner or is otherwise involuntary, the assignor or his legal representative shall furnish to the General Partner and the Registrar and Transfer Agent such documents, certificates, assurances, court orders and other materials as the General Partner and the Registrar and Transfer Agent may reasonably require to cause such transfer or assignment to be effected.

The Registrar and Transfer Agent will:

- (a) record in the Register any assignment or transfer made in accordance with this Agreement;
- (b) make such filings and cause to be made such recordings as are required by law in connection with such assignment or transfer; and
- (c) forward notice of such assignment or transfer to the transferee.

### 10.3 **Rejection of Transfer**

Notwithstanding any other provisions contained herein, the General Partner has the right, in its sole and absolute discretion, to reject any transfer, in whole or in part, for any reason, including without limitation:

- (a) the fact, or the General Partner's belief, that any of the representations and warranties to be provided by the transferee in the transfer form are untrue;
- (b) in the opinion of counsel to the Partnership, such transfer would result in the violation of any applicable securities laws or any of the provisions of this Agreement; or
- (c) the transfer would cause or be likely to cause the Partnership to be classified as a "**publicly traded partnership**" under the Code or a "**SIFT partnership**" under the *Income Tax Act*.

The General Partner has the right to deny any transfer where there has been default in payment of any amount to the Partnership by the transferor or transferee, including the subscription price of any Unit held by the transferor or transferee, until all amounts required to be paid (including interest, if any) have been paid in full.

### 10.4 **Ongoing Obligation of Limited Partner**

No transfer or assignment of a Unit made pursuant to the foregoing provisions of this Article shall relieve the Limited Partner of any obligation which has accrued or was incurred prior to the effective date of such transfer or assignment.



#### 10.5 **Transferees or Assignees Who Are Not Substituted Limited Partners**

A transferee or assignee of a Unit or a Person who has become entitled to a Unit by operation of law who has not complied with Section 10.2 has no rights as a Limited Partner except as provided in the Partnership Act.

#### 10.6 **Pledge of a Unit**

Subject to the other applicable terms of this Agreement, a Limited Partner may, but only after the purchase price for that Unit has been paid in full, mortgage, pledge, charge or grant a security interest in a Unit as security for a loan to or an obligation of such Limited Partner. Notwithstanding anything in this Agreement, neither the General Partner nor the Registrar and Transfer Agent is obliged to recognize or acknowledge any such mortgage, pledge, charge or security interest, and unless and until a Unit is transferred in accordance with this Agreement, only the registered holder of the Unit shall be recognized by the General Partner and the Registrar and Transfer Agent, and all distributions shall be made to such registered holder.

#### 10.7 **Parties Not Bound to See to Trust or Equity**

Neither the Registrar and Transfer Agent nor the General Partner shall be bound to see to the execution of any trust (whether express, implied or constructive), charge, pledge, or equity to which any Unit or any interest therein is subject, nor to ascertain or inquire whether any sale or assignment of any Unit or any interest therein by any Limited Partner is authorized by such trust, charge, pledge or equity, nor to recognize any Person as having any interest in any Unit, except for the Person recorded on the Register as the holder of such Unit. The receipt by any Person in whose name a Unit is recorded on the Register shall be a sufficient discharge for all monies, securities and other property payable, issuable or deliverable in respect of such Unit and from all liability therefor. The Partnership, the General Partner and the Registrar and Transfer Agent shall be entitled to treat the Person in whose name any Unit Certificate is registered as the absolute owner thereof.

#### 10.8 **Compulsory Acquisition of Units**

- (a) In this Section 10.8:
  - (i) **"Dissenting Limited Partner"** means a Limited Partner who does not accept an Offer referred to in Section 10.8(b) and includes any transferee or assignee of the Unit of a Limited Partner to whom such an Offer is made, whether or not such transferee or assignee is recognized under this Agreement;
  - (ii) **"Offer"** means an offer to acquire outstanding Units where, as of the date of the offer to acquire, the Units that are subject to the offer to acquire, together with the Offeror's Units, constitute in the aggregate 20% or more of all outstanding Units;
  - (iii) **"offer to acquire"** includes an acceptance of an offer to sell;
  - (iv) **"Offeror"** means a Person, or two or more Persons acting jointly or in concert, who make an Offer to acquire Units;
  - (v) **"Offeror's Notice"** means the notice described in Section 10.8(c); and
  - (vi) **"Offeror's Units"** means Units beneficially owned, or over which control or direction is exercised, on the date of an Offer by the Offeror, any affiliate or associate of the Offeror or any Person or company acting jointly or in concert with the Offeror.
- (b) If an Offer for all of the outstanding Units (other than Units held by or on behalf of the Offeror or an affiliate or associate of the Offeror) is made and:
  - (i) within the time provided in the Offer for its acceptance or within 120 days after the date the Offer is made, whichever period is the shorter, the Offer is accepted by Limited Partners holding at least 66⅔% of the outstanding Units, other than the Offeror's Units;
  - (ii) the Offeror is bound to take up and pay for, or has taken up and paid for the Units of the Limited Partners who accepted the Offer; and
  - (iii) the Offeror complies with Sections 10.8(c) and 10.8(e);the Offeror is entitled to acquire, and the Dissenting Limited Partners are required to sell to the Offeror, the Units held by the Dissenting Limited Partners for the same consideration per Unit payable or paid, as the case may be, under the Offer.

- (c) Where an Offeror is entitled to acquire Units held by Dissenting Limited Partners pursuant to Section 10.8(b), and the Offeror wishes to exercise such right, the Offeror shall send by registered mail within 30 days after the date of termination of the Offer a notice (the "**Offeror's Notice**") to each Dissenting Limited Partner stating that:
- (i) Limited Partners holding at least 66⅔% of the outstanding Units, other than Offeror's Units, have accepted the Offer;
  - (ii) the Offeror is bound to take up and pay for, or has taken up and paid for, the Units of the Limited Partners who accepted the Offer;
  - (iii) Dissenting Limited Partners must transfer their respective Units to the Offeror on the terms on which the Offeror acquired the Units of the Limited Partners who accepted the Offer within 21 days after the date of the sending of the Offeror's Notice; and
  - (iv) Dissenting Limited Partners must send their respective Unit Certificates to the Registrar and Transfer Agent within 21 days after the date of the sending of the Offeror's Notice.
- (d) A Dissenting Limited Partner to whom an Offeror's Notice is sent pursuant to Section 10.8(c) shall, within 21 days after the sending of the Offeror's Notice, send his Unit Certificate to the Registrar and Transfer Agent, duly endorsed for transfer.
- (e) Within 21 days after the Offeror sends an Offeror's Notice pursuant to Section 10.8(c), the Offeror shall pay or transfer to the Registrar and Transfer Agent, or to such other person as the Registrar and Transfer Agent may direct, the cash or other consideration that is payable to Dissenting Limited Partners pursuant to Section 10.8(b) and, once such payment or transfer is made, the Dissenting Limited Partners shall cease to have any rights as a Limited Partner.
- (f) The Registrar and Transfer Agent, or the person directed by the Registrar and Transfer Agent, shall hold in trust for the Dissenting Limited Partners the cash or other consideration it receives under Section 10.8(e). The Registrar and Transfer Agent, or such person, shall deposit cash in a separate account (which need not be an interest-bearing account) in a Canadian chartered bank, and shall place other consideration in the custody of a Canadian chartered bank or similar institution for safekeeping.
- (g) Within 30 days after the date of the sending of an Offeror's Notice pursuant to Section 10.8(c), the Registrar and Transfer Agent, if the Offeror has complied with Section 10.8(e), shall:
- (i) do all acts and things and execute and cause to be executed all instruments as in the Registrar and Transfer Agent's opinion may be necessary or desirable to cause the transfer of the Units of the Dissenting Limited Partners to the Offeror;
  - (ii) send to each Dissenting Limited Partner who has complied with Section 10.8(d) the consideration to which such Dissenting Limited Partner is entitled under this Section 10.8; and
  - (iii) send to each Dissenting Limited Partner who has not complied with Section 10.8(d) a notice stating that:
    - (A) his Units have been transferred to the Offeror;
    - (B) the Registrar and Transfer Agent or some other person designated in such notice is holding in trust the consideration for such Units; and
    - (C) the Registrar and Transfer Agent, or such other person, will send the consideration to such Dissenting Limited Partner as soon as practicable after receiving such Dissenting Limited Partner's Unit Certificate and/or such other documents as the Registrar and Transfer Agent, or such other person may require, in lieu thereof;
- and the Registrar and Transfer Agent is hereby appointed the agent and attorney of the Dissenting Limited Partners for the purposes of giving effect to the foregoing provisions.
- (h) An Offeror cannot make an Offer for Units unless, concurrent with the communication of the Offer to any Limited Partner, a copy of the Offer is provided to the General Partner and the Registrar and Transfer Agent.

## **ARTICLE 11 TERM**

### **11.1 Term**

The Partnership will be formed upon the filing and recording of the Certificate under the *Partnership Act* and will continue until terminated upon the earlier of December 31, 2055 or the occurrence of any event described in Section 12.2 and, in any case, after the completion of the liquidation of the Partnership and the distribution of all funds remaining after payment of all of the debts, liabilities and obligations of the Partnership to its creditors, in accordance with the provisions of this Agreement and upon compliance with the requirements of the *Partnership Act* and any other applicable legislation.

## **ARTICLE 12 DISSOLUTION AND TERMINATION**

### **12.1 No Dissolution**

Notwithstanding any rule of law to the contrary, the Partnership shall not be terminated and dissolved except in the manner provided in this Agreement. Without limiting the generality of the foregoing, other than as set out in Section 12.2, the Partnership shall not be terminated or dissolved by the admission of any new Partner or by the withdrawal, removal, retirement, death, mental incompetence, disability, incapacity, liquidation, dissolution, winding up or other legal incapacity of a Partner, or by the insolvency or bankruptcy of a Partner or by the assignment of a Partner's property in trust for the benefit of the Partner's creditors.

### **12.2 Events of Dissolution**

The Partnership shall dissolve upon the earlier of the expiration of its term as described in Section 11.1 or the occurrence of any one of the following events:

- (a) the authorization of the dissolution of the Partnership by Extraordinary Resolution;
- (b) the failure to acquire an Interest in the Property on or before June 30, 2016;
- (c) subject to Section 12.1, the happening of an event that makes it unlawful for the affairs of the Partnership to be carried on or for the Partners to carry on the affairs of the Partnership in partnership; or
- (d) the Partnership has sold or otherwise disposed of its entire Interest in the Property;

and, in any case, after the completion of the liquidation of the Partnership and distribution to the Limited Partners of all funds or assets remaining after payment of all debts, liabilities and obligations of the Partnership to its creditors.

### **12.3 Liquidating Trustee**

Upon dissolution of the Partnership, the liquidating trustee (which will be the General Partner unless the General Partner is unable or unwilling to act, in which event the liquidating trustee shall be selected by Ordinary Resolution) shall proceed diligently to wind up the affairs of the Partnership and distribute the assets of the Partnership in accordance with Section 12.4. Subject to Section 12.4, the liquidating trustee may manage and control the affairs of the Partnership with all of the power and authority of the General Partner. The liquidating trustee shall be paid its reasonable fees and disbursements in carrying out its duties as such. Allocations and distributions shall continue to be made during the period of liquidation in the same manner as before dissolution. The liquidating trustee shall have full right and unlimited discretion to determine the time, manner and terms of any sale or sales of Partnership assets pursuant to such liquidation, having due regard to the activity and condition of the relevant market and general financial and economic conditions.

### **12.4 Distribution of Assets**

The liquidating trustee shall settle the Partnership accounts as expeditiously as possible and, in the following order, shall:

- (a) sell and liquidate some or all of the assets of the Partnership and pay or compromise the liabilities of the Partnership, including those arising pursuant to the Funding Agreement or the Co-Ownership Agreement;

- (b) place in escrow a cash reserve fund for contingent liabilities, in an amount determined by the liquidating trustee to be appropriate for such reserve fund, to be held for such period as the liquidating trustee regards as reasonable and then to be distributed pursuant to Sections 12.4(c) and 12.4(d);
- (c) pay the General Partner the amount of any costs, expenses, fees or other amounts which the General Partner is entitled to receive from the Partnership; and
- (d) distribute the remaining assets including proceeds of sale, subject to any applicable withholding taxes or other applicable taxes, to the General Partner and the Limited Partners as follows:
  - (i) General Partner – the General Partners shall receive, in its capacity as General Partner, \$1.00 of such remaining assets; and
  - (ii) Limited Partners – the balance of such remaining assets shall be distributed to Limited Partners of record on the record date established by the General Partner for the distribution (including, if applicable, the General Partner in its capacity as a Limited Partner) in accordance with their respective Sharing Ratio at that time.

#### 12.5 **Reports**

Within a reasonable time following the completion of the liquidation of the Partnership's assets, the liquidating trustee shall forward or cause to be forwarded to each of the Partners an audited statement, with respect to the assets and liabilities of the Partnership as of the date of the completion of the liquidation, and each Partner's share of the distributions pursuant to Section 12.4.

#### 12.6 **No Other Right**

No Partner shall have any right to demand or receive property, other than cash, upon dissolution of the Partnership.

#### 12.7 **Final Filing**

Upon completion of the liquidation of the Partnership and the distribution of all Partnership assets, the Partnership shall dissolve and terminate and the liquidating trustee shall execute and record a declaration of dissolution as well as any other documents required to effect the dissolution and termination of the Partnership.

### **ARTICLE 13 REPRESENTATIONS**

#### 13.1 **Status of General Partner**

The General Partner represents and warrants and covenants to each Limited Partner that:

- (a) it is and will continue to be a corporation duly incorporated under the ABCA;
- (b) it is or will become registered, and will maintain such registration, to do business, and has or will acquire all requisite licenses and permits to carry on the affairs of the Partnership, in all jurisdictions in which the Partnership activities render such registration, license or permit necessary;
- (c) it has the capacity and corporate authority to act as General Partner, and the performance of its obligations hereunder as General Partner do not and will not conflict with or breach its charter documents, by-laws, or any agreement by which it is bound; and
- (d) it is a Resident.

#### 13.2 **Status of Each Limited Partner**

- (a) Each Limited Partner represents and warrants and covenants to each other Limited Partner and to the General Partner that:
  - (i) such Limited Partner, if a corporation, is a valid and subsisting corporation, has the necessary corporate capacity and authority to execute and deliver this Agreement and to observe and perform its covenants and obligations hereunder, and has taken all

necessary corporate action in respect thereof and that it has purchased its Units as principal for its own account, or, if a partnership, trust, syndicate or other form of unincorporated organization, has the necessary legal capacity and authority to execute and deliver this Agreement and to observe and perform its covenants and obligations hereunder and has obtained all necessary approvals in respect thereof, and that it has purchased its Units as principal for its own account;

- (ii) such Limited Partner, if an individual, is of the full age of majority and has the legal capacity and competence to execute this Agreement and take all action pursuant hereto, and that it has purchased its Units as principal for its own account;
- (iii) no interest in such Limited Partner is or will be a "tax shelter investment" for the purposes of the *Income Tax Act*;
- (iv) such Limited Partner has not financed the acquisition of its Units with borrowings for which recourse is limited, or is deemed to be limited, for the purposes of the *Income Tax Act*;
- (v) except with the prior written consent of the General Partner, such Limited Partner will not knowingly cause or permit its interest in the Partnership to be "listed or traded on a stock exchange or other public market" within the meaning of that phrase in section 197 of the *Income Tax Act*; and
- (vi) such Limited Partner will promptly provide such evidence of the status of such Limited Partner as the General Partner may request from time to time.

(b) Each Limited Partner covenants that:

- (i) such Limited Partner will ensure that such Limited Partner's status as described in Section 13.2(a) will not be modified, that such Limited Partner will provide written confirmation of such status to the General Partner upon request and that such Limited Partner will not transfer such Limited Partner's Units in whole or in part to a Person in respect of which the representations and warranties set forth in Section 13.2(a) would be untrue; and
- (ii) such Limited Partner will immediately notify the General Partner in writing if such Limited Partner fails to comply with the covenants in this Section 13.2(b).

Prior to any Limited Partner becoming an Unqualified Limited Partner, such Limited Partner will transfer its Units to a Qualified Person. In the event that such Limited Partner fails to transfer its Units to a Qualified Person within 30 days of the giving by the General Partner of a notice to such Unqualified Limited Partner to so transfer its Units, the General Partner will be entitled, subject to compliance with applicable securities laws, to sell such Units on behalf of such Unqualified Limited Partner on such terms and conditions as it deems reasonable and may itself become the purchaser of such Units. On any such sale by the General Partner the price will be the fair market value for such Units as determined by an independent appraiser appointed by the General Partner, whose appraisal will be final and binding on the Partnership, the General Partner and the Unqualified Limited Partner. The cost of such appraisal will be borne by the Unqualified Limited Partner whose Units are sold by the General Partner and may be deducted from the proceeds of such sale together with any other expenses incurred in connection therewith.

In the event of any such sale, the Unqualified Limited Partner whose Units are sold shall thereafter have the right only to receive the net proceeds of such sale (including after deduction of the amounts referred to above), less any amounts required to be withheld under the provisions of the *Income Tax Act*, the Code, or any other similar or other taxation legislation of Canada or a province or territory of Canada or state of the United States of America, and such Unqualified Limited Partner shall thereafter not be entitled to any of the rights of a Limited Partner hereunder in respect of the Units so sold.

The General Partner shall have the sole right and authority to make any determination required or contemplated under this Section 13.2. The General Partner shall make on a timely basis all determinations necessary for the administration of the provisions of this Section 13.2 and, without limiting the generality of the foregoing, if the General Partner considers that there are reasonable grounds for believing that a Limited Partner has become an Unqualified Limited Partner, the General Partner shall make a determination with respect to the matter. Any such determination shall be conclusive, final and binding except to the extent modified by any subsequent determination by the General Partner.

Notwithstanding anything contained herein, in the event that the General Partner determines that a Limited Partner has become an Unqualified Limited Partner, then such Unqualified Limited Partner shall be deemed to have ceased to be a Limited Partner in respect of all of the Units held by it effective immediately prior to the date of contravention and shall not be entitled to any voting rights with respect to Units after such date and shall not be entitled to any distributions of the Partnership which accrue after such date and such Units shall be deemed not to be outstanding until acquired by a Qualified Person (on their own behalf or on behalf of a beneficial owner of Units), provided that other holders of Units shall not be entitled to any portion of such distributions paid in respect of Units that have been so deemed not to be outstanding which may accrue after the date upon which such Units are deemed to no longer be outstanding.

### **13.3 Survival of Representations**

The representations contained in this Article shall survive execution of this Agreement and each party is obligated to ensure the continuing accuracy of each representation made by it throughout the term of the Partnership.

## **ARTICLE 14 CHANGE OF GENERAL PARTNER**

### **14.1 Continuance of the General Partner**

The General Partner will continue as general partner of the Partnership until termination of the Partnership unless the General Partner resigns or is removed in accordance with this Agreement.

### **14.2 Resignation of the General Partner**

- (a) The General Partner may not resign as such unless it has given at least 180 days' written notice to the Limited Partners of such intention and nominates a qualified successor whose appointment is approved by Ordinary Resolution and who accepts such position within such period, provided that if no successor is so approved within such 180 day period then the General Partner shall have the sole right to appoint a new general partner and such appointee upon its acceptance of such appointment shall become the new General Partner.
- (b) Upon the dissolution, liquidation, bankruptcy, insolvency, winding-up, the making of any assignment for the benefit of creditors of the General Partner or the appointment of a trustee, receiver, receiver and manager or liquidator of the General Partner, provided that the trustee, receiver, receiver and manager or liquidator performs its functions for 60 consecutive days, a new general partner shall be appointed by the Limited Partners by Ordinary Resolution within 180 days' notice of such event and the General Partner shall be deemed to have resigned as such, provided that the General Partner shall not cease to be the general partner of the Partnership until the appointment of a new general partner.

### **14.3 Removal of General Partner**

The General Partner may be removed as general partner of the Partnership by an Extraordinary Resolution, but only if at the time of such Extraordinary Resolution the General Partner is in default of a material obligation of the General Partner contained in this Agreement, such default has continued for at least 60 days following receipt of notice from any Limited Partner requiring the General Partner to remedy such default and the Extraordinary Resolution removing the General Partner also appoints a new general partner as successor. The General Partner, its affiliates, its associates and their directors and officers, shall not be entitled to vote on the removal of the General Partner as general partner of the Partnership.

### **14.4 Consequences of Transfer**

Upon the admission of a new General Partner:

- (a) the new General Partner shall become a party to this Agreement by signing a counterpart hereof and agree to be bound by the terms of this Agreement and to assume the obligations, duties and liabilities of the departing General Partner hereunder as and from the date the new General Partner becomes a party to this Agreement;

- (b) the new General Partner will purchase and the departing General Partner will sell the interest of the departing General Partner in the Partnership (excluding any Units held by the departing General Partner) at a purchase price of \$50.00;
- (c) the new General Partner will pay to the departing General Partner the amount of any costs, expenses or other amounts owed by the Partnership to the departing General Partner and such other amounts to which the departing General Partner is entitled to reimbursement thereof pursuant to this Agreement or any other agreement to which the departing General Partner is a party with the Partnership, whether, in the case of such latter agreements, the departing General Partner is entitled to such reimbursement by the Partnership or by a third party or otherwise;
- (d) the departing General Partner will do all things and take all steps to effectively transfer title to all Partnership assets, the records and management of the Partnership and the interest of the departing General Partner in the Partnership to the new General Partner; and
- (e) the departing General Partner shall file all amendments to the Certificate and all other instruments or documents necessary to record the admission of the new General Partner or qualify or continue the Partnership as a limited partnership.

#### 14.5 **Indemnification**

Upon the removal or resignation of the General Partner, the Partnership shall release and hold harmless, and the Limited Partners shall release, the General Partner, its affiliates and associates, and its and their respective officers, directors, shareholders and employees, from any and all costs, damages, liabilities or expenses incurred by the General Partner or the Partnership in connection with the Partnership's activities or otherwise as a result of or arising out of events occurring after such resignation or removal other than those caused by or deriving from any grossly negligent or fraudulent act or wilful misconduct of the General Partner.

#### 14.6 **Continuity of Partnership**

In the event of the bankruptcy, insolvency, dissolution, liquidation, winding up, resignation or deemed resignation of the General Partner, the affairs of the Partnership shall be continued without interruption by any new General Partner or remaining General Partner, as the case may be.

### **ARTICLE 15 MEETINGS**

#### 15.1 **Consents Without Meeting**

The General Partner may secure the consent or agreement of any Limited Partner to any matter requiring such a consent or agreement in writing, and such consents or agreements in writing may be used in conjunction with votes given at a meeting of Limited Partners or without a meeting of Limited Partners to secure the necessary consent or agreement hereunder. Accidental omission to send a written form of Ordinary Resolution or Extraordinary Resolution or to any Limited Partner for signature will not invalidate such resolution provided that such written resolution has been signed in one or more counterparts by a sufficient percentage of the Limited Partners to pass such resolution in accordance with the provisions of this Agreement.

#### 15.2 **Meetings**

The General Partner may convene meetings of the Limited Partners at any time and, upon the written request of one or more Limited Partners holding not less than 25% of the number of all issued and outstanding Units (the "**Requisitioning Partners**"), will convene a meeting of the Limited Partners. If the General Partner fails or neglects to call such a meeting within 60 days of receipt of written request of the Requisitioning Partners, then any Requisitioning Partners may convene such meeting by giving written notice to the General Partner and the Limited Partners in accordance with this Agreement, signed by such person or persons as the Requisitioning Partners specify. Every meeting, however convened, will be conducted in accordance with this Agreement. There is no requirement to hold annual general meetings; however, the General Partner may call periodic information meetings from time to time to advise Limited Partners as to the status of the Property and the Partnership's affairs.

#### 15.3 **Place of Meeting**

Every meeting of Limited Partners will be held at such place in the City of Calgary, Alberta, as the General Partner or the Partner calling the meeting, as the case may be, may determine.

#### 15.4 **Notice of Meeting**

All notices of meetings of Limited Partners will be given to Limited Partners at least 21 and not more than 60 days prior to the meeting. Such notice will specify the time, date and place where the meeting is to be held and will specify, in reasonable detail, all matters which are to be the subject of a vote at such meeting and provide sufficient information to enable Limited Partners to make a reasoned judgment on all such matters. It will not be necessary for any such notice to set out the exact text of any resolution proposed to be passed at the meeting, provided that the subject matter of any such resolution is fairly set out in the notice or schedule thereto. Accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any Limited Partner will not invalidate the proceedings at that meeting.

#### 15.5 **Chairman**

The President of the General Partner, or in his absence any officer of the General Partner, shall be the chairman of all meetings. If no such person is present or all such persons refuse to act, those Limited Partners present in person or represented by proxy at the meeting shall choose, by Ordinary Resolution, some other person present to be chairman.

#### 15.6 **Quorum**

Subject to the provisions of Section 15.7, a quorum at any meeting of the Limited Partners shall consist of not less than two Persons present in person and holding or representing by proxy at least ten percent (10%) of the aggregate number of outstanding Units entitled to vote at the meeting; provided, however, that if the Partnership has only one Limited Partner, such Limited Partner present in person or represented by proxy constitutes a meeting of Limited Partners.

#### 15.7 **Adjournment**

If a quorum referred to in Section 15.6 is not present within 30 minutes from the time fixed for holding any meeting, the meeting may be adjourned by the chairman of the meeting to a date not less than 10 days or more than 14 days later at the same time and, if available, the same place, and the General Partner or Requisitioning Partners who called the meeting will give at least seven days' notice to all Limited Partners of the date, time and place of the reconvening of the adjourned meeting. Such notice need not set forth the matters to be considered unless they are different from those for which the original meeting was called. At the adjourned meeting the Limited Partners present in person or represented by proxy shall form a quorum and may transact the business for which the meeting was originally convened notwithstanding that the number of Units held or represented by them may not be sufficient to constitute a quorum under Section 15.6.

#### 15.8 **Voting**

Except as otherwise specified in this Agreement, and specifically subject to section 15.18, any question submitted to a meeting shall be decided by Ordinary Resolution. On each Ordinary Resolution and Extraordinary Resolution:

- (a) each Limited Partner (excluding the General Partner in its capacity as a Limited Partner) shall be entitled to one vote per whole Unit held; and
- (b) the General Partner shall be entitled to one vote in its capacity as General Partner and also to one vote per whole Unit held by it in its capacity as a Limited Partner, unless such resolution relates to the approval of an agreement or transaction of any nature between the Partnership and any affiliate or associate or other party related to the General Partner in which event the General Partner will not be entitled to vote on such resolution.

For the purposes of clarity, a Limited Partner holding a fraction of a Unit shall be entitled, with respect to the same, to a fraction of a vote equal to such fraction of such Unit.

#### 15.9 **Record Date**

Notwithstanding anything herein contained, only Limited Partners who are registered as such in the Register on the record date determined for the meeting shall have the right to attend in person or by proxy and to vote on all matters submitted to the meeting. For the purpose of determining those Limited Partners who are entitled to attend, and vote or act at, any meeting or any adjournment of any meeting, or for the purpose of any other action



thereat, the General Partner or Requisitioning Partners calling the meeting, as the case may be, shall fix a date not less than 21 or more than 60 days prior to the date of any meeting of Limited Partners as a record date for the determination of those Limited Partners entitled to vote at such meeting or any adjournment of any meeting. The Persons so determined shall be the Persons deemed to have such entitlement, except to the extent that a Limited Partner has transferred any of his Units after such record date and the transferee of the Units: (i) produces properly endorsed certificates or otherwise establishes to the satisfaction of the General Partner that he is the owner of the Units in question, and (ii) requests, not later than ten days before the meeting, or such shorter period before the meeting as the General Partner may deem to be acceptable, that the transferee's name be included in the Register as at such record date, in which case the transferee shall be treated as a Limited Partner of record for purposes of such entitlement in place of the transferor.

#### **15.10 Proxies**

A Limited Partner may attend any meeting of Limited Partners personally, or may be represented thereat by proxy if a proxy has been received by the General Partner or the chairman of the meeting for verification prior to the meeting. Votes at meetings of the Limited Partners may be cast personally or by proxy and resolutions shall be passed by a show of hands or, at the request of any Limited Partner, by ballot. The instrument appointing a proxy shall be in a form acceptable to the General Partner, shall be in writing under the hand of the appointor or his attorney duly authorized in writing, or, if the appointor is a corporation, under its seal or by an officer or attorney thereof duly authorized, and shall be valid only if it refers to a specific meeting, and then only at that meeting or its adjournments. Any Person may be appointed a proxy, whether or not he is a Limited Partner.

#### **15.11 Validity of Proxies**

A proxy purporting to be executed by or on behalf of a Limited Partner will be considered to be valid unless challenged at the time of or prior to its exercise, and the Person challenging will have the burden of proving to the satisfaction of the chairman of the meeting that the proxy is invalid, and any decision of the chairman concerning the validity of a proxy will be final.

A vote cast in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death, incapacity, insolvency, bankruptcy or insanity of the Limited Partner giving the proxy or the revocation of the proxy, provided that no written notice of such death, incapacity, insolvency, bankruptcy, insanity or revocation shall have been received at the place of meeting prior to the time fixed for holding of the meeting.

#### **15.12 Non-Individual Limited Partners**

A Limited Partner which is a Person other than an individual may appoint, under seal or otherwise, an officer, director, trustee, representative or other authorized Person as its representative to attend, vote and act on its behalf at a meeting of Limited Partners.

#### **15.13 Attendance of Others**

Any officer or director of the General Partner, counsel to the General Partner or the Partnership and representatives of the Auditors will be entitled to attend any meeting of Limited Partners.

The chairman of the meeting or the General Partner has the right to authorize the presence of any Person at a meeting regardless of whether the Person is a Limited Partner. With the approval of the chairman of the meeting or the General Partner that Person will be entitled to address the meeting.

#### **15.14 Rules**

To the extent that the rules and procedures for the conduct of a meeting of the Limited Partners are not prescribed in this Agreement, such rules and procedures shall be determined by the chairman of the meeting. To the extent practicable, the procedures applicable to meetings of corporations within the meaning of the ABCA shall apply to meetings of Partners, provided however the Partnership shall not be required to hold annual meetings and the General Partner may seek all such regulatory relief as may be required so that the Partnership is not required to hold such meetings.

15.15                   **Waiver of Defaults**

In addition to all other powers conferred on them by this Agreement, the Limited Partners may by Ordinary Resolution waive any default on the part of the General Partner on such terms as they may determine and release the General Partner from any claims in respect thereof.

15.16                   **Minutes**

The General Partner will cause minutes to be kept of all proceedings and resolutions at every meeting, and copies of any resolutions of the Partnership to be made and entered in books to be kept for that purpose, and any minutes, if signed by the chairman of the meeting, will be deemed to be evidence of the matters stated in them, and such meeting will be deemed to have been duly convened and held and all resolutions and proceedings shown in them will be deemed to have been duly passed and taken.

15.17                   **Resolutions Binding**

Any Extraordinary Resolution or Ordinary Resolution passed in accordance with this Agreement shall be binding on all Limited Partners and their respective heirs, executors, administrators or other legal representatives, successors and assigns, whether or not such Limited Partner was present or represented by proxy at the meeting at which such resolution was passed and whether or not such Limited Partner received and/or signed a written copy of or voted against such resolution.

15.18                   **Powers Exercisable by Extraordinary Resolution**

The following powers will only be exercisable by Extraordinary Resolution passed by the Limited Partners:

- (a) consenting to the amendment of this Agreement except as provided herein;
- (b) requiring the General Partner on behalf of the Partnership to enforce any obligation or covenant on the part of any Limited Partner;
- (c) removing the General Partner as general partner of the Partnership as provided in Section 14.3;
- (d) dissolving the Partnership as provided in Section 12.2(a);
- (e) consenting to the sale, assignment, transfer or other disposition by the General Partner of its interest in the Partnership as a general partner as provided in Section 10.1;
- (f) consenting to extend the Partnership's investment activities beyond Concept Planning and develop or participate in the development of the Property;
- (g) creating or registering an encumbrance of a financial nature on or against the Property or the Interest therein in favour of any Person, other than:
  - (A) Walton Finance pursuant to the provisions of the Funding Agreement; or
  - (B) any party or parties (including, without limitation, WIGI, Walton Finance, Walton Texas or affiliates thereof):
    - (i) to secure financing in accordance with the terms of the Funding Agreement; or
    - (ii) in accordance with the Co-Ownership Agreement.
- (h) effecting or participating in a sale, transfer, or other disposition (excluding leases) of a parcel of land included in the Property that is of an acreage that is more than 10% of the total number of acres comprised in all of the Property;
- (i) in the event that it is determined that the Partnership will participate in the development of all or a portion of the Property or its Interest therein, consenting to reinvest all or any part of the income of the Partnership received from the Property or its Interest therein or from the sale of portions of the Property or its Interest therein (and that would have otherwise been available for distribution to the Limited Partners hereunder) in such development;
- (j) agreeing to any compromise or arrangement by the Partnership with any creditor, or class or classes of creditors;

- (k) changing the Fiscal Year of the Partnership; and
- (l) amending or repealing any Extraordinary Resolution previously passed by the Limited Partners.

## **ARTICLE 16 AMENDMENTS**

### **16.1 Amendments to Limited Partnership Agreement**

This Agreement may be amended in writing on the initiative of the General Partner with the approval of the Limited Partners given by an Extraordinary Resolution, provided that:

- (a) this Article 16 may not be amended;
- (b) this Agreement shall not be amended so as to provide for additional Capital Contributions from any Limited Partner without the approval of such Limited Partner; and
- (c) this Agreement shall not be amended so as to adversely affect the rights of the General Partner without the consent of the General Partner.

### **16.2 Amendments In Discretion of General Partner**

Notwithstanding Section 16.1, the General Partner may, without prior notice to or consent from any Limited Partner, amend any provision of this Agreement from time to time:

- (a) for the purpose of adding, amending or deleting provisions of this Agreement which addition, amendment or deletion is, in the opinion of counsel to the Partnership, for the protection of or otherwise to the benefit of the Limited Partners;
- (b) to cure an ambiguity or to correct or supplement any provision contained herein which may be defective or inconsistent with any other provisions contained herein, provided the cure, correction or supplemental provision, in the opinion of the General Partner, does not and will not adversely affect the interests of the Limited Partners;
- (c) to make such other provisions in regard to matters or questions arising under this Agreement which, in the opinion of the General Partner, do not and will not adversely affect the interests of the Limited Partners; or
- (d) to make such amendments or deletions to take into account the effect of any change in, amendment of or repeal of any applicable legislation, which amendments, in the opinion of the General Partner, do not and will not adversely affect the interests of the Limited Partners.

### **16.3 Notice to Limited Partners**

Limited Partners shall be notified of the full details of any amendments to this Agreement within 30 days of the effective date of the amendment.

### **16.4 Limitation On Amendments**

Notwithstanding the foregoing or any other provisions to the contrary contained in this Agreement, no amendment of this Agreement shall be adopted if such amendment would change the Partnership to a general partnership, change the liability of the General Partner or any Limited Partner, allow any Limited Partner to take part in the control of the business of the Partnership, change the activities of the Partnership as set forth in Article 3, or change the right of a Limited Partner to vote at any meeting.

## **ARTICLE 17 NOTICES**

### **17.1 Addresses For Service**

The addresses for service of the General Partner and Limited Partners are:

General Partner: Walton TX Dallas Kemp Ranch Corporation  
c/o 2300, 605 – 5<sup>th</sup> Avenue SW  
Calgary, AB T2P 3H5  
Attention: President  
Fax No.: (403) 264-6773

Initial Limited Partner: Kenneth H. Phillips  
c/o 2300, 605 – 5<sup>th</sup> Avenue SW  
Calgary, AB T2P 3H5  
Fax No.: (403) 261-2501

Limited Partners: at the mailing addresses set forth in the Register.

The General Partner may from time to time change its address for service hereunder by notice to the Limited Partners given in accordance with Section 17.2. Each Limited Partner will advise the General Partner and the Registrar and Transfer Agent of any change in such Limited Partner's address as then shown on the Register.

## 17.2 Notices

Any notice provided for in this Agreement or any other notice which a Partner may desire to give to the other Partners, shall be in writing and shall be delivered by:

- (a) personal hand delivery to the addressee or, if such addressee is a body corporate, to an officer of the addressee, or in the absence of an officer, to some other responsible employee of such addressee and shall be deemed to have been given and received on the date of such delivery or, if so delivered on a Saturday, Sunday or statutory holiday, on the next day that is not such a day; or
- (b) mailing, postage prepaid, in a properly addressed envelope addressed to the party to whom the notice is to be given at its address for service and shall be deemed to have been given and received four days after the mailing thereof, Saturdays, Sundays and statutory holidays excepted, or
- (c) fax message addressed to the party to whom the notice is to be given at its address for service and shall be deemed to have been given and received one day after the date of sending, Saturdays, Sundays and statutory holidays excepted.

In the event of a labour strike or other postal interruption the result of which is the interference of normal mail deliveries, every notice delivered pursuant to Section 17.2(b) above shall be deemed to have been given and received on the sixth day following the full resumption of normal mail deliveries, excluding Saturdays, Sundays and statutory holidays, provided that notwithstanding the foregoing in the event of a labour strike or other postal interruption the result of which is the interference of normal mail deliveries, notice hereunder, other than notice to be provided to the General Partner, may be given by publication thereof in a publication of general circulation in the City of Calgary and shall be deemed to have been given and received upon such publication.

## ARTICLE 18 POWER OF ATTORNEY

### 18.1 Power of Attorney

Each Limited Partner and each transferee of a Unit or assignee of the interest of a Limited Partner as a holder of a Unit hereby irrevocably grants to the General Partner, its successors and assigns, a power of attorney constituting the General Partner, with full power of substitution, as the Limited Partner's true and lawful attorney and agent, with full power and authority, in the Limited Partner's name, place and stead to execute, under seal or otherwise, swear to, acknowledge, deliver, and record or file, as the case may be, as and where required:

- (a) this Agreement, any amendment to this Agreement, the Certificate, any amendment to the Certificate or any other declaration, certificate, instrument or document which the General Partner deems necessary or appropriate to qualify, continue the qualification of, or keep in good standing, the Partnership in, or otherwise comply with the laws of, the Province of Alberta or any other jurisdiction wherein the Partnership may carry on or be deemed to carry on activities or own

property (or the laws of Canada applicable therein), or the General Partner may deem it prudent to register the Partnership, in order to maintain the limited liability of the Limited Partners or to comply with applicable laws;

- (b) any certificate or other instrument which the General Partner deems necessary or appropriate to reflect any amendment, change or modification of the Partnership in accordance with the terms of this Agreement;
- (c) any certificate or other instrument which the General Partner deems necessary or appropriate to comply with any applicable law or regulation;
- (d) any conveyance or other instrument which the General Partner deems necessary or appropriate to reflect or in connection with the sale of all or any part of the Property or of the Partnership's Interest therein or other assets of the Partnership or the dissolution or termination of the Partnership pursuant to the terms of this Agreement;
- (e) any instrument required in connection with any election, designation, application or determination relating to the Partnership under the *Income Tax Act*, the *Excise Tax Act*, the Code or other tax legislation;
- (f) any election, determination, designation, information and return or similar document or instrument as may be required or desirable at any time under the *Income Tax Act*, the *Excise Tax Act*, the Code or under any other taxation or similar law of Canada or any province, territory or jurisdiction, or state or territory of the United States of America, which relates to the affairs of the Partnership or the interest of any Person in the Partnership including, without limitation, notices, elections and tax returns required to be filed by a Limited Partner that is not a Resident pursuant to Section 115 and Section 116 of the *Income Tax Act*;
- (g) any document which the General Partner deems necessary or appropriate to be executed or filed in connection with the activities, assets or undertaking of the Partnership or this Agreement;
- (h) any document required to be filed with any governmental body, agency or authority in connection with the activities, assets or undertaking of the Partnership or this Agreement;
- (i) any application for any grant, incentive or credit under any federal, provincial or state program with respect to any activity of the Partnership;
- (j) any transfer forms or other certificate or instrument on behalf of or in the name of whomsoever as may be necessary to effect the transfer of any Unit in accordance with the terms of this Agreement including, without limitation, pursuant to Sections 10.8 and 13.2 hereof; and
- (k) any other document or instrument on behalf of and in the name of the Partnership or the Limited Partner as may be deemed necessary or desirable by the General Partner to carry out fully the provisions of this Agreement or any other agreement of the Partnership in accordance with its respective terms;

and to complete, amend or modify any of the foregoing to complete any missing information or correct any clerical or other errors in the completion of any of the foregoing.

To evidence the foregoing, each Limited Partner, in making a subscription for Units or in executing an assignment or transfer of a Unit as assignee or transferee thereof, will be deemed to have executed a power of attorney granting substantially the powers set forth above. The power of attorney so granted is irrevocable, is coupled with an interest, will survive the death, disability, incapacity, insolvency, bankruptcy, liquidation, dissolution, winding up or other legal incapacity of a Limited Partner and will survive the assignment, to the extent of the obligations of the Limited Partner hereunder, by the Limited Partner of the whole or any part of the interest of the Limited Partner in the Partnership and extends to bind the heirs, executors, administrators, personal representatives, successors and assigns of the Limited Partner, and may be exercised by the General Partner, executing on behalf of each Limited Partner, by executing any instrument with a single signature as the general partner of the Partnership or as attorney and agent for all of the Limited Partners executing such instrument, or by such other form of execution as the General Partner may determine, and it will not be necessary for the General Partner to execute any instrument under seal notwithstanding the manner of execution of the power of attorney by the Limited Partner. The power of attorney will not terminate on the dissolution of the Partnership but will continue in full force and effect thereafter for the purposes of concluding any matters pertaining to the Partnership, to the activities previously carried on by the Partnership or to the dissolution of the Partnership and the winding up of its affairs.

Each Limited Partner hereby ratifies and confirms all that the General Partner shall lawfully do or cause to be done by virtue of the foregoing power of attorney, agrees to be bound by any representation or action made or taken in good faith by the General Partner pursuant to the foregoing power of attorney in accordance with

the terms hereof or in furtherance of the terms contemplated by the Private Placement, and waives any and all defences which may be available to contest, negate or disaffirm any action of the General Partner taken in good faith under such power of attorney.

## **ARTICLE 19 MISCELLANEOUS**

### **19.1 Governing Law**

This Agreement will be governed by and construed in accordance with the laws of the Province of Alberta, and the parties hereto hereby submit to and attorn to the non-exclusive jurisdiction of the Courts of the Province of Alberta.

### **19.2 Counterparts**

This Agreement may be executed in any number of counterparts with the same effect as if all parties hereto had signed the same document. This Agreement may also be adopted in any subscription or assignment forms or similar instruments signed by a Limited Partner or by the General Partner on his behalf, with the same effect as if such Limited Partner had executed a counterpart of this Agreement. All counterparts and adopting instruments will be construed together and will constitute one and the same agreement.

### **19.3 Provisions Severable**

Each provision of this Agreement is intended to be severable. If any provision of this Agreement, or the application of such provision to any Person or circumstance, shall be held illegal or invalid, the remainder of this Agreement, or the application of such provision to any Person or circumstance other than those to which it is held illegal or invalid, shall not be affected thereby.

### **19.4 Further Assurances**

Each party hereto agrees to execute and deliver such further and other documents and to perform and cause to be performed such further and other acts and things as may be necessary or desirable in order to give full force and effect to this Agreement and every part hereof.

### **19.5 Time**

Time is of the essence hereof.

### **19.6 Limited Partner not a General Partner**

If any provision of this Agreement has the effect of imposing or subjecting any Limited Partner to any debts, liabilities or obligations in excess of those amounts referred to in Section 8.2, or otherwise results in the Limited Partner becoming a general partner, such provision shall be of no force or effect.

19.7

**Binding Effect**

Subject to the provisions regarding assignment and transfer herein contained, this Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators and other legal representatives, successors and assigns.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the day and year first above written.

**WALTON TX DALLAS KEMP RANCH CORPORATION**

Per: "Signed" (Tony Deegan)  
Authorized Signatory

Per: "Signed" (Clara Chong)  
Authorized Signatory

**INITIAL LIMITED PARTNER:**

"Signed" (Evan Low)  
Witness

"Signed" (Kenneth H. Phillips)  
Kenneth H. Phillips

**SCHEDULE A  
TRANSFER FORM**

The undersigned, a Limited Partner of Walton TX Dallas Kemp Ranch LP 1 (the "**Partnership**") hereby transfers to:

\_\_\_\_\_  
(Name of Transferee)

\_\_\_\_\_  
(Address)

\_\_\_\_\_ Unit(s) in the Limited Partnership registered in the undersigned's name, constitutes the above-named transferee as a substitute Limited Partner for the said number of Unit(s) and agrees to execute and deliver to the General Partner:

- (a) any documents required in the sole opinion of the General Partner to effect a valid transfer of the said Unit(s);
- (b) any documents required in the sole opinion of the General Partner to establish that all applicable laws have been complied with in connection with such transfer; and
- (c) any documents which are necessary or advisable, in the sole opinion of the General Partner, to preserve the status of the Partnership as a limited partnership or to establish that such transfer will not cause the Partnership to be a "SIFT partnership" within the meaning of the *Income Tax Act* (Canada).

The undersigned agrees that the power of attorney previously granted to the General Partner shall continue to be effective for the purpose of executing all certificates, amendments and other instruments necessary to give effect to this transfer.

DATED at \_\_\_\_\_, Province of \_\_\_\_\_, this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
(Witness to Signature)

\_\_\_\_\_  
(Signature of Limited Partner)

\_\_\_\_\_  
(Name of Witness – Please Print)

\_\_\_\_\_  
(Name of Limited Partner – Please Print)

\_\_\_\_\_  
(Residence Address)  
(City, Province, Postal Code)

Res: \_\_\_\_\_ Bus: \_\_\_\_\_

\_\_\_\_\_  
(Signature Guaranteed By)

\_\_\_\_\_  
Canadian Chartered Bank, Trust Company or  
Member of the Investment Industry Regulatory  
Organization of Canada



## DECLARATION OF TRANSFEREE

The undersigned transferee (the "**Transferee**") hereby represents and warrants and covenants to each Limited Partner and to the General Partner that:

- (a) the Transferee, if a corporation, is a valid and subsisting corporation, has the necessary corporate capacity and authority to execute and deliver the Third Amended and Restated Limited Partnership Agreement dated for reference the 22<sup>nd</sup> day of June, 2015, as further amended or supplemented from time to time (the "**Partnership Agreement**") and to observe and perform its covenants and obligations thereunder and has taken all necessary corporate action in respect thereof and that it has purchased the Units as principal for its own account, or, if a partnership, syndicate or other form of unincorporated organization, has the necessary legal capacity and authority to execute and deliver the Partnership Agreement and to observe and perform its covenants and obligations thereunder and has obtained all necessary approvals in respect thereof, and that it has purchased the Units as principal for its own account;
- (b) the Transferee, if an individual, is of the full age of majority and has the legal capacity and competence to execute the Partnership Agreement and take all action pursuant thereto, and that it has purchased the Units as principal for its own account;
- (c) no interest in the Transferee is or will be a "tax shelter investment" for the purposes of the *Income Tax Act* (Canada);
- (d) the Transferee has not financed, and will not finance, the acquisition of the Units with borrowings for which recourse is limited or is deemed to be limited for the purposes of the *Income Tax Act* (Canada); and
- (e) the Transferee will promptly provide such evidence of the legal status of the Transferee as the General Partner may request from time to time.

The Transferee covenants that:

- (a) the Transferee will ensure that the Transferee's status as described above will not be modified, that the Transferee will provide written confirmation of such status to the General Partner upon request and that the Transferee will not transfer the Transferee's Units in whole or in part to a Person in respect of which the representations and warranties set forth above would be untrue; and
- (b) the Transferee will immediately notify the General Partner in writing if the Transferee fails to comply with the covenants in this Transfer Form.

In consideration of and subject to the amendment of the Certificate including the Transferee as a Limited Partner with respect to the Unit(s) assigned, the Transferee hereby agrees to be bound as a Limited Partner by the terms of the Partnership Agreement, and the Transferee hereby grants to the General Partner, its successors and assigns, a power of attorney constituting the General Partner, with full power of substitution, as the Transferee's true and lawful attorney and agent, with full power and authority, in the Transferee's name, place and stead to execute, under seal or otherwise, swear to, acknowledge, deliver, and record or file, as the case may be, as and where required:

- (a) the Partnership Agreement, any amendment to the Partnership Agreement, the Certificate, any amendment to the Certificate or any other declaration, certificate, instrument or document which the General Partner deems necessary or appropriate to qualify, continue the qualification of, or keep in good standing, the Partnership in, or otherwise comply with the laws of, the Province of Alberta or any other jurisdiction wherein the Partnership may carry on or be deemed to carry on activities or own property (or the laws of Canada applicable therein), or the General Partner may deem it prudent to register the Partnership, in order to maintain the limited liability of the Limited Partners or to comply with applicable laws;
- (b) any certificate or other instrument which the General Partner deems necessary or appropriate to reflect any amendment, change or modification of the Partnership in accordance with the terms of the Partnership Agreement;

- (c) any certificate or other instrument which the General Partner deems necessary or appropriate to comply with any applicable law or regulation;
- (d) any conveyance or other instrument which the General Partner deems necessary or appropriate to reflect or in connection with the sale of all or any part of the Property or of the Partnership's Interest therein or other assets of the Partnership or the dissolution or termination of the Partnership pursuant to the terms of the Partnership Agreement;
- (e) any instrument required in connection with any election, designation, application or determination relating to the Partnership under the *Income Tax Act* (Canada), the *Excise Tax Act* (Canada), the Code, or other tax legislation;
- (f) any election, determination, designation, information and return or similar document or instrument as may be required or desirable at any time under the *Income Tax Act* (Canada), the *Excise Tax Act* (Canada), the Code, or under any other taxation or similar law of Canada or any province, territory or jurisdiction, or state or territory of the United States of America, which relates to the affairs of the Partnership or the interest of any Person in the Partnership including, without limitation, notices, elections and tax returns required to be filed by a Limited Partner that is not a Resident pursuant to Section 115 and Section 116 of the *Income Tax Act* (Canada);
- (g) any document which the General Partner deems necessary or appropriate to be executed or filed in connection with the activities, assets or undertaking of the Partnership or the Partnership Agreement;
- (h) any document required to be filed with any governmental body, agency or authority in connection with the activities, assets or undertaking of the Partnership or the Partnership Agreement;
- (i) any application for any grant, incentive or credit under any federal, provincial or state program with respect to any activity of the Partnership;
- (j) any transfer forms or other certificate or instrument on behalf of or in the name of whomsoever as may be necessary to effect the transfer of any Unit in accordance with the terms of the Partnership Agreement including, without limitation, pursuant to Sections 10.8 and 13.2 of the Partnership Agreement; and
- (k) any other document or instrument on behalf of and in the name of the Partnership or the Limited Partners as may be deemed necessary or desirable by the General Partner to carry out fully the provisions of the Partnership Agreement or any other agreement of the Partnership in accordance with its respective terms;

and to complete, amend or modify any of the foregoing to complete any missing information or correct any clerical or other errors in the completion of any of the foregoing.

The power of attorney hereby granted is irrevocable, is coupled with an interest, will survive the death, disability, incapacity, insolvency, bankruptcy, liquidation, dissolution, winding up or other legal incapacity of the Transferee and will survive the further assignment, to the extent of the obligations of the Transferee under the Partnership Agreement, by the Transferee of the whole or any part of the interest of the Transferee in the Partnership and extends to bind the heirs, executors, administrators, personal representatives, successors and assigns of the Transferee, and may be exercised by the General Partner, executing on behalf of the Transferee, by executing any instrument with a single signature as the general partner of the Partnership or as attorney and agent for all of the Limited Partners executing such instrument, or by such other form of execution as the General Partner may determine, and it will not be necessary for the General Partner to execute any instrument under seal notwithstanding the manner of execution of the power of attorney by the Transferee. This power of attorney will not terminate on the dissolution of the Partnership but will continue in full force and effect thereafter for the purposes of concluding any matters pertaining to the Partnership, to the activities previously carried on by the Partnership or to the dissolution of the Partnership and the winding up of its affairs.

The Transferee hereby ratifies and confirms all that the General Partner shall lawfully do or cause to be done by virtue of the foregoing power of attorney, agrees to be bound by any representation or action made or taken in good faith by the General Partner pursuant to the foregoing power of attorney in accordance with the terms

hereof, and waives any and all defences which may be available to contest, negate or disaffirm any action of the General Partner taken in good faith under such power of attorney.

This document shall be governed by and construed in accordance with the laws of the Province of Alberta.

Terms not defined herein shall have the same meanings in this transfer form as in the Partnership Agreement.

DATED at \_\_\_\_\_, Province of \_\_\_\_\_ this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
(Witness to Signature)

\_\_\_\_\_  
(Name of Witness – Please Print)

\_\_\_\_\_  
(Signature of Transferee)

\_\_\_\_\_  
(Name of Transferee – Please Print)

\_\_\_\_\_  
(Mailing Address of Transferee)  
(City, Province, Postal Code)

\_\_\_\_\_  
Social Insurance or Business Number(s) of  
Transferee

**SCHEDULE B  
UNIT CERTIFICATE**

**UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THIS SECURITY BEFORE THE DATE THAT IS FOUR (4) MONTHS AND A DAY AFTER THE LATER OF (i) THE DATE OF ISSUANCE OF THE SECURITIES ON THE FACE PAGE OF THIS CERTIFICATE, AND (ii) THE DATE THE PARTNERSHIP BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY. THE PARTNERSHIP DOES NOT CURRENTLY INTEND TO BECOME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY.**

**WALTON TX DALLAS KEMP RANCH LP 1**

(a limited partnership formed under the laws of the Province of Alberta)

This is to certify that \_\_\_\_\_ is the registered holder of \_\_\_\_\_ units (the "**Units**") in Walton TX Dallas Kemp Ranch LP 1 (the "**Partnership**").

The rights of a holder of the Units represented by this Certificate are governed by a third amended and restated limited partnership agreement dated for reference the 22<sup>nd</sup> day of June, 2015 with respect to the Partnership, as further amended or supplemented from time to time (the "**Partnership Agreement**"). The liability of the holder of this Certificate is limited. Limited Partners may lose the protection of limited liability by taking part in the control of the business of the Partnership or may be liable to third parties as a result of false statements in the public filings made pursuant to the *Partnership Act* (Alberta) and applicable legislation of the Canadian provinces and territories other than the Province of Alberta. A transferee of the Units represented by this Certificate will automatically become bound and subject to the Partnership Agreement, without execution of further instruments, and, without limiting the generality of the foregoing, such transferee shall be deemed to make all of the representations and warranties, covenants, agreements and acknowledgements of a Limited Partner pursuant to the Partnership Agreement and to grant the power of attorney as set out in Article 18 of the Partnership Agreement.

Capitalized terms herein shall have the meanings ascribed to them in the Partnership Agreement.

This Certificate is not valid unless manually countersigned by the authorized representative of the Registrar and Transfer Agent for the Partnership.

IN WITNESS WHEREOF, Walton TX Dallas Kemp Ranch Corporation, the General Partner of the Partnership, has caused this Certificate to be signed by its duly authorized officer.

DATED: \_\_\_\_\_

**Walton TX Dallas Kemp Ranch Corporation, in its  
capacity as General Partner of Walton TX Dallas  
Kemp Ranch LP 1**

Per: \_\_\_\_\_

Countersigned and Registered by Walton TX Dallas  
Kemp Ranch Corporation as Registrar and Transfer  
Agent

Per: \_\_\_\_\_

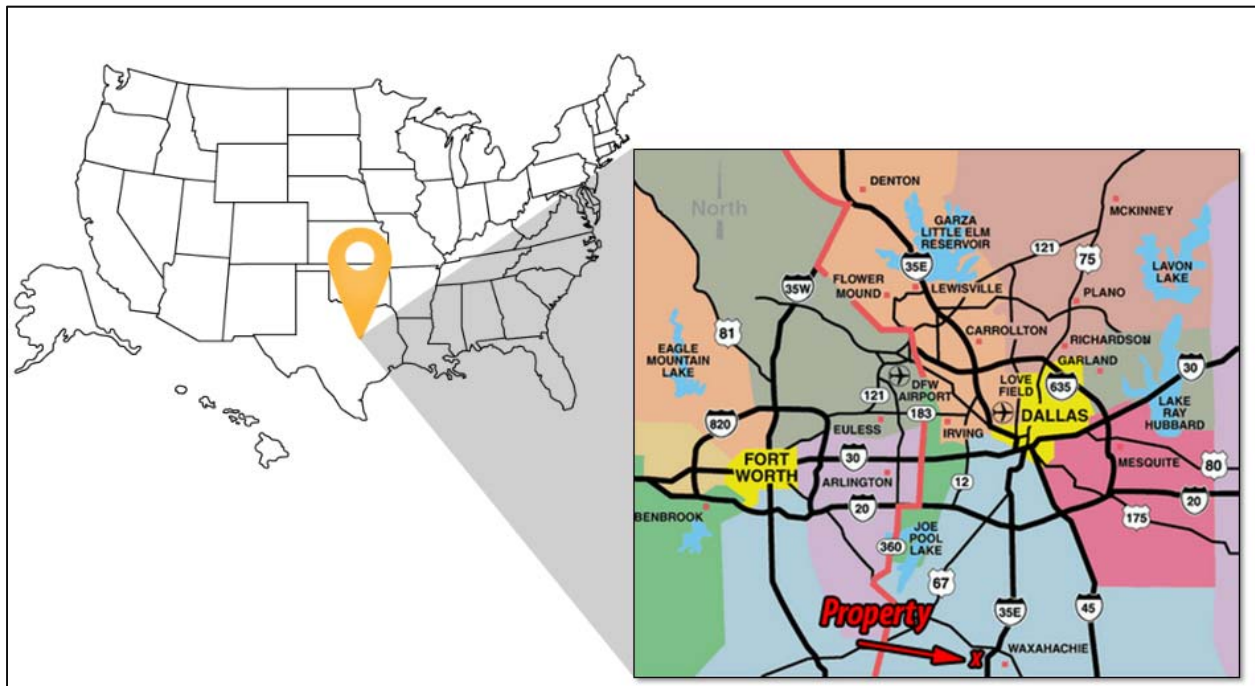
**SCHEDULE "C"**  
**THE PROPERTY AND ECONOMIC DATA**

## The Property

### *Location and Attributes*

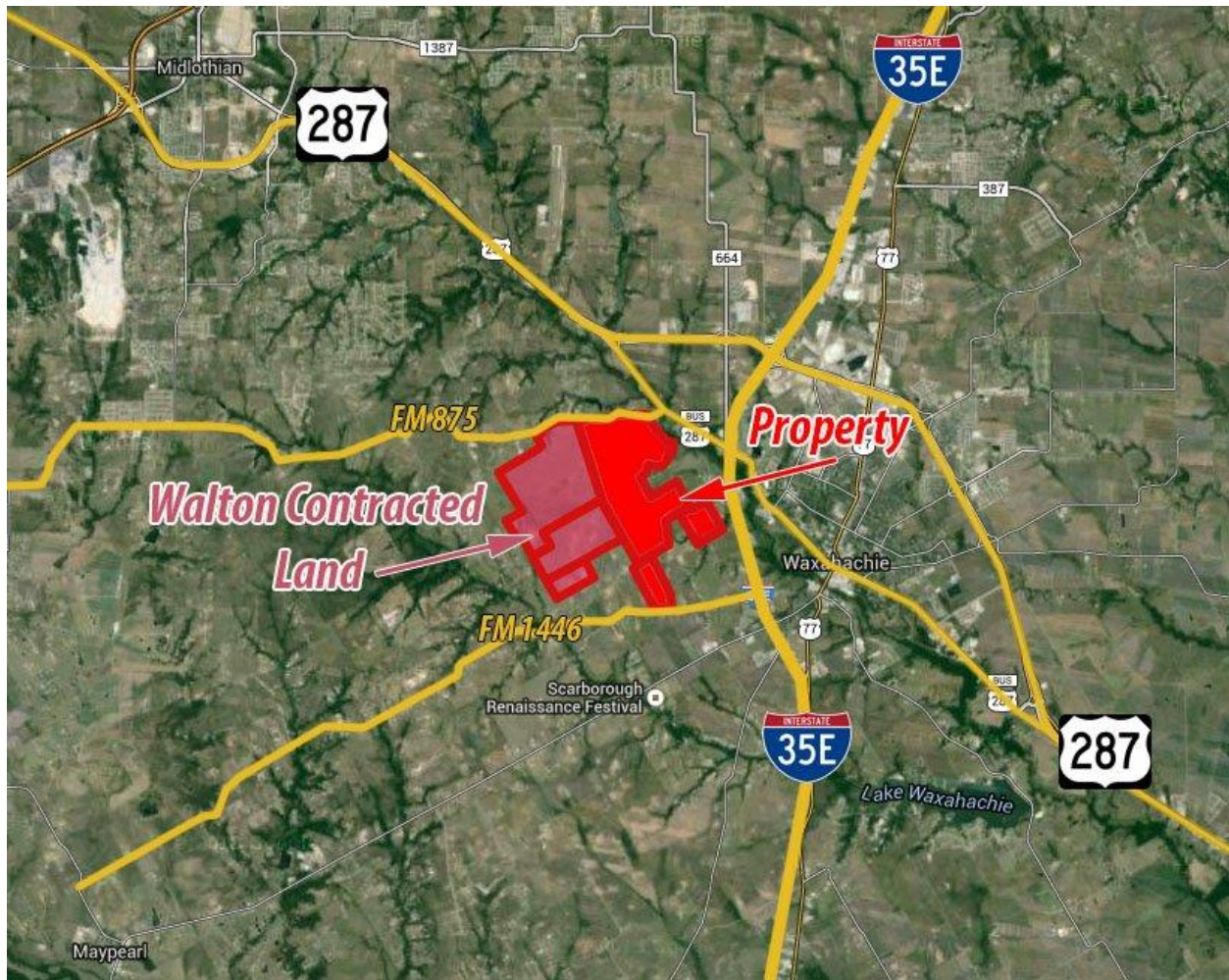
The Property consists of approximately 1,300 acres of vacant agricultural land located in Ellis County, largely within the city limits of the City of Waxahachie, Texas. The current land uses surrounding the Property are residential, farmland, and undeveloped vacant land. Waxahachie is south of the Dallas - Plano - Irving Metropolitan Division, and southeast of both the Fort Worth - Arlington Metropolitan Division and the Dallas - Fort Worth International Airport. This strategically positions the Property between two large Metropolitan Divisions that combine to form the Dallas - Fort Worth - Arlington Metropolitan Statistical Area ("**Dallas - Fort Worth MSA**") and a major regional employer in the International Airport.

### Ellis County, Dallas – Fort Worth Location



Source: Your Dallas Palace as retrieved April 22, 2015 from <http://yourdallaspalace.com/>

### Property Location in Ellis County, Dallas – Fort Worth



Source: Walton International Group Inc.

The primary thoroughfare is Interstate 35E ("I-35E"), a well-travelled north-south highway that lies approximately 600 yards east of the Property and is a direct route to downtown Dallas, approximately 29 miles north. State Highway 287 ("SH 287") lies approximately one mile north of the Property and is a direct route to downtown Fort Worth approximately 39 miles northeast.

Two roadways, Farm to Market 875 ("FM 875") and Farm to Market ("FM 1446"), run north and south of the Property, respectively. The FM 875 roadway is a Texas Department of Transportation ("TxDOT") FM road that is one lane in each direction. Construction, including expansion and widening of Bridges/Culverts to current TxDOT standards, is anticipated to occur in 2015. FM 1446 is a TxDOT FM road which is one lane in each direction. The road is scheduled to be expanded to current TxDOT standards for a required shoulder width of 10 feet in 2016.

Located within historically affordable Ellis County, and directly in the pattern of growth alongside I-35E, the Property is poised to capture demand from first-time and move-up buyers looking for affordable housing opportunities that have disappeared from other regions of the Metroplex. The continued strength of the Dallas - Fort Worth housing market has led to increased starts and shrinking supply in the first-time and move-up home inventories, as rising land prices and construction costs limit the profitability for builders in these two categories.





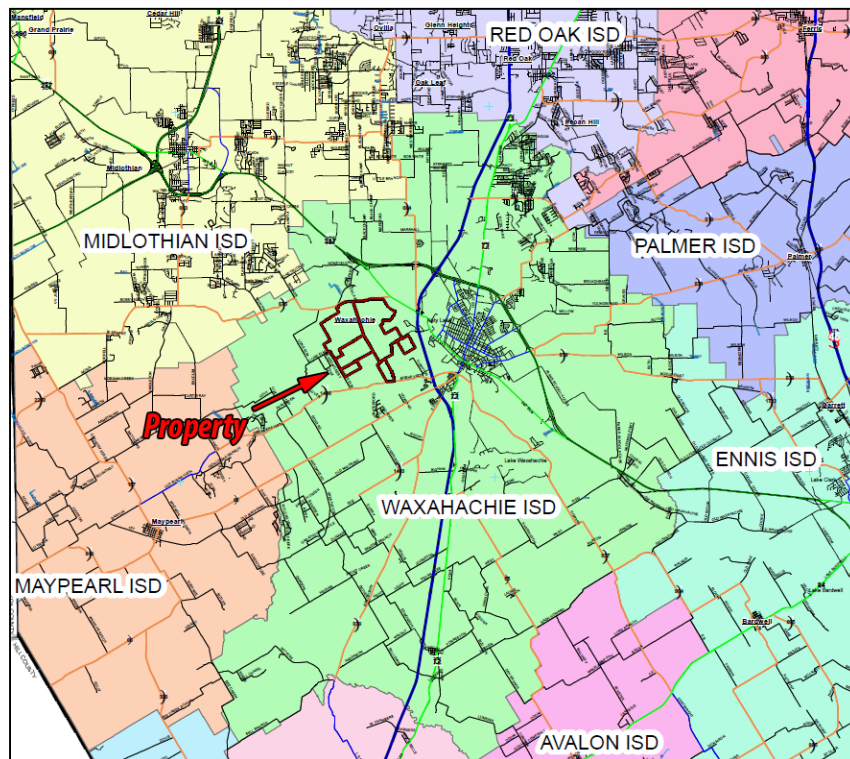


elementary schools, two junior schools (grades 6–8) and four high schools (grades 9–12). WISD employs 1,148 staff, of which 55% are teaching professionals (average student teacher ratio is 15:1). *Source: Waxahachie Independent School District retrieved April 20, 2015 from [www.wisd.org](http://www.wisd.org)*

On February 17, 2015, the WISD School Board called for a \$125 million bond election that was held on May 9, 2015, to address growth and facility improvements. Since 2005, WISD has grown by 32.5%, or 1,968 students. In the last five years alone, WISD's enrollment has grown by 7.8%, or 573 students, which is enough to fill an average-sized elementary school. Current projections by Templeton Demographics estimate the growth of 883 students in the next five years. *Source: Waxahachie Independent School District retrieved April 20, 2015 from [www.wisd.org](http://www.wisd.org)*

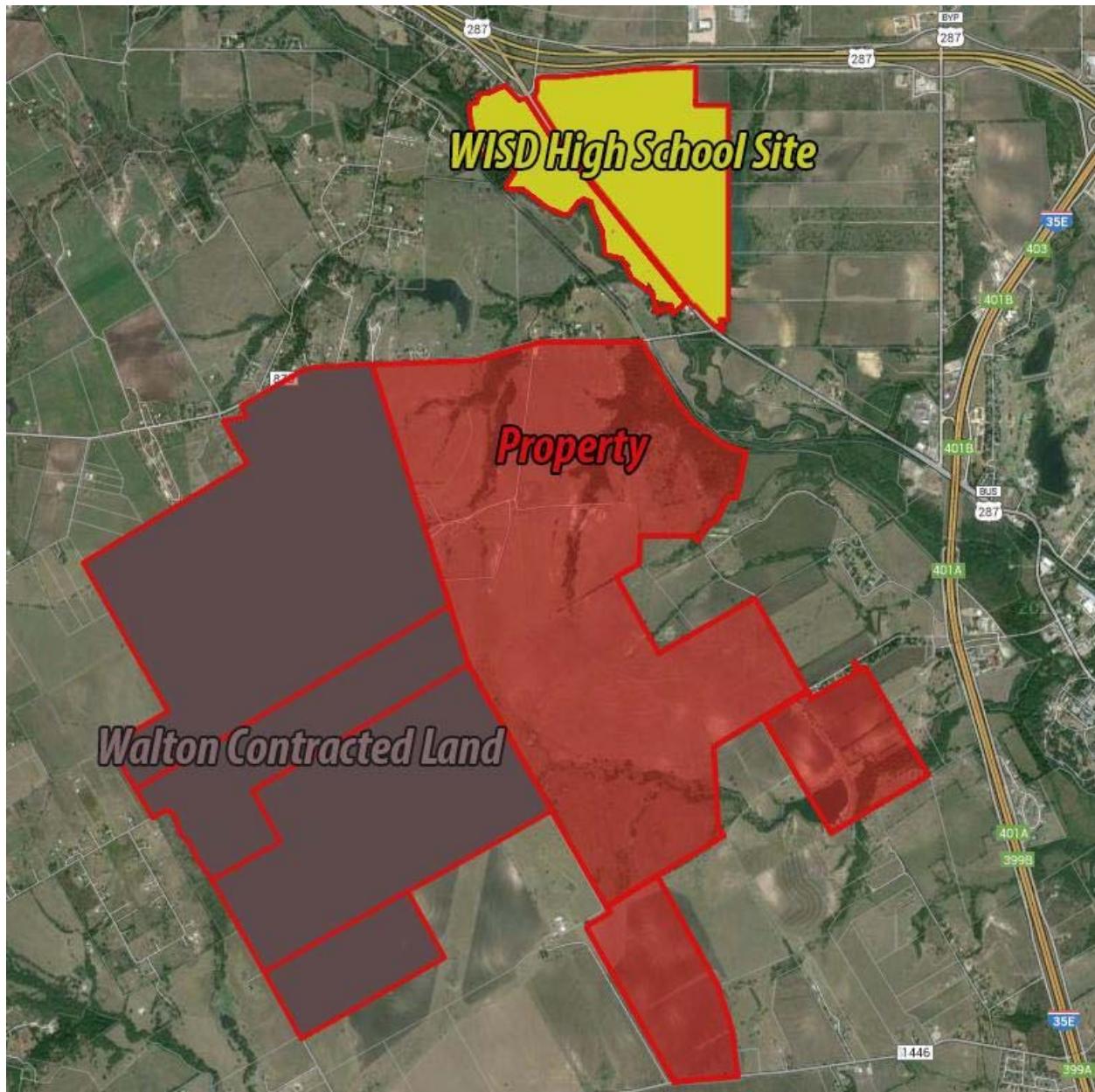
WISD board members also voted 6-1 in favor of purchasing approximately 310 acres of land for the new \$118 million high school proposed in the bond package. The site is less than 200 yards north of the Property and the City of Waxahachie has stated that they are prepared to extend sewer and water to the site at the city's expense (approximately \$2.6 million). Doug Barnes, the city's economic development director views the site as the "gateway to the Waxahachie community from the west". *Source: Waxahachie Daily Light as retrieved April 20, 2015 from [http://www.waxahachietx.com/news/waxahachie/wisd-board-calls-for-million-bond-election/article\\_2888ba06-ce5e-5877-9310-714c0a9b0d5b.html](http://www.waxahachietx.com/news/waxahachie/wisd-board-calls-for-million-bond-election/article_2888ba06-ce5e-5877-9310-714c0a9b0d5b.html)*

### Jurisdictional Boundaries of the Waxahachie Independent School District



*Source: Ellis County as retrieved April 20, 2015*

### New WISD School Site in Proximity to the Property



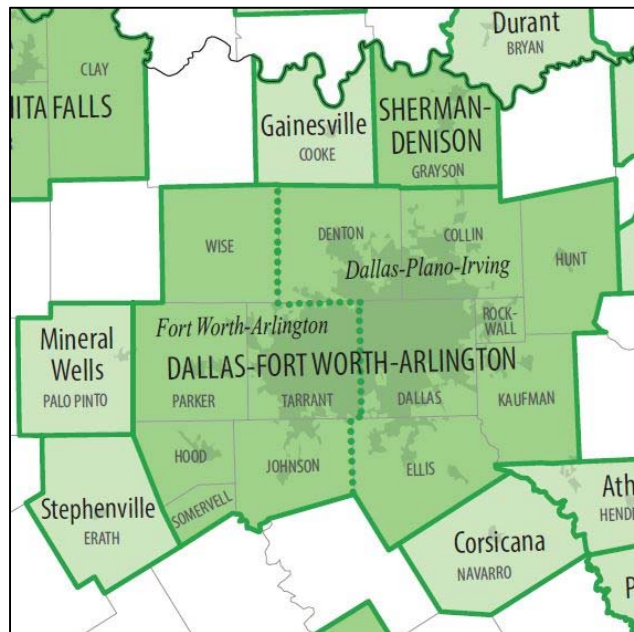
Source: Land Advisors as retrieved April 20, 2015

### Dallas – Fort Worth MSA

#### Overview

The Dallas - Fort Worth MSA is located in north Texas and is comprised of Collin, Dallas, Denton, Ellis, Hood, Hunt, Johnson, Kaufman, Parker, Rockwall, Somervell, Tarrant, and Wise counties. The estimated population of the MSA as of January 2015 was 6,951,575 which ranks it as the 3<sup>rd</sup> largest and one of the fastest growing metropolitan areas in the nation. Source: Metrosearch USA, as retrieved via Walton subscription April 20, 2015 from [www.metrosearchusa.com](http://www.metrosearchusa.com)

### The Dallas - Fort Worth - Arlington MSA (2013)



Source: United States Census Bureau Metropolitan and Micropolitan Statistical Areas of the United States and Puerto Rico February 2013

The Dallas - Fort Worth MSA is centrally located in the United States. Its positioning offers a competitive advantage to businesses as key markets are located within close proximity to truck and rail shipping. The region's mid-continent location also means less time spent for business travelers. All major U.S. cities are less than 4 hours away by air. Source: Dallas Regional Chamber's 2015 Regional Economic Development Guide as retrieved April 20, 2015 from <https://www.dallaschamber.org/why-dallas/about-the-region/dfw-facts/>

#### Transportation and Infrastructure

Intersecting the Dallas - Fort Worth MSA are interstates I-30, I-35E, I-35W and I-45. These highways function as the primary lines of regional infrastructure and define the growth corridor opportunities for this market. I-30 runs east-west, connecting the Dallas - Fort Worth market. Running north to south, I-35 is one of the busiest inter-metro highways in Texas and links the cities of Dallas, Austin, and San Antonio. I-45 provides the north-south link to the Houston region. The regions of Dallas, Houston and Austin-San Antonio make up the Texas Triangle megaregion – a region that is expected to grow 93.3% from 2010-2050. Source: America 2050, Texas Triangle as retrieved April 20, 2015 from [http://www.america2050.org/texas\\_triangle.html](http://www.america2050.org/texas_triangle.html)

The Dallas - Fort Worth MSA's vast infrastructure provides connectivity to the North American Free Trade Agreement (NAFTA) corridor, linking Mexico to Canada and to destinations along the east and west coast. The region's infrastructure and central location make it an intermodal hub for the distribution of air, rail and truck freight. Two of the largest railroads in the U.S., Fort Worth based Burlington Northern Santa Fe Corp. and Union Pacific Corp., are located in the Dallas - Fort Worth region which provide easy access to key ports and distribution centers across the U.S. and into Mexico. Source: Dallas Regional Chamber's 2015 Regional Economic Development Guide as retrieved April 20, 2015 from <https://www.dallaschamber.org/why-dallas/about-the-region/dfw-facts/>

Light rail and bus service make up the Dallas Area Rapid Transit ("DART") system, the fastest-growing network in the nation. This extensive network, along with Trinity Railway Express ("TRE") transports over 220,000 passengers daily. DART connects to Dallas - Fort Worth International Airport and interfaces with TRE to move passengers between downtown Dallas and Fort Worth with numerous stops at "mid-cities" in between. Source: DART, as retrieved April 20, 2015 from <http://www.dart.org/>

Representing a \$98.7 billion blueprint for the continued maintenance and development of the regional transportation system over the next 20 years is the *North Texas Mobility 2035 Plan*. This initiative has been put into place by the North Central Texas Council of Governments to ensure mobility needs are met as the population of North Texas grows from its current 6.8 million to an anticipated 10 million in 2035. This plan incorporates a variety of transportation mechanisms (above and beyond cars and roads) including rail, bike and pedestrian components. *Source: Dallas Regional Chamber's 2015 Regional Economic Development Guide as retrieved April 20, 2015 from <https://www.dallaschamber.org/why-dallas/about-the-region/dfw-facts/>*

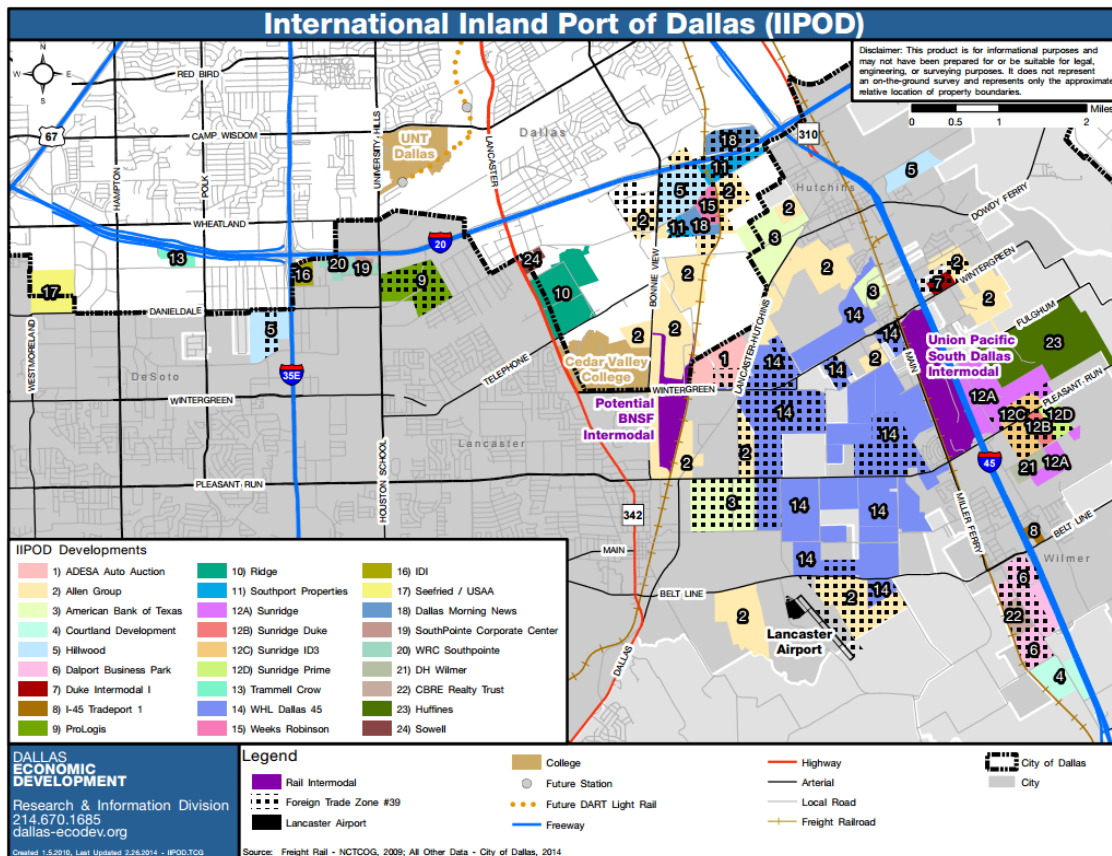
Dallas – Fort Worth International Airport is a significant contributor to the region's economy, generating \$16.6 billion annually. Strategically located midway between Dallas and Fort Worth, it is the highest capacity commercial airport across the globe and is one of two international gateway airports in Texas. Dallas – Fort Worth International hosts 24 passenger airlines and 16 cargo carriers and was recently named the "Best Airport in North America" by Premier Traveler magazine. Continuous upgrades are taking place at Dallas – Fort Worth International Airport, including the most current \$2.3 billion Terminal Renewal and Improvement Program set for completion in 2017. *Source: Dallas Regional Chamber's 2015 Regional Economic Development Guide as retrieved April 20, 2015 from <https://www.dallaschamber.org/why-dallas/about-the-region/dfw-facts/>*

The region is also home to Dallas Love Field, a general purpose airport that serves both commercial airlines and corporate user needs. Conveniently located seven miles from downtown Dallas, the airport serves as the headquarters for Southwest Airlines, the largest U.S. airline, which recently added direct flights to all corners of the United States. Dallas Love Field is a vital employer and service provider to businesses and citizens in Dallas. The airport served over 8.4 million passengers in 2014 and recently underwent a \$519 million renovation. *Source: <http://www.dallas-lovefield.com/about.html> and Dallas Regional Chamber's 2015 Regional Economic Development Guide as retrieved April 20, 2015 from <https://www.dallaschamber.org/why-dallas/about-the-region/dfw-facts/>*

Often referred to as Dallas' Global Gateway, the region is home to the International Inland Port of Dallas ("IIPOD"). The IIPOD is a public-private partnership and is a regional driver of capital investment, job growth and development of sustainability communities with a focus on boosting the local tax base and employment. The entirety of the project spans 234,000 acres and includes 12 municipalities. In the active project's impact area, over 12 million square feet of warehouse space has been built or is under construction, and over 10.5 million square feet of space has been leased. Due to its vast size, the IIPOD relies on the region's superior transportation infrastructure which includes numerous interstate highways and two Class I railroads (Union Pacific and Burlington Northern Santa Fe). The total project is expected to take over 30 years to complete. *Source: Dallas Economic Development as retrieved April 22, 2015 from <http://www.dallas-ecodev.org/redevelopment/iipod/>*



## International Inland Port of Dallas (IIPOD)



Source: Dallas Economic Development as retrieved April 22, 2015 from <http://www.dallas-ecodev.org/redevelopment/iipod/>

### Demographics

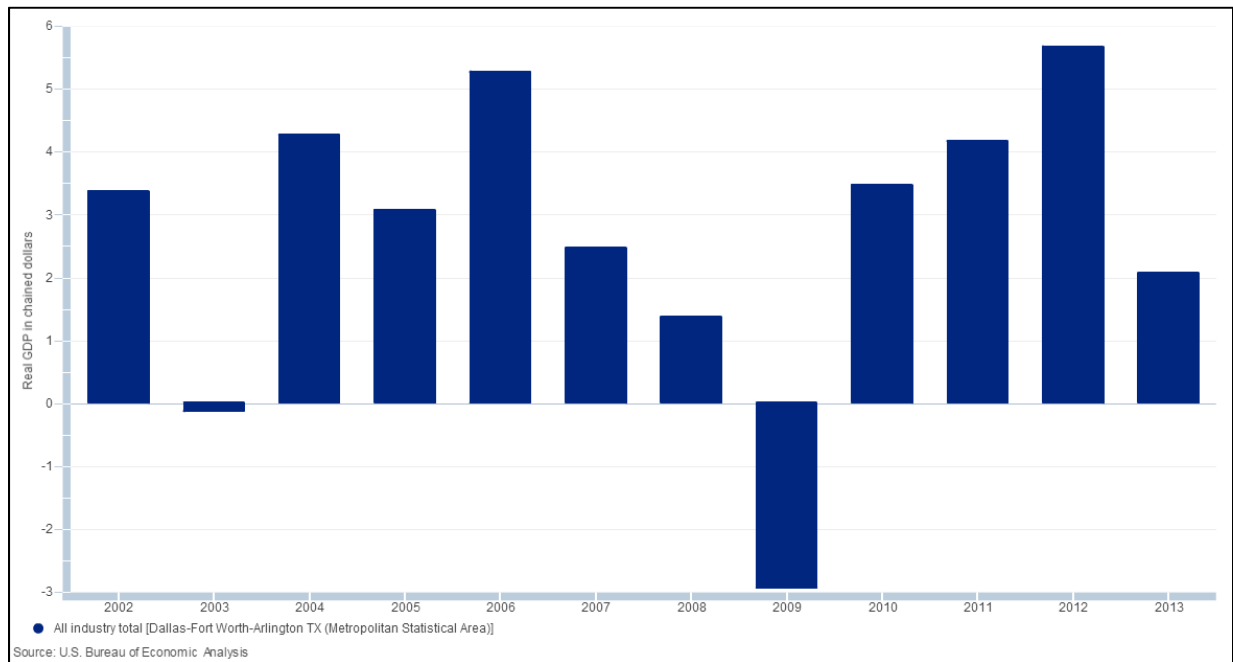
The Dallas - Fort Worth MSA's demographics rank favorably when compared to other top MSA's across the U.S. The region boasts a low cost of living and an educated workforce, with 81.4% of the population having a high school degree or higher. More than 1,200,000 residents were added to the Dallas - Fort Worth area from 2000 to 2010, with projections of 10,500,000 living in the area by 2040. Source: Fort Worth Economic Development as retrieved April 22, 2015 from <http://fortworthecodev.com/workforce/workforce-development/> and Dallas Regional Chamber's 2015 Regional Economic Development Guide as retrieved April 20, 2015 from <https://www.dallaschamber.org/why-dallas/about-the-region/dfw-facts/>

The Dallas - Fort Worth Metroplex benefits from more than 60 colleges and universities. The combined enrollment of these institutions exceeds 325,000 students, with roughly an additional 35,000 graduating annually. Source: Fort Worth Economic Development as retrieved April 22, 2015 from <http://fortworthecodev.com/workforce/workforce-development/>

### Real Gross Domestic Product

During the recession in 2009, the Dallas - Fort Worth MSA experienced real Gross Domestic Product ("GDP") decline of 2.9%. The MSA has since shown healthy GDP growth in post-recessionary years, exhibiting an annual rate of increase of 3.5% in 2010, 4.2% in 2011 and peaking in 2012 at 5.7%. More recently, real GDP growth in the MSA has moderated slightly, posting an annual growth rate of 2.1% in 2013 amounting to \$413,627 million chained dollars as adjusted for inflation with 2009 as the base year. Source: Bureau of Economic Analysis, Regional Data, retrieved April 22, 2015 from <http://www.bea.gov/iTable/iTable.cfm?ReqID=70&st%20ep=1#reqid=70&step=1&isuri=1>

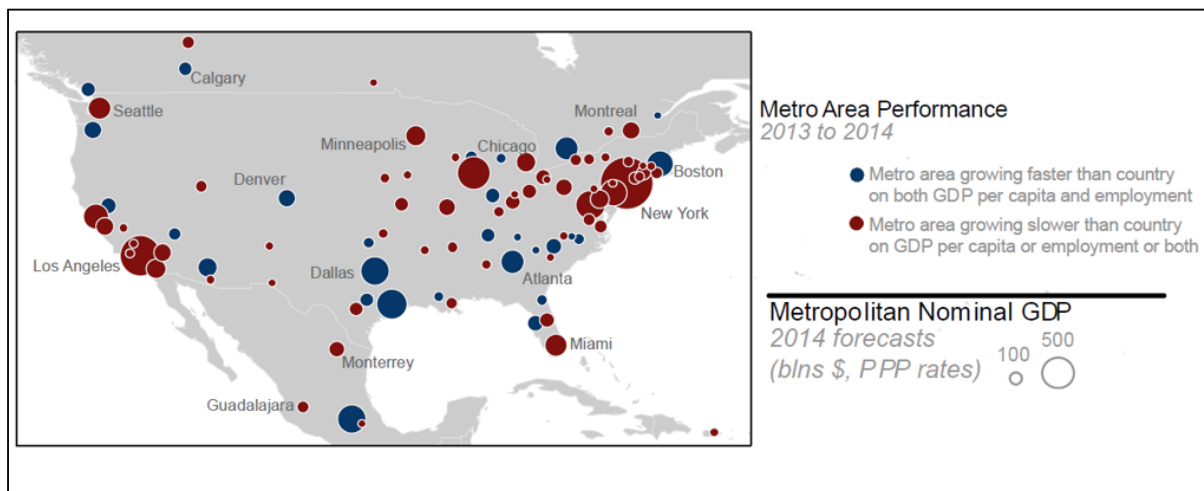
### Dallas - Fort Worth MSA Real GDP (Percent Annual Growth)



Source: Bureau of Economic Analysis, *Regional Data*, retrieved April 22, 2015 from <http://www.bea.gov/iTable/iTable.cfm?ReqID=70&step=1#reqid=70&step=1&isuri=1>

As indicated by the Brookings Institution, the Dallas - Fort Worth MSA is a metro area that is growing faster than the country on both GDP per capita and employment. The Institution also ranks the MSA in the second quintile for 2013-2014 Performance Index Rankings among the 300 largest metropolitan economies and notes that the region had a fully recovered recession status in 2014. Source: *The Brookings Institution, Global MetroMonitor 2014*

### Metro Economy-Country Growth Differential, 296 Largest Metropolitan Economies, 2013-2014



Source: *The Brookings Institution, Global MetroMonitor 2014*

### Jobs, People and Permits

Between 2000 and 2013 the Dallas - Fort Worth MSA ranked at the top of the charts amongst the top 25 MSA's for job growth, population increase and permit issuance as shown below. The Dallas - Fort Worth MSA ranked 3<sup>rd</sup> for job growth with 328,800 jobs created, 1<sup>st</sup> for population growth with 1,614,725 new

residents, and 3<sup>rd</sup> for annual U.S. single-family permits with 419,433 permits issued. *Source: Bureau of Labor Statistics, MSA Employment Ranking, 2000-2013; US Census Bureau, Population Estimates for MSA 2000-2009; US Census Bureau, Population Estimates for MSA 2010-2013; US Census Bureau, Building Permits by Metropolitan Statistical Area – Annualized 2000-2013, retrieved April 20, 2015*

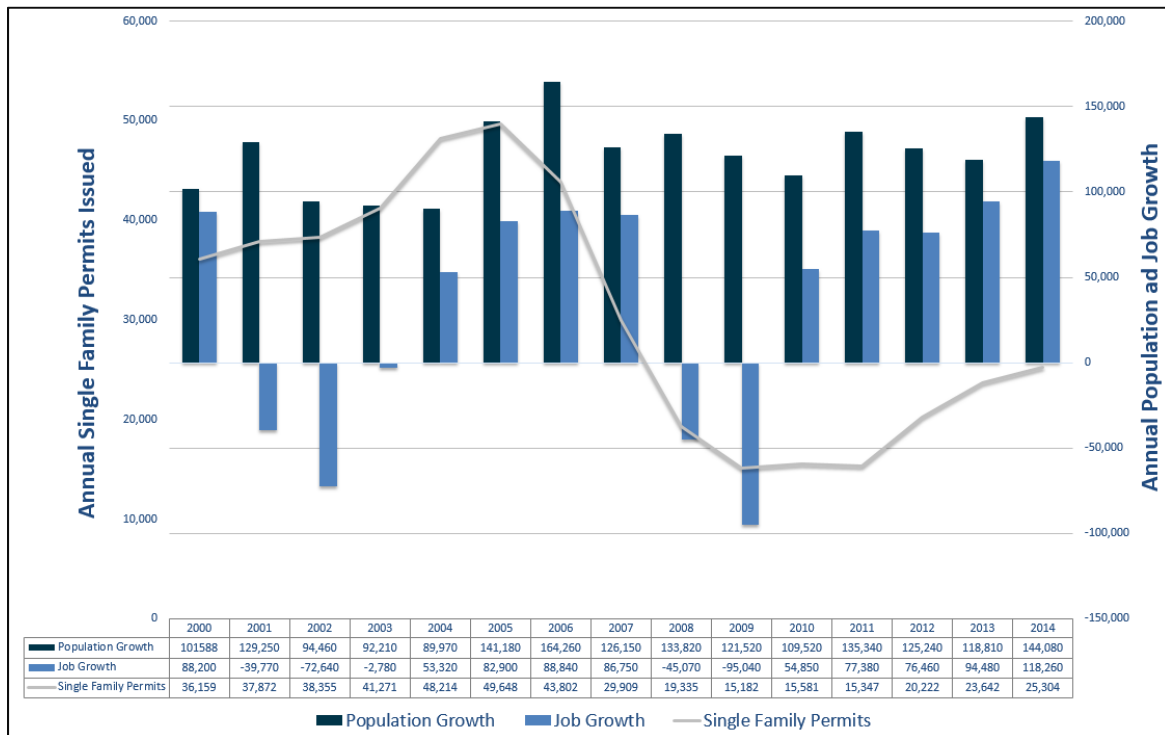
### Dallas - Fort Worth MSA Historical Trends: Jobs, People, Permits

LAND ABSORPTION			LAND ABSORPTION			LAND ABSORPTION		
JOBS > PEOPLE > PERMITS			JOBS > PEOPLE > PERMITS			JOBS > PEOPLE > PERMITS		
Top U.S. Employment Market by Job Growth 2000-2013 <sup>1</sup>			Top U.S. MSAs by Population Growth 2000-2013 <sup>2</sup>			Top U.S. MSA by Average Annual U.S. Single-Family Permits Issued 2000-2013 <sup>3</sup>		
1	Houston	537,800	1	Dallas-Fort Worth	1,614,725	1	Houston	485,561
2	Washington D.C.	400,200	2	New York	1,596,759	2	Atlanta	458,222
3	Dallas-Fort Worth	328,800	3	Houston	1,573,744	3	Dallas-Fort Worth	419,433
4	New York	294,700	4	Atlanta	1,241,037	4	Phoenix	393,627
5	Inland Empire	238,000	5	Washington D.C.	1,128,828	5	Washington D.C.	294,419
6	Phoenix	232,900	6	Phoenix	1,120,101	6	Chicago	285,353
7	Austin	191,500	7	Inland Empire	1,103,300	7	Inland Empire	277,028
8	Miami	189,300	8	Charlotte	994,941	8	Los Angeles	228,137
9	San Antonio	161,100	9	Miami	802,385	9	Las Vegas	227,589
10	Orlando	155,500	10	Los Angeles	732,481	10	New York	225,719
11	Las Vegas	151,200	11	Las Vegas	634,498	11	Orlando	196,081
12	Seattle	136,200	12	Austin	617,336	12	Charlotte	176,080
13	San Diego	118,200	13	Orlando	611,011	13	Tampa	175,046
14	Nashville	110,100	14	San Antonio	558,288	14	Seattle	164,972
15	Atlanta	109,900	15	Seattle	557,726	15	Denver	159,444
16	Los Angeles	105,800	16	Denver	503,454	16	Miami	159,115
17	Raleigh-Durham	104,600	17	Minneapolis	477,530	17	Minneapolis	156,865
18	Charlotte	103,800	18	Tampa	466,296	18	Philadelphia	155,509
19	Seattle	101,300	19	Nashville	440,332	19	Austin	150,869
20	Salt Lake City	96,600	20	Indianapolis	422,805	20	Raleigh	137,979

*Source: Bureau of Labor Statistics, MSA Employment Ranking, 2000-2013; US Census Bureau, Population Estimates for MSA 2000-2009; US Census Bureau, Population Estimates for MSA 2010-2013; US Census Bureau, Building Permits by Metropolitan Statistical Area – Annualized 2000-2013, retrieved April 20, 2015*

The population, employment, and permitting trends from 2000 to 2014 are summarized in the chart below and are followed by further discussion of these market fundamentals.

## Dallas - Fort Worth MSA Growth Fundamentals



Source: Walton National Housing Statistics Summary as provided for Walton by Metrostudy June 2014

## Dallas - Fort Worth MSA - Jobs

### Economy

The Dallas - Fort Worth MSA is a growing economy, posting the 8<sup>th</sup> highest Gross Metro Product growth ("GMP") percentage increase (3.7%) in 2013. Furthermore, the MSA was one of the top 10 metro areas in 2013 that exceeded the combined output of 37 U.S. states. Source: U.S. Metro Economies, GMP and Employment 2013-2015 as retrieved April 20, 2015 from <http://usmayors.org/metroeconomies/2014/06/report.pdf>

The Dallas - Fort Worth regional economy is one of the most diverse in the nation. Logistics and trade, technology and advanced services are the key drivers, all of which have obtained international standing.

- **Logistics and Trade** – Dallas - Fort Worth regional businesses are able to transport goods efficiently and cost-effectively through the region's complex and strategic intermodal network. Connectivity is easily established to regional hubs by truck and rail and to world centers by air.
- **Technology** – The Dallas - Fort Worth MSA is home to numerous technology companies, including powerhouse Texas Instruments Inc., the region has attracted and developed a strong foundation of highly skilled engineers and information science professionals.
- **Advanced Services** – Driven by complex technologies and transnational operations, the growth of this sector has strengthened into highly specialized firms and enterprises in the Dallas - Fort Worth MSA. The region hosts a number of these operations and is expected to continue to act as a magnet for additional companies moving to the region in upcoming years. Source: Dallas Regional Chamber's 2015 Regional Economic Development Guide as retrieved April 20, 2015 from <https://www.dallaschamber.org/why-dallas/about-the-region/dfw-facts/>

Boston-based Liberty Mutual and Illinois-based State Farm are in the process of moving major operations to North Texas. This move is expected to create 13,000 insurance industry jobs for the region. Source:



*Dallas Business Journal, Why 13,000 insurance industry jobs are headed to North Texas, April 17, 2015, as retrieved April 23, 2015 from <http://www.bizjournals.com/dallas/blog/2015/04/why-13-000-insurance-industry-jobs-are-headed-to.html>*

Car manufacturer Toyota is relocating their North American Headquarters to Plano, consolidating 4,000 jobs from California, Kentucky and New York in a new \$2 billion mixed-use campus. The state's Texas Enterprise Fund played a part in making the relocation happen, offering \$40 million in economic incentives. The campus is expected to be completed in late 2016 or early 2017; however, operations are anticipated to begin moving to the area this year. By landing Toyota in Plano, a new employment node is created for the region, drawing satellite businesses and people up the north side of the Metroplex along the tollway. *Source: The Dallas Morning News, Toyota to bring nearly 1,000 contract workers in Plano move, March 30, 2015 as retrieved April 22, 2015 from <http://www.dallasnews.com/business/toyota/headlines/20150330-toyota-to-bring-hundreds-of-contract-workers-to-texas.ece>*

Hilti North America, a world-leading manufacturer and supplier of specialized tools and fastening systems, announced in October 2014 that it will move its corporate headquarters from Tulsa to the Dallas - Fort Worth region. The company's decision to relocate was part of a strategic plan to capitalize on the Dallas Metroplex construction market and plans to take advantage of the larger and diverse talent pool as the business expands over the next 10 years. *Source: Oklahoma's Own, Hilti Moving Corporate Headquarters From Tulsa to Dallas - Fort Worth, Oct 14, 2014, as retrieved April 22, 2015 from <http://www.newson6.com/story/26785150/hilti-moving-corporate-headquarters-from-tulsa-to-Dallas-Fort-worth>*

Nebraska Furniture Mart is under construction on 433 acres in The Colony. The furniture, flooring, electronics and appliance retail company, which is owned by Warren Buffett's Berkshire Hathaway Inc., will be 560,000 square feet in size (twice as big as IKEA, or equal to four Walmart Supercenters) and will include an attached warehouse with more than 1.3 million square feet of space. Nearly 4,000 workers were hired during construction. The Nebraska Furniture Mart is anticipated to open in spring 2015 and its warehouse will employ more than 2,300 people. *Source: Omaha.com, Nebraska Furniture Mart on hiring spree as Texas store's opening nears, October 30, 2014 as retrieved April 20, 2015 from [http://www.omaha.com/money/nebraska-furniture-mart-on-hiring-sprees-as-texas-store-s/article\\_6b968bc1-11a8-527d-bb66-9377cd79f5a9.html](http://www.omaha.com/money/nebraska-furniture-mart-on-hiring-sprees-as-texas-store-s/article_6b968bc1-11a8-527d-bb66-9377cd79f5a9.html)*

The news of Liberty Mutual, State Farm, Toyota, Hilti and Nebraska Furniture Mart, in addition to North Texas job growth, is anticipated to push the demand for affordable housing in the Dallas - Fort Worth region.

### *Major Employers*

The Dallas - Fort Worth region ranks among the top U.S metropolitan areas for business expansions, relocations and employment growth. The region has attracted major company operations and headquarters including 18 Fortune 500 company companies and 40 Fortune 1,000 companies. ExxonMobil Corp., Texas Instruments, AT&T, American Airlines Inc., JCPenney Corp. Inc., Kimberly-Clark Corp. and Fluor Corp. call the Dallas - Fort Worth MSA home, exemplifying the region's favorable taxation structure and low cost of doing business. *Source: Dallas Regional Chamber's 2015 Regional Economic Development Guide as retrieved April 20, 2015 from <https://www.dallaschamber.org/why-dallas/about-the-region/dfw-facts/>*

### Top Employers – Companies with 10,001+ Employees

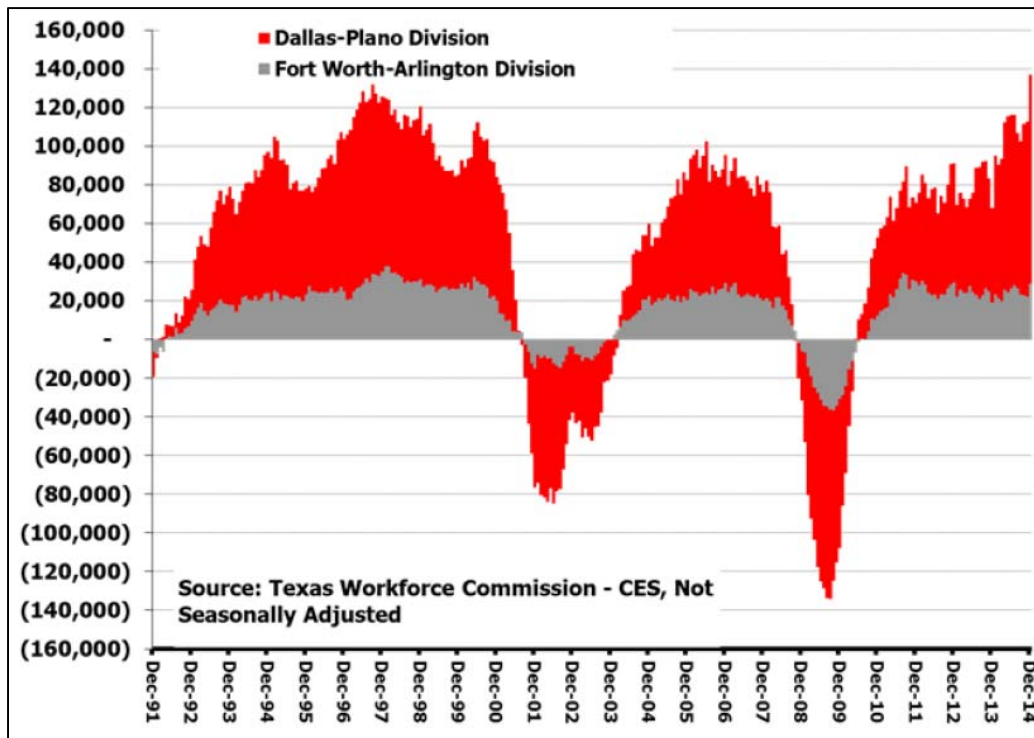
Company Name	Industry
American Airlines Group	Transportation
AT&T, Inc.	Telecommunications
Bank of America NA	Financial Services
Baylor Scott & White Health	Healthcare
HCA North Texas	Healthcare
JPMorgan Chase & Co.	Financial Services
Kroger	Supermarket
Lockheed Martin Aeronautics Co.	Manufacturing
Naval Air Station	Defense
Texas Health Resources	Healthcare
Texas Instruments, Inc.	Manufacturing
US Postal Service	Government
UT Southwestern	Healthcare
Walmart Stores, Inc.	Warehouse Club and Supercenters

Source: Dallas Regional Chamber's 2015 Regional Economic Development Guide as retrieved April 20, 2015 from <https://www.dallaschamber.org/why-dallas/about-the-region/dfw-facts/>

### Employment

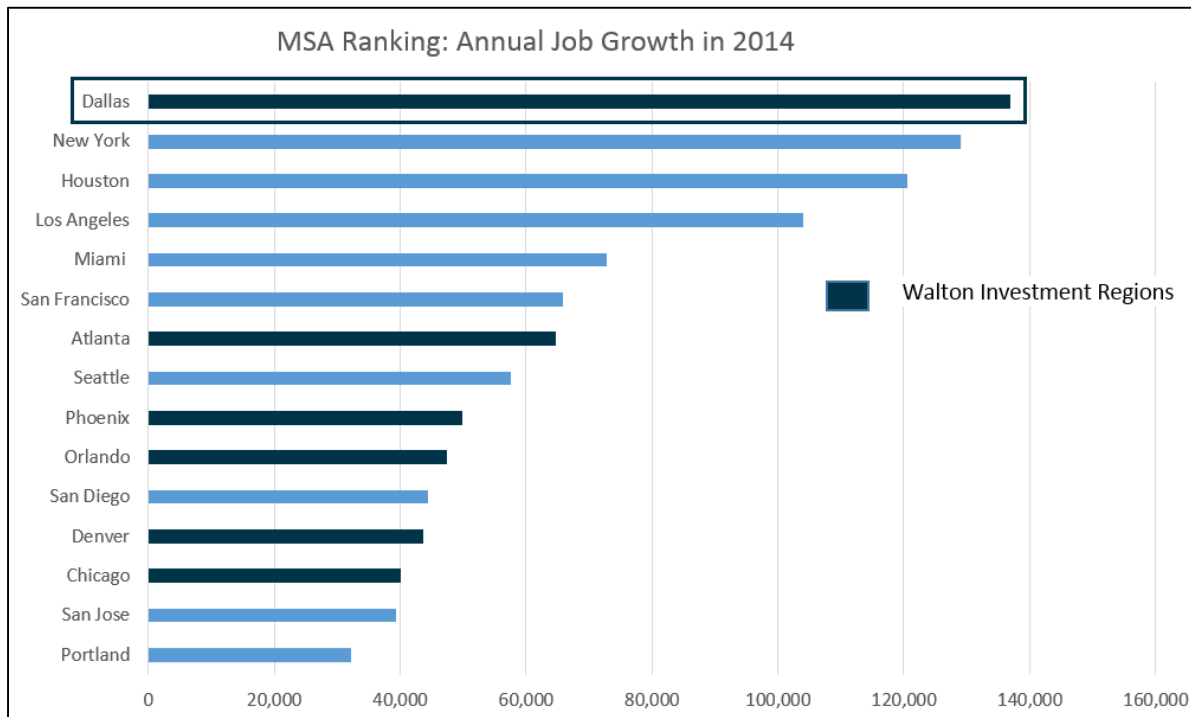
Employment in the Dallas - Fort Worth region continues to grow at a healthy pace. An estimated 136,900 jobs were added in the 12-month period ended December 2014, ranking the Dallas - Fort Worth MSA 1<sup>st</sup> in the nation for annual job growth. Source: Metrostudy, Dallas - Fort Worth Executive Summary, Fourth Quarter 2014, retrieved April 20, 2015

### Dallas - Fort Worth MSA Job Growth



Source: Metrostudy, Dallas - Fort Worth Executive Summary, Fourth Quarter 2014, retrieved April 20, 2015

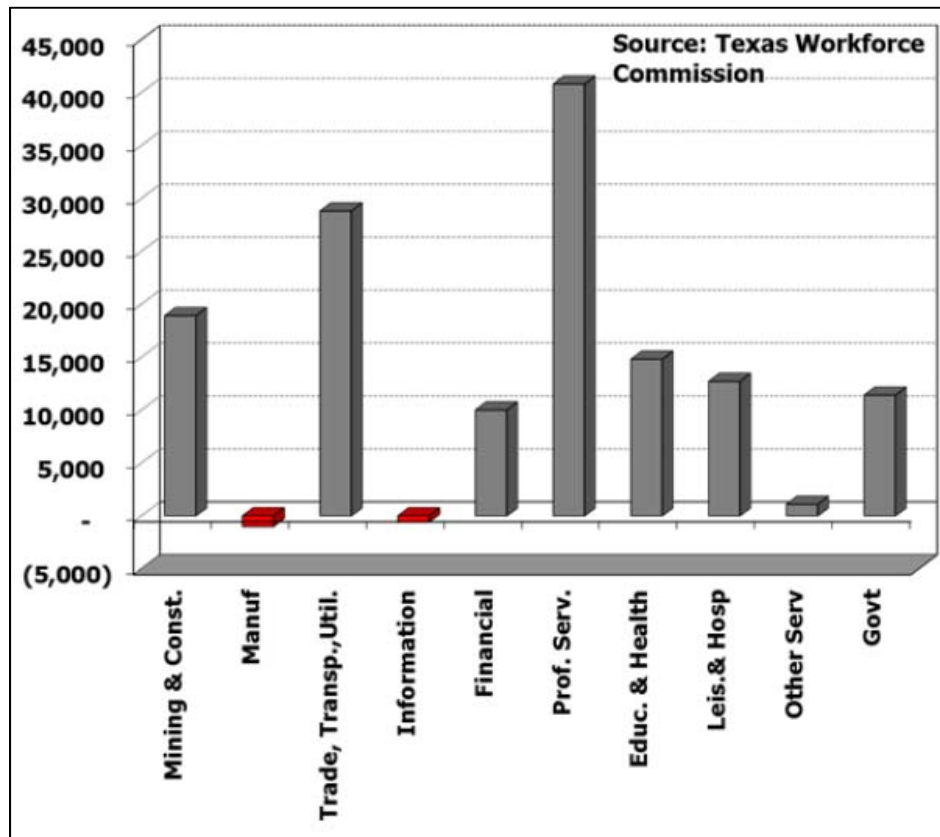
## MSA Ranking: Annual Job Growth 2014



The Dallas - Fort Worth region has one of the most robust growth rates for metro areas with populations greater than one million people, recording a growth rate over 3%. *Source: Metrostudy, Dallas - Fort Worth Executive Summary, Fourth Quarter 2014, retrieved April 20, 2015*

Economic expansion in the MSA was fuelled primarily by two sectors in 2014: Professional Services, adding nearly 40,000 jobs, and Trade, adding approximately 27,000 jobs. More than 50% of the growth was obtained through these sectors, recording near-record levels of job creation for the Dallas - Fort Worth region. Other sectors experiencing strong growth in 2014 included Mining and Construction, Education and Health Services, Leisure and Hospitality, Financial Activities, and Government. Information and Other Services recorded minimal growth. *Source: Metrostudy, Dallas - Fort Worth Executive Summary, Fourth Quarter 2014, retrieved April 20, 2015*

### Dallas - Fort Worth MSA Market - Job Growth by Sector

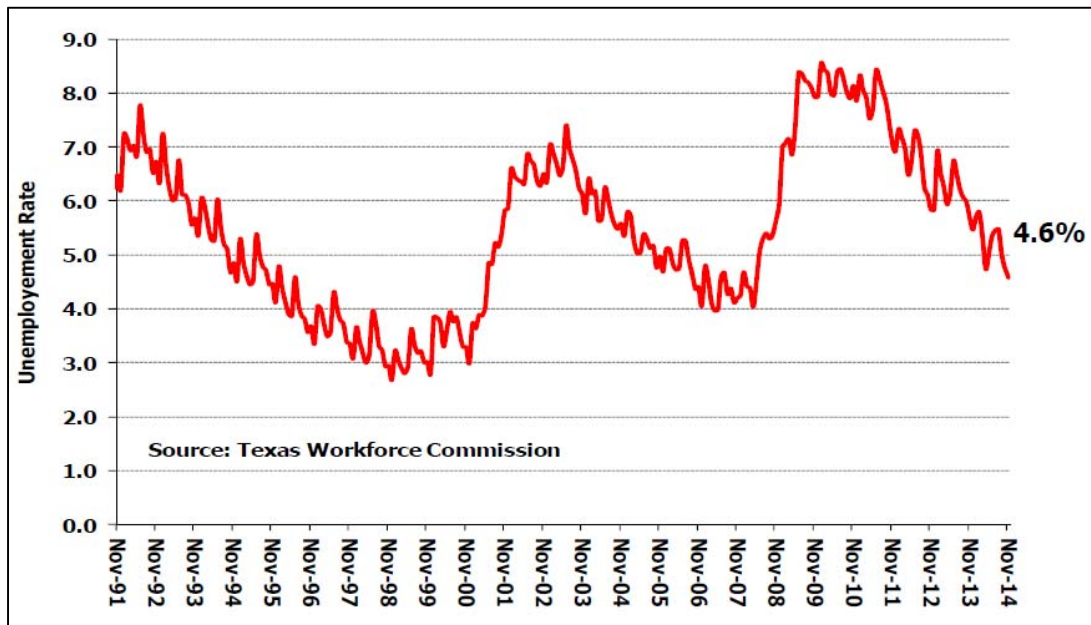


Source: Metrostudy, Dallas - Fort Worth Executive Summary, Fourth Quarter 2014, retrieved April 20, 2015

### Unemployment

The unemployment rate in the Dallas - Fort Worth MSA fell to 4.6% in November 2014, decreasing 4% since peaking in 2010 at 8.6%. Source: Metrostudy Dallas - Fort Worth Housing Update & Economic Outlook Q4 2014, released January 27, 2015, retrieved April 20, 2015

### Dallas - Fort Worth MSA Market Unemployment Rate – November 2014



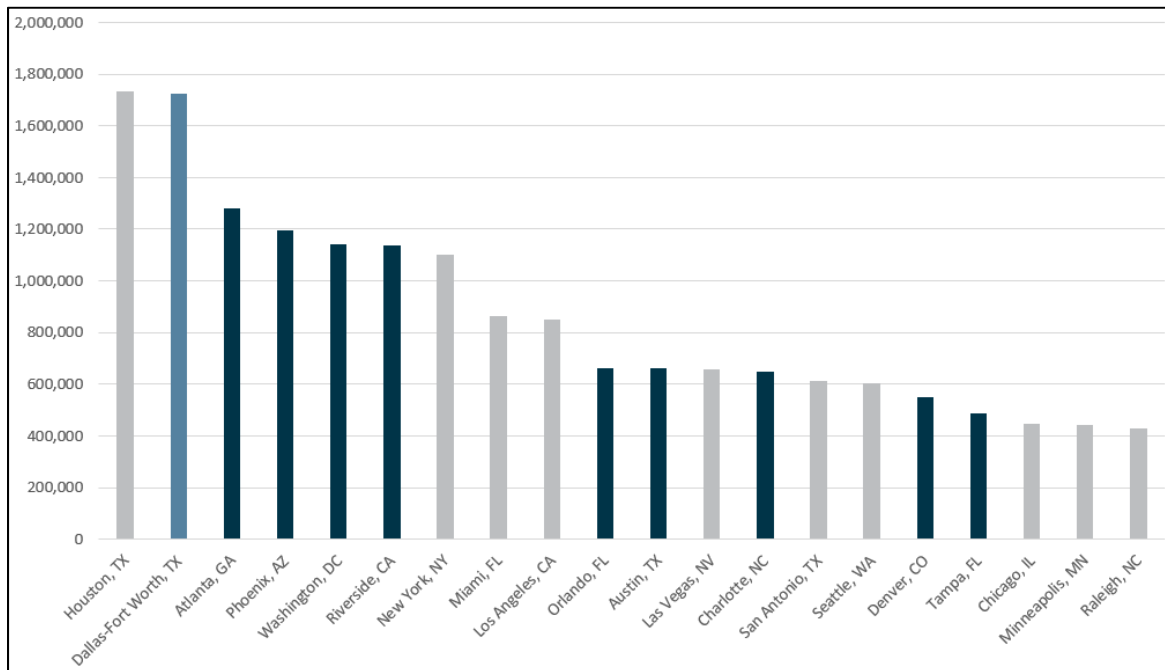
Source: Metrostudy Dallas - Fort Worth Housing Update & Economic Outlook Q4 2014, released January 27, 2015, retrieved April 20, 2015

### Dallas - Fort Worth MSA - People

#### Population

The Dallas - Fort Worth MSA recorded a population of 7,027,670 in 2014, equating to a 32.6% change from 2000 to 2014. The region added 1,725,810 residents during this time period, ranking second behind Houston for net population growth among the top MSA's in the nation. Along with job growth, the rapid rise in population has supported activity in the Dallas - Fort Worth housing market. Source: Walton National Housing Statistics as provided by Metrostudy April 2015

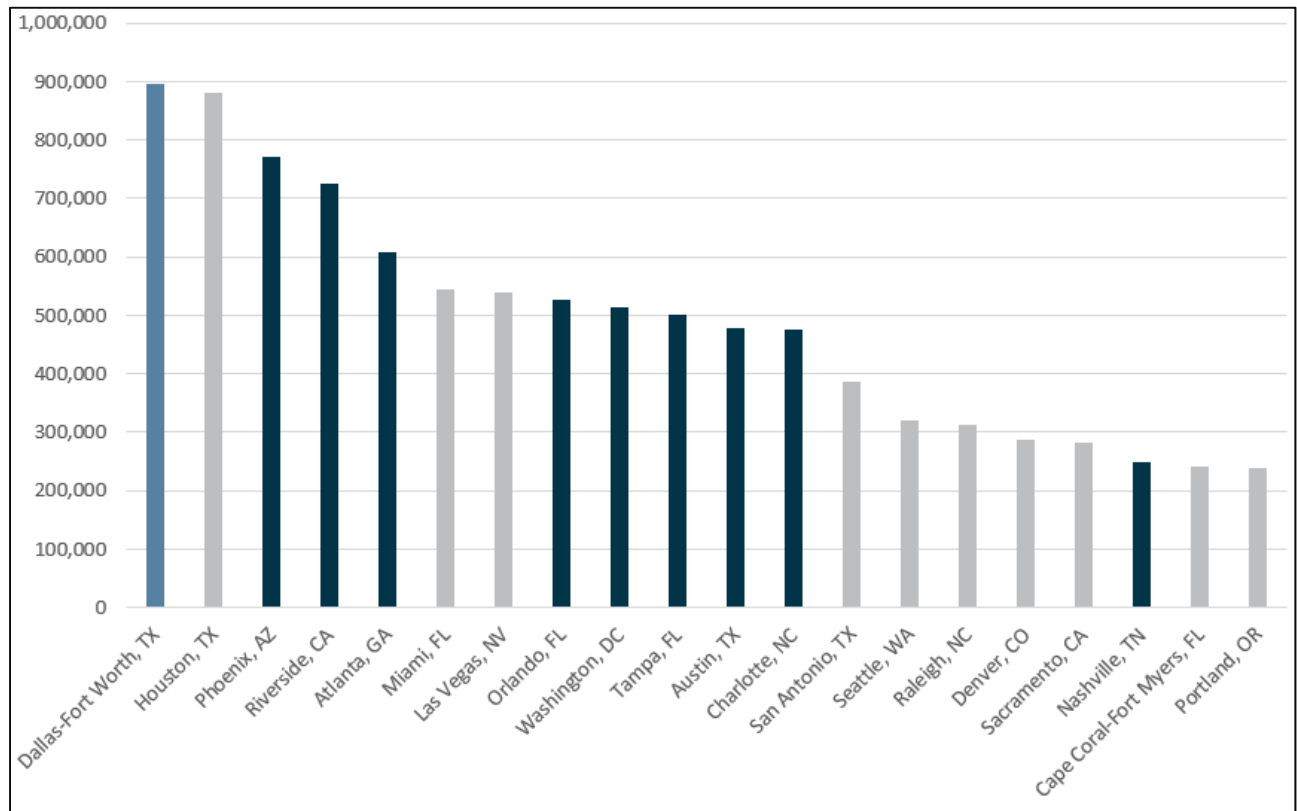
### Net Population Growth by MSA 2000-2014



Source: Walton National Housing Statistics as provided by Metrostudy April 2015

The Dallas - Fort Worth MSA's population growth benefitted from the largest net domestic migration gains seen nationally from 2000-2014. The MSA ranked 1<sup>st</sup> in the U.S., gaining 894,789 residents due to net domestic migration over this timeframe. Source: Walton National Housing Statistics as provided by Metrostudy April 2015

### Net Domestic Migration by MSA 2000-2014



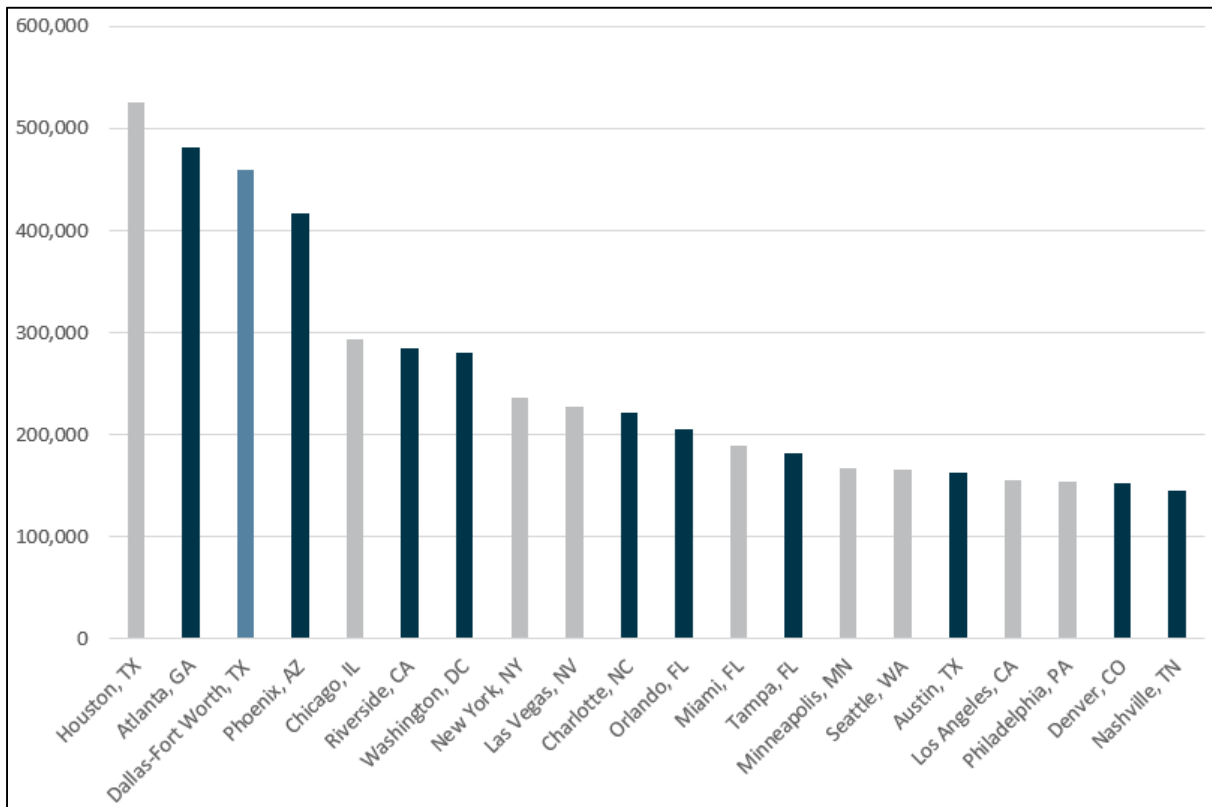
Source: Walton National Housing Statistics as provided by Metrostudy April 2015

### Dallas - Fort Worth MSA – Permits

#### Permits

The Dallas - Fort Worth MSA ranked 3<sup>rd</sup> nationally in single-family permits from 2000-2014 with 459,845 permits having been issued. Source: Walton National Housing Statistics as provided by Metrostudy April 2015

### Single-Family Permits by MSA 2000-2014



Source: Walton National Housing Statistics as provided by Metrostudy April 2015

Through February 2015, year over year single family permit issuance increased for the region. The Dallas - Fort Worth MSA placed 2<sup>nd</sup> in the national rankings with 24,164 annual single family permits issued, representing a 2,878 unit annual increase. Source: Metrosearch USA, February 2015 Dataset, retrieved May 11, 2015 from [www.metrosearchusa.com](http://www.metrosearchusa.com)

### Top MSAs Ranked by Annual Single-Family Permits (February 2015)

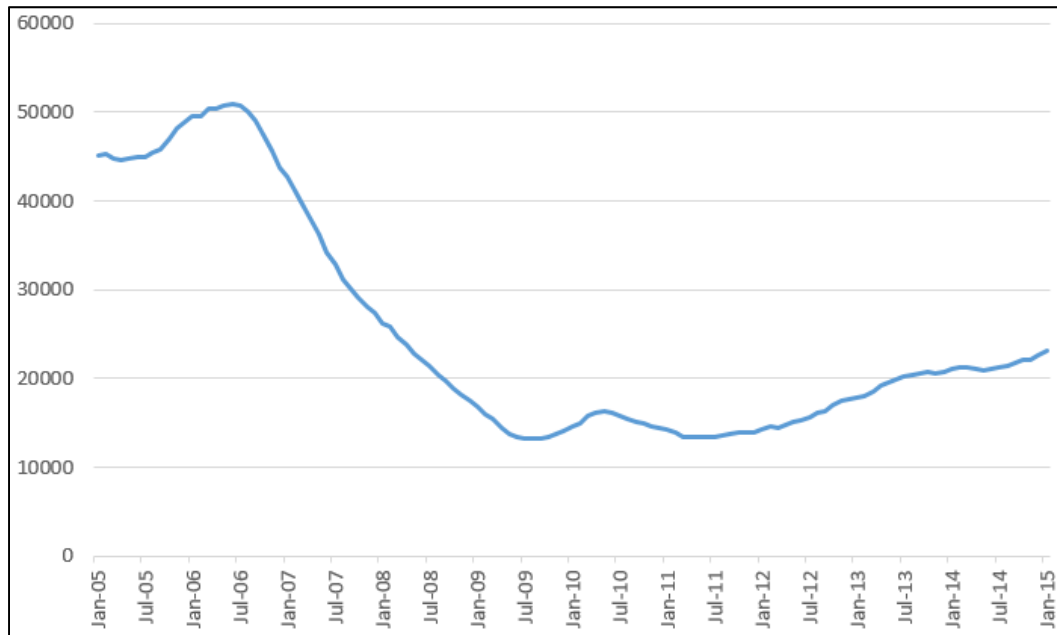
Top MSA's Ranked by Annual SF Permits (February 2015)			
Rank	MSA Short Name	Annual Permits SF	Annual Chg SF Permits
1	Houston, TX	38,296	3,214
2	Dallas-Fort Worth, TX	24,164	2,878
3	Atlanta, GA	17,682	2,460
4	Washington, DC	12,534	-1,337
5	Phoenix, AZ	12,253	-231
6	Austin, TX	11,917	2,423
7	Charlotte, NC-SC	11,412	889
8	New York, NY	10,737	6
9	Orlando, FL	10,183	372
10	Nashville, TN	9,245	1,204
11	Seattle, WA	8,494	-140
12	Denver, CO	7,979	766
13	Raleigh, NC	7,731	-287
14	Chicago, IL	7,697	244
15	Los Angeles, CA	7,659	-118

Source : Metrosearch USA, January 2015 Dataset, retrieved May 11, 2015 from [www.metrosearchusa.com](http://www.metrosearchusa.com)



Permit issuance in the Dallas - Fort Worth MSA has rebounded from a low of 13,252 annual permits seen in July 2009. This upward trend has continued, and the Dallas - Fort Worth MSA is now issuing single-family permits at approximately 45% of the peak annual permit issuance volume of 50,976 recorded in June 2006. *Source: Metrosearch USA, January 2015 Dataset, retrieved April 20, 2015 from www.metrosearchusa.com*

**Dallas - Fort Worth MSA Annual Single-Family Permits 2005-2015**

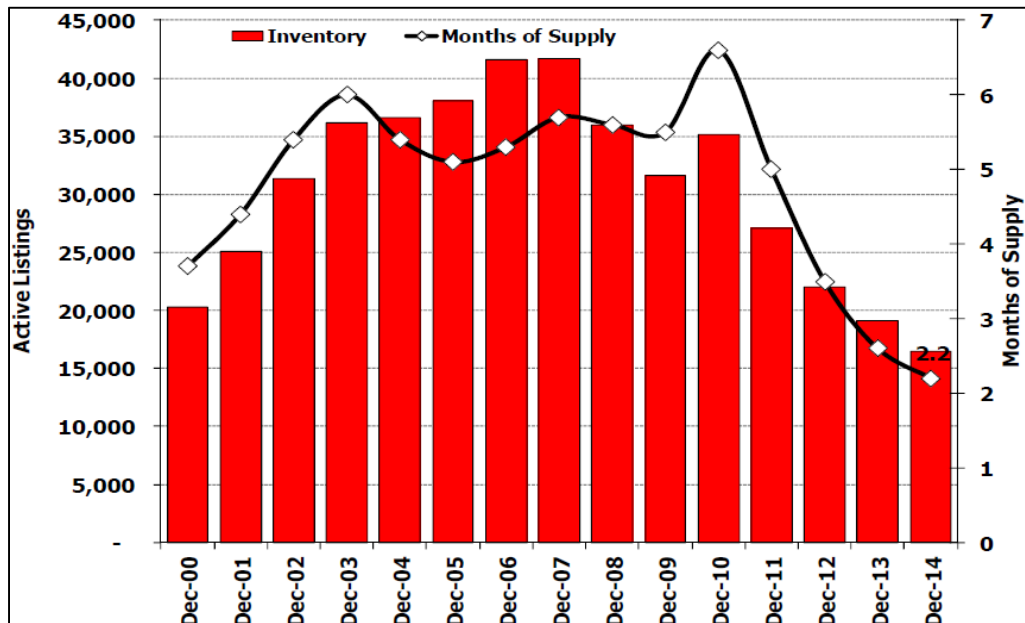


*Source : Metrosearch USA, January 2015 Dataset, retired April 22, 2015 from www.metrosearchusa.com*

## Housing

Since reaching peak levels of inventory in 2006 and 2007 the Dallas - Fort Worth MSA resale market has seen a relatively consistent reduction of resale inventory. Active listings were greater than 40,000 in both 2006 and 2007 and declined to a record low of 16,518 listings as of December 2014. Following this trend, a peak of roughly 6.5 months of supply in December 2010 inventory levels came down significantly to 2.2 months of supply in December 2014, marking the lowest point since 2000. *Source: Metrostudy Dallas - Fort Worth Housing Update & Economic Outlook, Fourth Quarter 2014, released November 6, 2014, retrieved April 21, 2015*

### Dallas - Fort Worth MSA Multiple Listing Service - Listing Inventory & MOS



Source: Metrostudy Dallas - Fort Worth Housing Update & Economic Outlook, Fourth Quarter 2014, released November 6, 2014, retrieved April 21, 2015

As summarized in the table below, existing home sales grew in 2014 despite inventory levels falling to record lows. Resale demand and low inventory have spurred price increases upwards of 5%. New listings were down during the first part of 2014, however, they increased slightly in the second half of the year leading to an increase in pending sales and closings in the fourth quarter. Source: Metrostudy Dallas - Fort Worth Housing Update & Economic Outlook, Fourth Quarter 2014, released November 6, 2014, retrieved April 21, 2015 and Metrostudy, Dallas - Fort Worth Executive Summary, Fourth Quarter 2014, retrieved April 22, 2015

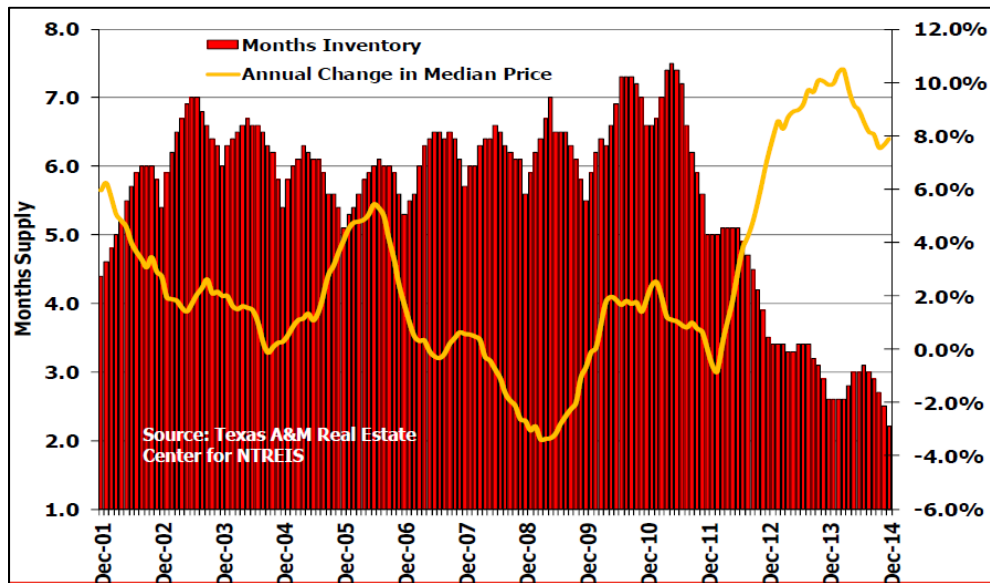
### Dallas - Fort Worth MSA Multiple Listing Service - YTD SFD Activity & Inventory

	Dec-14 % Change	
<b>YTD Sales</b>	90,028	1%
<b>Average Price</b>	\$241,711	7%
<b>Median Price</b>	\$186,000	7%
<b>Listings</b>	16,518	-14%
<b>DOM</b>	57	-5%
<b>Months Supply</b>	2.2	-14%

Source: Metrostudy Dallas - Fort Worth Housing Update & Economic Outlook, Fourth Quarter 2014, released November 6, 2014, retrieved April 21, 2015

Price increases have been occurring steadily since 2011 in the Dallas - Fort Worth market, while inventory has been declining. The annual change in median price hit a peak in 2013, at over 10%, and has recently moderated to roughly 8% per year. Price increases over the last 3 years have affected affordability and, consequently, have shifted buyers to submarkets that display lower price segments. Source: Metrostudy, Dallas - Fort Worth Executive Summary, Fourth Quarter 2014, retrieved April 21, 2015

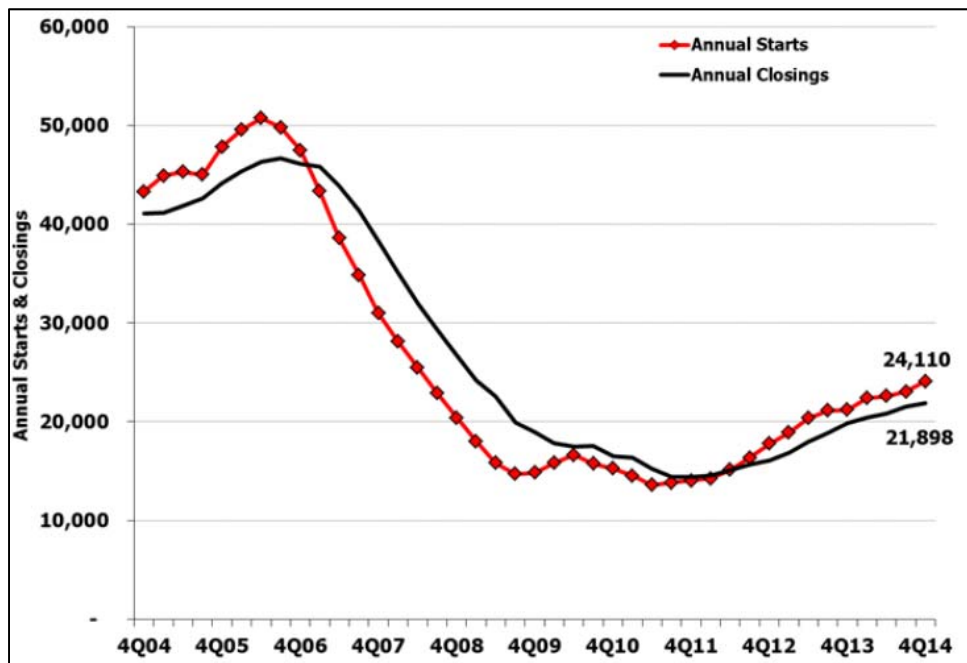
### Dallas - Fort Worth MSA Multiple Listing Service - MOS & Change in Median Price



Source: Metrostudy Dallas - Fort Worth Housing Update & Economic Outlook, Fourth Quarter 2014, released November 6, 2014, retrieved April 21, 2015

The housing market in the Dallas - Fort Worth MSA ended 2014 on a positive note with starts rising over 20% in the fourth quarter. Strong sales, falling interest rates and builders ramping up their inventory for the spring season pushed new home starts to over 24,000 in 2014, representing a 13% increase over 2013 and 76% above the low in 2011. New home closings continue on an upward trend, rising nearly 10% in 2014 to 21,898. Source: Metrostudy, Dallas - Fort Worth Executive Summary, Fourth Quarter 2014, retrieved April 21, 2015

### Dallas - Fort Worth MSA SFD and TH Annual Starts and Closings of New Homes

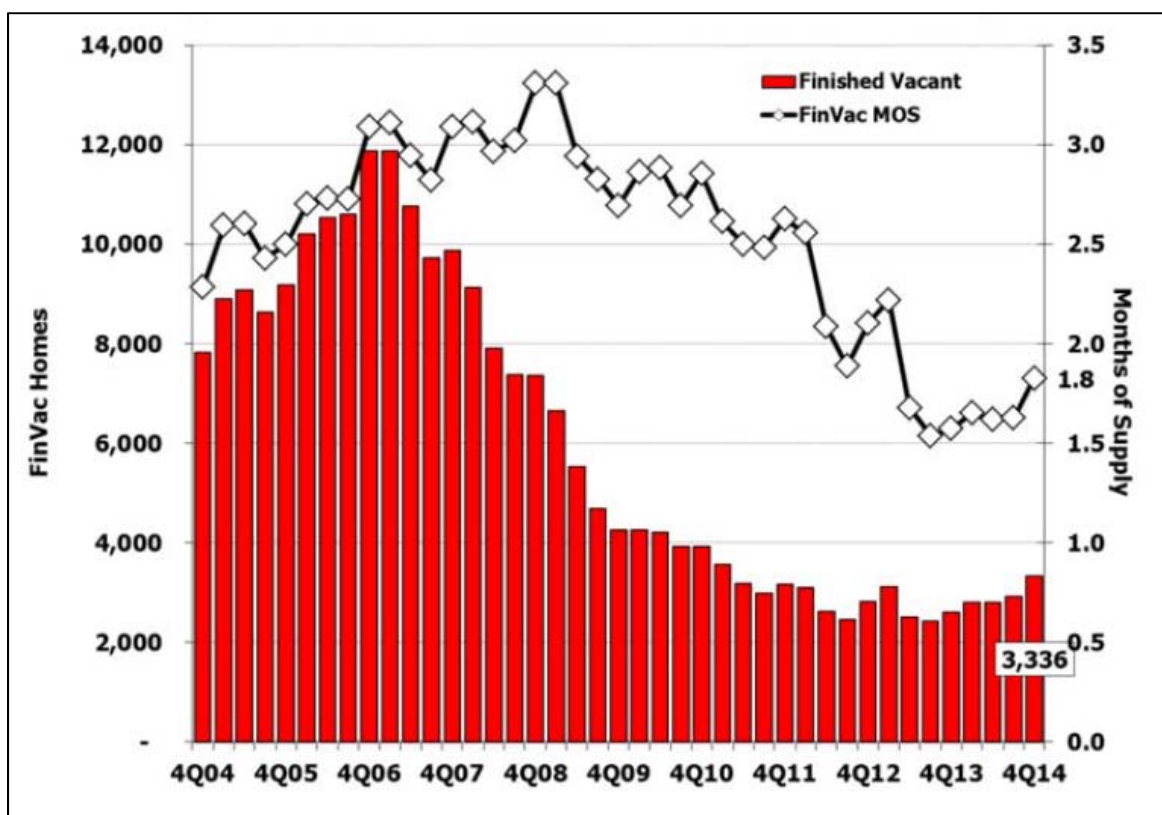


Source : Metrostudy Dallas - Fort Worth Executive Summary Q4 2014

The total MSA housing inventory, comprised of model homes, under construction and finished vacant homes, increased year over year by 18% to 12,800 units, due to increased starts and extended construction cycle times. The extended construction cycle is evident by the fact that the inventory under construction accounted for 63% of the growth in inventory during the year. The months of supply increased slightly to 7 months (equilibrium in the MSA is considered to be 6 months). *Source: Metrostudy, Dallas - Fort Worth Market Executive Summary Q4 2014, retrieved April 20, 2015*

Finished Vacant inventory increased, up 14% from the previous year, standing at 3,336 completed homes in Q4 2014. However, the Finished Vacant months of supply, a key metric when measuring the health of the housing market, was still a very restricted 1.8 months' supply. Normal is historically about 2 to 3 months for the region. *Source: Metrostudy, Dallas - Fort Worth Market Executive Summary Q4 2014, retrieved April 20, 2015*

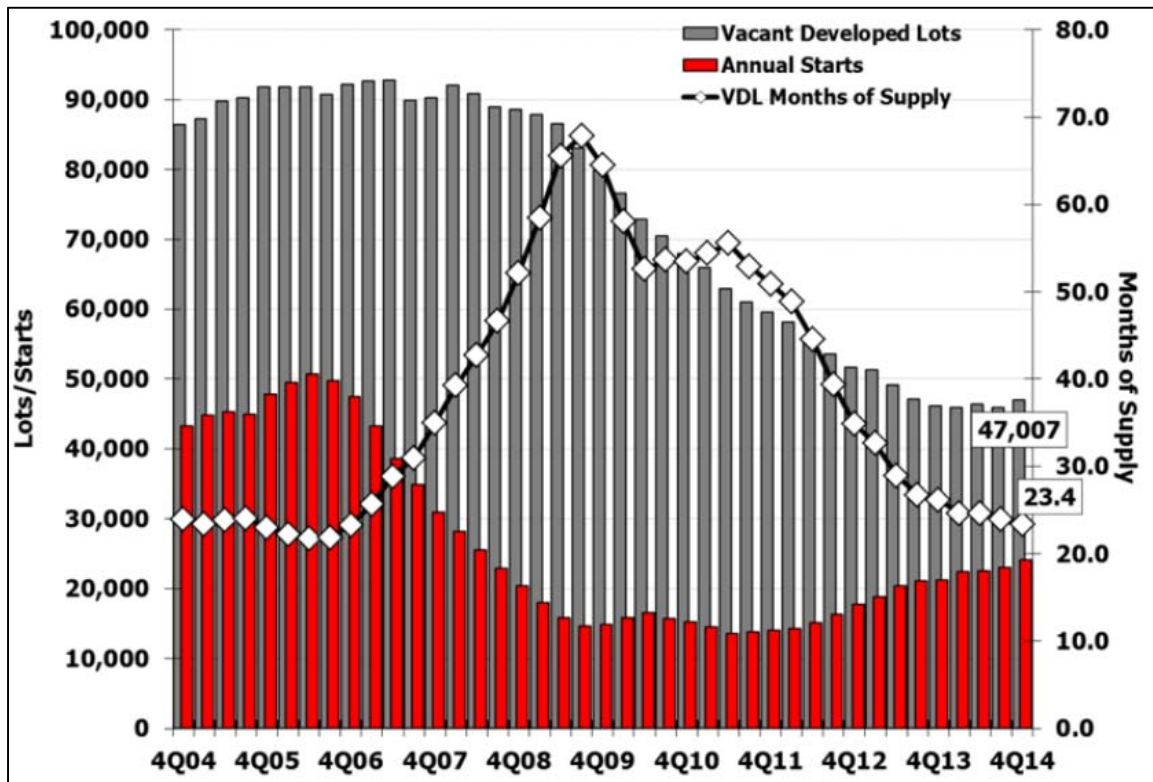
**Dallas - Fort Worth SFD and TH Finished Vacant Inventory**



*Source: Metrostudy, Dallas - Fort Worth Market Executive Summary Q4 2014, retrieved April 20, 2015*

The Vacant Developed Lot ("VDL") inventory was at 47,007 in Q4 2014, an increase of 2% from 2013. This measure includes new lots that were delivered over the 12 months ended in December 2014. Lot deliveries in the MSA grew by 23% and lots under construction grew by over 30%. As of Q4 2014, the month supply was at 23.4 months, even with increased lot deliveries. *Source: Metrostudy, Dallas - Fort Worth Executive Summary, Fourth Quarter 2014, retrieved April 21, 2015*

## Dallas - Fort Worth MSA Market SFD and TH VDL Inventory and MOS



Source: Metrostudy Dallas - Fort Worth Housing Update & Economic Outlook, Fourth Quarter 2014, released November 6, 2014, retrieved April 21, 2015

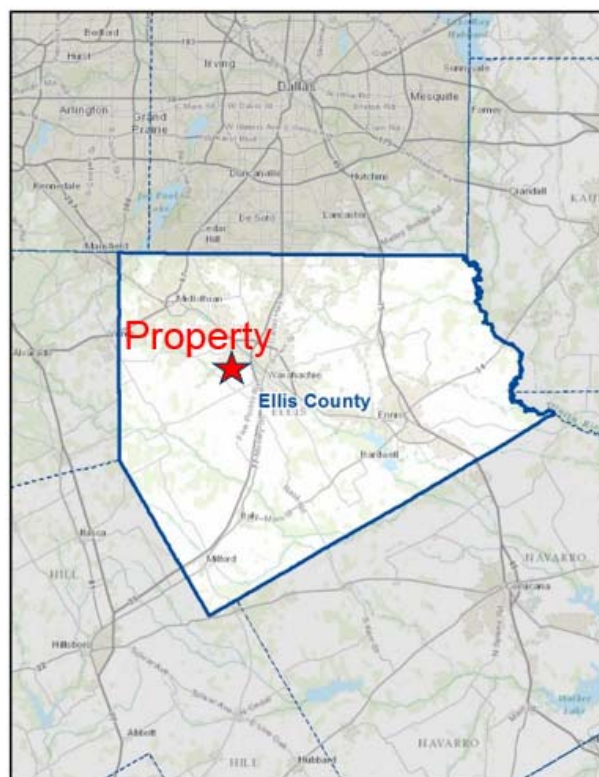
## Ellis County

### Overview

Ellis County is located within the northeastern portion of the State of Texas, south of Dallas and southeast of Fort Worth. Ellis County is a pro-growth area with various tax abatements and incentives. With an enterprise zone, foreign trade zone, reinvestment zone, and a Texas enterprise zone, Ellis County provides a wide array of development and growth opportunities. Source: *The Crossroads of Texas, Incentives*, as retrieved on April 20, 2015 from <http://www.crossroadsoftx.com/SiteLocationCenter/Incentives>

Ellis County is fairly rural, however, it benefits from proximity to the greater Dallas - Fort Worth economy and employment base. The county seat is in the City of Waxahachie. Source: *The Crossroads of Texas*, as retrieved April 30, 2015 from <http://www.crossroadsoftx.com/>

## Ellis County, TX Region



Source: ESRI BAO Online ArcGIS, as retrieved on April 23, 2015

The median age for Ellis County residents is 35.8 years. 83.6% of residents aged 25 or older are high school graduates and 20.7% aged 25 or older are college graduates. Source: U.S. Census Bureau, April 1, 2010 to July 1, 2013, as retrieved April 21, 2015 from Texas County Information Profile, Ellis County Profile, <http://www.txcip.org/tac/census/profile.php?FIPS=48139>

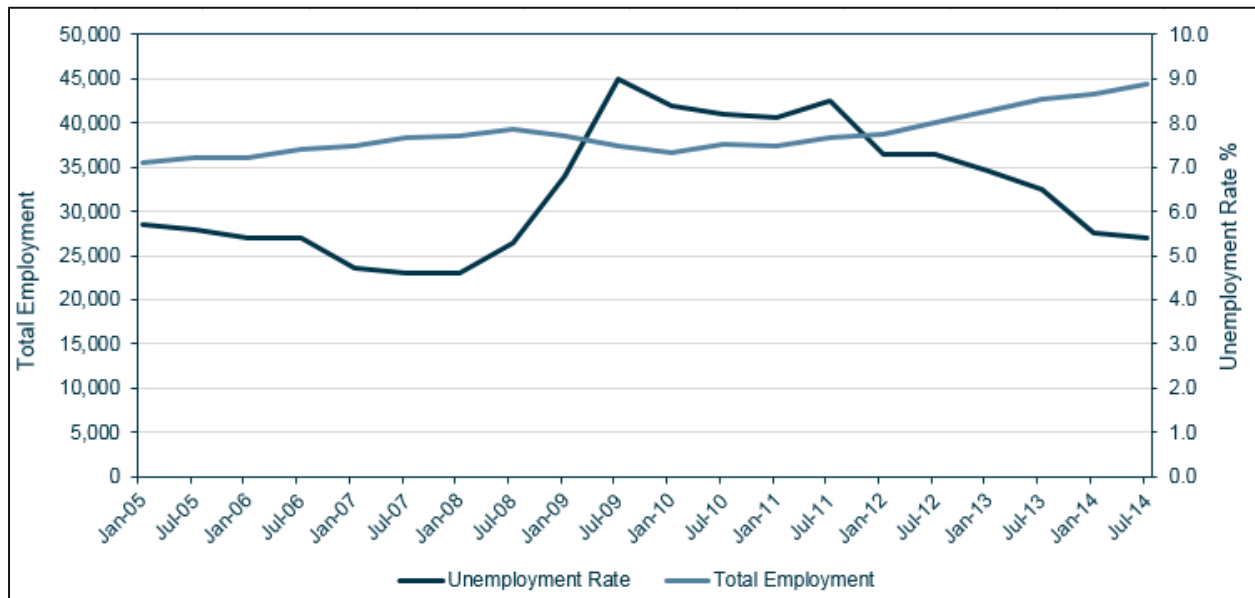
Median household income in Ellis County is substantially higher than the statewide average in Texas. Ellis County median household income from 2009 – 2013 was listed at \$61,952 compared to the statewide average of \$51,900. Source: U.S. Census Bureau, Ellis County Quick Facts as retrieved April 29, 2015 from <http://quickfacts.census.gov/qfd/states/48/48139.html>

### Ellis County – Jobs

The chart below illustrates Ellis County employment and unemployment totals recorded during the months of January and July between 2005 and 2014. Ellis County has experienced significant gains in historical total employment, adding 7,715 jobs between January 2005 and January 2014. As of September 2014, preliminary estimates list total employment within the County at 44,932. Unemployment saw peak levels in 2010 at 9.0% and have continued on the downward trend in recent years. Preliminary estimates for February 2015 listed the Ellis County unemployment rate at 3.9%, the lowest rate since 2009. Although official total employment data for 2015 has not yet been released for the County by the Bureau of Labor Statistics, the unemployment rate indicators correlate to continued signs of healthy employment level growth. Source: Bureau of Labor Statistics, Ellis County, TX Total Employment, Unemployment Rate Data Set



### Ellis County Total Employment and Unemployment



Source: Bureau of Labor Statistics, Ellis County, TX Total Employment, Unemployment Rate Data Set

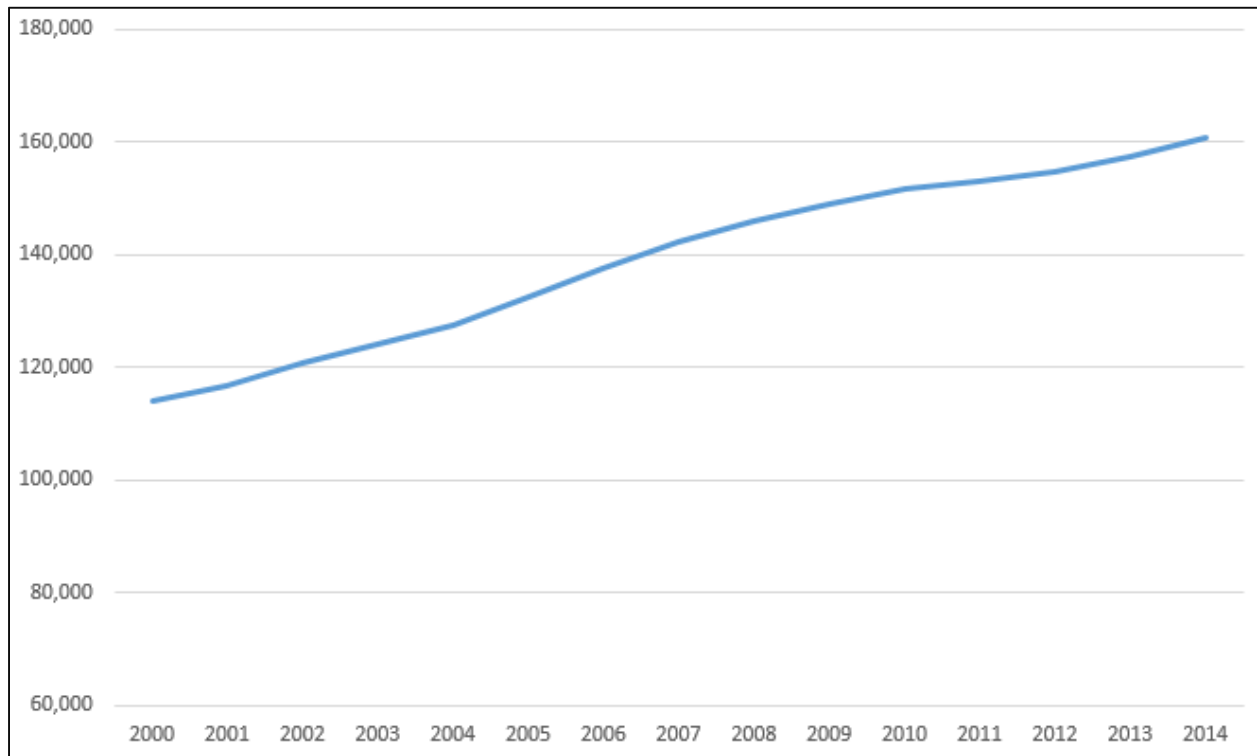
In September 2012 Triumph Aerostructures (Vought Aircraft Division) constructed a \$23.9 million manufacturing facility in Ellis County comprising 240,000 square feet of manufacturing space, along with 17,000 square feet of office space. The site will eventually encompass approximately 1.1 million square feet on 123 acres, with a workforce of 1,100 skilled workers. Source: *Triumphgroup.com, Vought Aircraft Division – Red Oak Overview*, as retrieved on April 24, 2015 from <http://www.triumphgroup.com/companies/triumph-aerostructures-vought-red-oak> and *Vought Aircraft Division Manufacturing Facility*, as retrieved on April 24, 2014 from [http://texas.construction.com/texas\\_construction\\_projects/2013/12/16-best-manufacturing-triumph-aerostructures---vought-aircraft-division-manufacturing-facility.asp](http://texas.construction.com/texas_construction_projects/2013/12/16-best-manufacturing-triumph-aerostructures---vought-aircraft-division-manufacturing-facility.asp)

Panattoni Construction completed construction in the third quarter of 2014 on a 1.4 million-square-foot warehouse located on the west side of Interstate 45 at Mars Road in Wilmer, Ellis County. The warehouse will employ nearly 500 employees. Source: *Dallas Business Journal, Proctor & Gamble*, as retrieved on April 24, 2015 from <http://www.bizjournals.com/dallas/news/2014/09/05/massive-procter-gamble-distribution-hub-prepares.html>

### Ellis County - People

The Ellis County annual population aggregate increased by 46,800 people between 2000 and 2014, representing roughly 30% of the 2014 total. The County has demonstrated consistent annual population growth, with a 2014 total of 160,620 people. Net migration to Ellis County has picked up in recent years, adding 1,900 and 2,420 residents in 2013 and 2014 respectively. Although net migration to Ellis County has experienced a strong resurgence within the past two years, levels are still below the 2005 to 2007 mean of 3,730 residents added per year due to migration. Source: *US Census Bureau Data, Metrostudy Analytics*, retrieved April 24, 2015

### Resident Population in Ellis County, TX

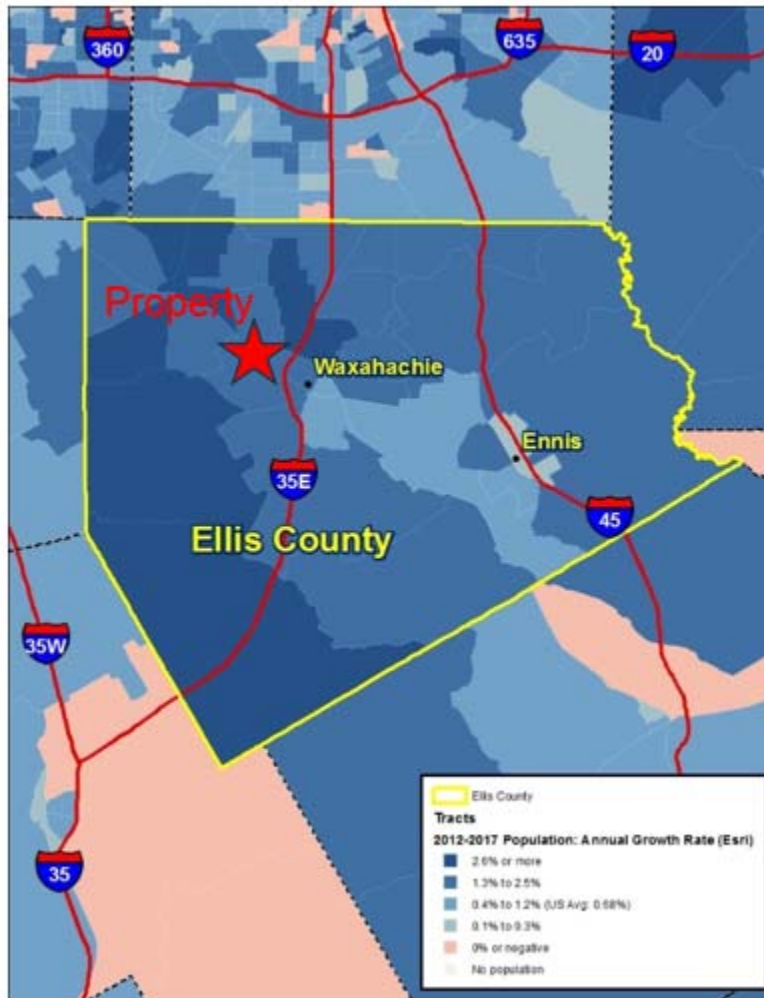


Source: US Census Bureau Data, Metrostudy Analytics, retrieved April 24, 2015

Between 2012 and 2017 population growth of 2.5% or more is projected to occur in the southern and western portions of Ellis County, as seen below. Growth of 1.3% to 1.5% on an annual basis from 2012 to 2017 is forecast for the central and eastern portions within Ellis County, closer to I-45. Source: ESRI BAO Online ArcGIS, as retrieved on April 23, 2015



### Ellis County 2012 – 2017 Population Annual Growth Rate

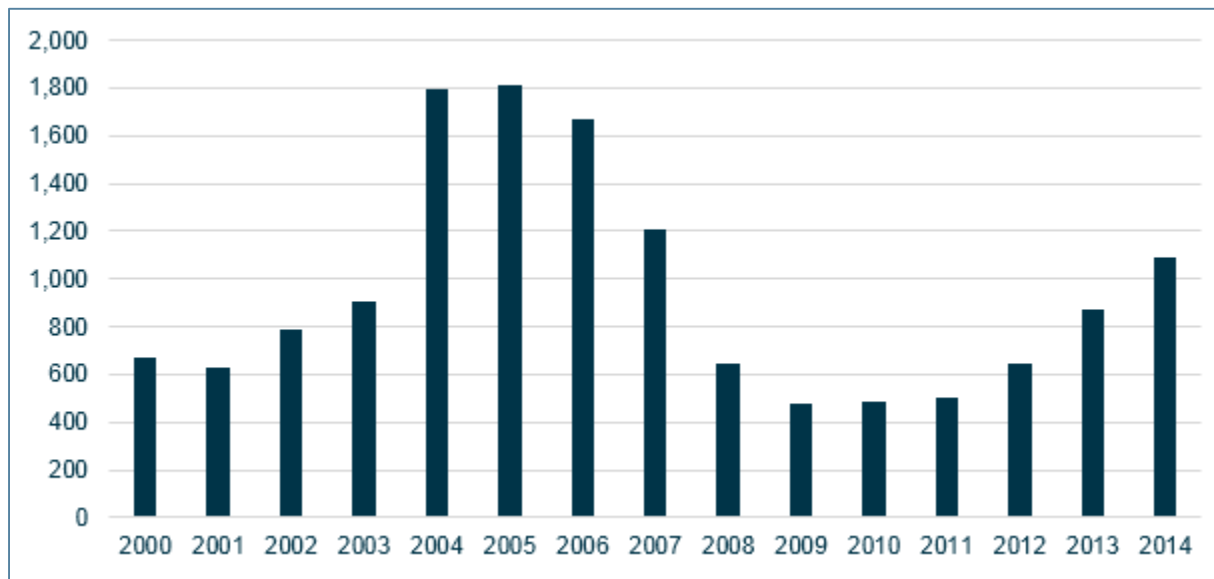


Source: ESRI BAO Online ArcGIS, as retrieved on April 23, 2015

### Ellis County - Permits

Ellis County single-family building permits surged in 2014. The County recorded 1,087 single-family permit issuances in 2014, increasing from 868 issuances in 2013 and 643 in 2012. The 2014 levels represented the highest annual number of permits issued since 2007. Although the upwards trend signifies substantial growth, there is still plenty of room for permit growth relative to historical averages. The 2014 total of 1,087 is still well below the annual average from 2004 to 2007, which totaled 1,619 single-family permits issued per year. Source: United States Census Bureau, Ellis County, TX Building Permits

### Ellis County Single-Family Permits



Source: United States Census Bureau, Ellis County, TX Building Permits

Ellis County experienced a strong increase in new construction housing activity over the past year. As of 4Q14 annual starts were up to 954 which represents a 38% increase over the 691 annual starts recorded in 4Q13. Annual closings in Ellis showed a 22% increase, climbing to 799 from the 655 units closed in 4Q13. Vacant developed lot inventory measured 2,159 lots which represents 27.2 months of supply. It should be noted that by removing large estate lots (90' or larger) from the VDL inventory and focusing on production housing lots, the inventory shrinks by 1,151 lots to 1,008, a drop of 53% and a resulting tight VDL supply of 12.7 months. Only 119 new lots were delivered in 2014. Source: Metrostudy Historical Housing Activity Report, Ellis County, 4Q14 Dataset

### Waxahachie

#### Overview

Waxahachie is aptly referred to as "The Crossroads of Texas" due to the city's location at the intersection of I-35E and SH 287. Infrastructure in place on both county and city levels enables key distribution and trade routes within the regions. Dual rail infrastructure as well as quality and affordable utilities create a dynamic economic environment. Source: Dallas Regional Chamber's 2015 Regional Economic Development Guide as retrieved April 20, 2015 from <https://www.dallaschamber.org/why-dallas/about-the-region/dfw-facts/>

#### Waxahachie - Economy

The City of Waxahachie's industries include: Healthcare, Medical Devices & Supplies, Professional & Technical services, Business, Financial and Data services, Logistics and Distribution, and Food Processing. The City boasts a wide range of industries with many nationally recognized employers. Top employers within Waxahachie include: Waxahachie ISD, Walgreens, Dart Container Corp., Baylor Medical Center at Waxahachie, Owens-Corning Fiberglass, Magnablend, U.S. Aluminum, Georgia Pacific, and National Freight Inc. Source: The Crossroads of Texas, Target Industries, as retrieved on April 20, 2015 from <http://www.crossroadsoftx.com/SiteLocationCenter/TargetIndustries>

## Waxahachie Top Employers

Top Employers		
Employers with 500 - 1,000 Employees		
Waxahachie ISD	Public Schools	1,029
Walgreen Company	Distribution center	850
Dart Container Corp - Dartco of TX	Insulated Foam Cups	700
Wal-Mart Supercenter	Retail	509
Employers with 250 - 499 Employees		
Baylor Medical Center at Waxahachie	Hospital	440
Owens-Corning Fiberglass	Insulation	435
Magnablend	Chemical Blending	429
Employers with 100 - 249 Employees		
Southwestern Assemblies of God University	Private Higher Education	246
HEB Grocery Store	Retail	225
International Extrusion	Extrusion - Anodizing	185
GMP/GPPAW Rock-Tenn	Cardboard Cartons	180
Kinro-Composites	Bathtub Fabrication	175
A.E.P. Industries	Polyethylene Film	170
U.S. Aluminium	Commercial Storefronts	165
Fortra Fiber Cement (James Hardie)	Cement Fiberboard	160
Cardinal CG	Coated Glass	135
Georgia Pacific	Paper Packaging Products	130
Cardinal IG	Insulated Glass	110
Lifoam Industries, LLC.	Styrofoam Cups/Coolers	110
Employers with 50-99 Employees		
National Freight, Inc.	Freight Trucking	94
CMC Construction Services	Steel Fabricators	90
Coal City Cob Company	Hazardous Liquid Bulk Transportation	70
Navarro College-Waxahachie	Public Higher Education	67
Greenwood Nurseries	Bedding Plants and Inside Foliage	65
Tex Corr	Paper Packaging Products	60

*Source: The Crossroads of Texas, Top Employers, as retrieved on April 23, 2015 from [www.crossroadsoftx.com/SiteLocationCenter/TopEmployers](http://www.crossroadsoftx.com/SiteLocationCenter/TopEmployers)*

In November 2014 Baylor Health System completed construction on the 299,000 square foot Baylor Medical Center at Waxahachie. The \$175.5 million facility was built on 52 acres at the intersection of I-35E and SH 287. Considerable population growth within the area coupled with the growing demand for patient services were catalysts for the project. *Source: Waxahachie.tx.com, Baylor Prepares for Move to New Hospital, as retrieved on April 20, 2015 from [http://www.waxahachie.tx.com/news/ellis\\_county/baylor-prepares-for-move-to-new-](http://www.waxahachie.tx.com/news/ellis_county/baylor-prepares-for-move-to-new-)*

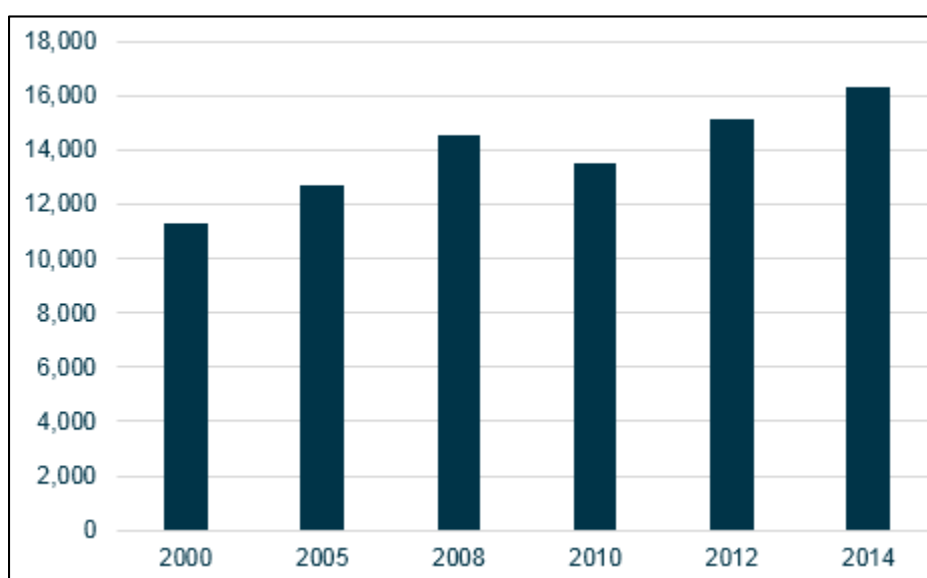
*hospital/article\_43876cb8-bd0c-5dc6-86b2-7683c57cdac8.html and Dallas Business Journal, Waxahachie hospital, as retrieved on April 20, 2015 from <http://www.bizjournals.com/dallas/blog/2013/04/baylor-starts-construction-on-129m.html>*

### **Waxahachie - Jobs**

Waxahachie has experienced considerable employment growth in recent years. Between 2010 and 2014, 2,815 jobs were created, representing a 21% increase in employment growth. Source: U.S. Census, Zip Code Business Patterns, as retrieved on April 27, 2015 from <http://censtats.census.gov/cgi-bin/zbpnaic/zbpsect.pl>

As of June 2014, the unemployment rate within Waxahachie stood at 4.2%. Job growth over the 12 month period ended June 2014 was 3.44%. The projected increase in total employment over the next 10 years is anticipated to be over 40% based on factors such as migration patterns, capital investment and economic growth. Source: [www.bestplaces.net](http://www.bestplaces.net), Waxahachie Economy, Updated June 2014, as retrieved on April 27, 2015 from <http://www.bestplaces.net/economy/city/texas/waxahachie>

**Waxahachie Total Employment Growth**



Source: United States Census Bureau

### **Waxahachie - People**

Waxahachie population growth has been steadily increasing since 2000. Within Waxahachie zip codes, robust growth at 35.68% occurred from 2000-2010. This trend has continued into 2014, with a population estimate of 47,421 that is projected to grow to 53,146 by 2019. Waxahachie population growth forecasts project a healthy 6.75% growth rate from 2014 to 2019. Source: *The Crossroads of Texas, Pop-Facts: Demographic Snapshot 2014 Report*, as retrieved on April 27, 2015 from <http://www.crossroadsoftx.com/images/EconomicDevelopment/files/Waxahachie%20Zip%20Codes%20Demographics.pdf>

### Waxahachie Population Growth

	Waxahachie City Limits	Waxahachie Zip Codes	Waxahachie ISD Boundary
<b>Population</b>			
<b>2019 Projection</b>	33,846	53,146	47,487
<b>2014 Estimate</b>	31,757	49,787	44,444
<b>2010 Census</b>	29,621	47,421	42,287
<b>2000 Census</b>	22,573	34,950	31,133

Source: *The Crossroads of Texas, Demographics*, as retrieved April 27 from  
<http://www.crossroadsoftx.com/SiteLocationCenter/Demographics>

**SCHEDULE "D"**  
**UNAUDITED SCHEDULE OF INVESTMENT RETURNS FOR PRE-DEVELOPMENT PROJECTS**

## MANAGEMENT GUIDANCE ON USE OF SCHEDULE

The management of Walton International Group Inc. ("**Walton**") is providing this letter as additional guidance to be read together with the Schedule of Investment Returns for Pre-Development Projects for the Exit Period spanning December 1, 1998 to March 31, 2015 (the "**Schedule**") which follows this guidance. As the Schedule only relates to fully and partially exited projects as of March 31, 2015, in order to allow prospective investors further information, we provide the following information regarding the Walton Group of Companies ("**Walton Group**") syndicated pre-development land projects, which is management prepared and has not been audited.

Pre-development projects are either undivided interests ("**UDI**") projects that consist of a sale of undivided tenant in common interests by the Walton Group to third party investors and are administered as a single project or limited partnerships, corporations, or limited liability companies (collectively, "**LP**") projects where an investor acquires a unit or share and the LP then acquires a parcel or multiple parcels of land. The strategy is to hold an interest in the property until such time as the development in the areas nearby the property has reached a point that is commercially opportune for the property to be developed with the intention of selling the interest in the property (either in whole or in a small number of portions) to developers or other parties at a higher value than the value at which it was acquired by the investors with the objective of earning a return on the original investment. Under certain circumstances, the interest in the property may be sold to parties that are related to the Walton Group. For potential sales to related parties of the Walton Group, the Walton Group obtains two appraisals from independent appraisers and the offer is made to the investors at a price that is between the two appraisals. The investors (UDI holders or unit or shareholders in an LP) are provided the details of the offer and are given the opportunity to vote to determine if the offer will be accepted. An offer is only accepted if a majority (generally 66⅔% of the investors in an LP project or 60% of the holders in a UDI project) accept the offer.

As of March 31, 2015, the Walton Group has been involved in over 422 pre-development land syndication projects comprised of over 97,000 acres and has completed the syndication of 411 pre-development projects, with 11 projects in current syndication. Four of the fully syndicated projects ("**Shepard A, B, C & D**") have not been included in the analysis below or in the Schedule as the initial investment was rolled into a development project which has different investment strategies and objectives that are not comparable to pre-development projects. Of the remaining 407 fully syndicated pre-development projects reported, 75 pre-development projects have had full or partial exits and are summarized on the Schedule by region and nature, representing 18.43% of the overall projects syndicated by the Walton Group from inception to March 31, 2015.

### Summary of Fully and Partially Exited Projects by Region and Zoning/Nature to March 31, 2015

Region	Residential	Other	Total
Calgary, Alberta, Canada	26	6	32
Edmonton, Alberta, Canada	31	7	38
Ontario, Canada	2	1	3
Georgia, United States	1	0	1
The Carolinas, United States	1	0	1
<b>Total</b>	<b>61</b>	<b>14</b>	<b>75</b>

The Schedule is attached to provide information about the Walton Group's business experience in syndicating real estate investments where land has been acquired, syndicated to investors, planned and then exited. **The historical Internal Rate of Return ("IRR") is not indicative of the future performance of other projects or securities offered by the Walton Group and should not be relied upon as a forecast or projection of the anticipated returns, if any, on an investment in other securities offered by the Walton Group. Returns to investors may be higher or lower than this historical IRR.** The final IRR on partially exited projects may incur significantly different returns than those reflected in the Schedule based on the exit price and the duration of the final land sales within the project. As the returns in the Schedule are reflected on a project basis, it is not entirely equivalent to the ultimate return received by the investors in the projects as a result of exit costs and fees that investors may incur, as discussed below. In addition, the IRRs in the Schedule **only** represent exited projects and investors need to consider and understand the potential limitations of this information and what factors may affect their ultimate returns, including

the location of the parcel of land, the economic environment in which the land is situated, the intended zoning of the land, in addition to other factors. The Walton Group does not obtain valuations of its unexited projects and limited information is provided on unexited projects in the Schedule. Returns on the unexited projects will not be known until the projects are ultimately sold. **There is no assurance that unexited projects and remaining lands in partially exited projects will be sold at a profit or at all.** There may be unexited projects that have a current realizable value less than the original cost.

For fully exited projects, the IRRs presented represent the total return achieved over the duration of the projects. The duration of the projects is from the average investor purchase date to the final exit date. At March 31, 2015, all fully exited projects are UDI projects. No LP projects have fully exited at March 31, 2015. The UDI investor purchase price used in the calculation represents the price the average UDI investor paid for the land as per the purchase and sale agreements and the certificates of title. The exit price represents the gross amount that the UDI investor received upon sale of the project as per the applicable purchase and sale agreements.

In 66 fully exited land investment projects from December 1, 1998 to March 31, 2015, the projects earned, on exit, weighted average IRR of 12.47% per annum as set out in the Schedule. The range of IRRs earned by the exited projects was from 4.75% to 28.51%.

All of the fully exited land pre-development investment projects from December 1, 1998 to March 31, 2015, were UDI projects. The business model used for a UDI project is different than the model used for an LP project and there may also be differences in the business models used between LP projects. The differences in the business models may impact performance returns.

Examples of differences between the UDI model and LP model include the following: (i) as part of the purchase price for an LP unit or share, the LP investor pays offering costs and contributes to entity reserves for entity operating costs that a UDI investor would not incur and (ii) management fees, performance fees and other fees paid to the Walton Group may vary between individual LP projects and UDI projects. Lower upfront costs in the UDI business model could result in improved returns as compared to the LP business model.

There are also differences in the manner in which returns are calculated for UDI projects and LP projects, including the following : (i) UDI project exit returns are calculated without reflecting any costs or fees incurred by the UDI investors in relation to the exit because individual investors must sell their UDIs and exit costs vary significantly, depending on an investor's individual circumstances; and (ii) exits for the LP projects will be calculated net of exit costs of the entity itself as those are costs of the structure and not of the individual investor. However, the proportionate share of exit costs incurred by investors in LP projects will likely be lower than the costs and fees incurred by UDI project investors. Lower exit costs in LP projects may improve returns as compared to UDI projects.

Accordingly, while lower exit costs in LP projects may improve returns as compared to UDI projects, higher expenses related to offering costs, reserves and entity administration may reduce the returns. Because the Walton Group has only had full exits for projects using the UDI model, there is no information available to provide a quantitative comparison of the performance returns of these models.

There are two key inputs for the returns on Walton Group projects, the first being the profit and loss on the ultimate sale of the property which is directly related to the profit and loss to the investor and the second being the length of time the property is held. With respect to the first input, the profit or loss is influenced by the initial cost and the final sales price of the property.

For the 66 fully exited projects, the average investor purchase price averaged 4.66 times the price the land was initially acquired for by the Walton Group (the “**Syndication Lift**”), with a high of 13.08 times Walton Group's acquisition price and a low of 1.14 times Walton Group's acquisition price. For unexited projects that were fully syndicated as at March 31, 2015, the average investor purchase price averaged 4.98 times the price the land was initially acquired for by the Walton Group, with a high of 21.25 times Walton Group's acquisition price and a low of 1.38 times Walton Group's acquisition price.



### Summary of Fully Exited Projects per Region to March 31, 2015

Region	# of Projects	Average Syndication Lift <sup>(1)</sup>	Syndication Lift Range <sup>(2)</sup>	Average Walton Purchase Price per Acre	Range of Walton Purchase Price per Acre
Calgary, Alberta, Canada	31	4.79	1.14 – 13.08	\$12,571	\$2,623 – \$38,027
Edmonton, Alberta, Canada	34	4.59	2.21 – 9.11	\$16,803	\$4,747 – \$45,013
Ontario, Canada	1	3.09	3.09	\$15,509	\$15,509
<b>Total</b>	<b>66</b>	<b>4.66</b>	<b>1.14 – 13.08</b>	<b>\$14,762</b>	<b>\$2,623 – \$45,013</b>

Region	Average Syndication Date	Range of Average Syndication Dates	Average Investor Purchase Price per Acre	Range of Average Investor Purchase Price per Acre	Average Exit Price per Acre	Average IRR	Range of IRR	Impact of a 1% Change in Exit Price on Average IRR
Calgary, Alberta, Canada	05/14/1998	09/04/1987 – 09/04/2004	\$50,504	\$18,954 – \$88,241	\$143,176	13.19%	4.75% – 22.65%	0.18%
Edmonton, Alberta, Canada	02/17/2004	06/22/2001 – 08/02/2005	\$64,418	\$23,374 – \$101,698	\$133,448	11.95%	7.14% – 28.51%	0.19%
Ontario, Canada	03/14/2007	03/14/2007	\$47,972	\$47,972	\$84,993	16.59%	16.59%	0.31%
<b>Total</b>	<b>06/03/2001</b>	<b>09/04/1987 – 03/14/2007</b>	<b>\$57,527</b>	<b>\$18,954 – \$101,698</b>	<b>\$137,371</b>	<b>12.47%</b>	<b>4.75% – 28.51%</b>	<b>0.19%</b>

**Notes:**

<sup>(1)</sup> Average Syndication Lift represents the average multiple the investors have paid on syndication over the price of land initially paid by the Walton Group.

<sup>(2)</sup> Syndication Lift Range reflects the lowest and highest syndication lift for all fully exited projects in the region and in total.

### Summary of Syndicated Unexited and Partially Exited Projects per Region to March 31, 2015

Region	# of Projects	Average Syndication Lift <sup>(1)</sup>	Syndication Lift Range <sup>(2)</sup>	Average Walton Purchase Price per Acre	Range of Walton Purchase Price per Acre	Average Syndication Date	Range of Average Syndication Dates	Average Investor Purchase Price per Acre	Range of Investor Purchase Price
Alberta, Canada	47	4.14	2.25 – 11.89	\$15,003	\$2,000 – \$44,494	11/09/2004	01/30/2002 – 08/21/2008	\$54,717	\$14,942 – \$100,048
Ontario, Canada	93	3.94	1.38 – 8.28	\$13,064	\$6,134 – 57,137	06/13/2007	01/19/2006 – 09/29/2011	\$49,898	\$29,854 – \$175,277
Arizona, United States	47	6.10	2.05 – 21.25	\$19,261	\$3,992 – \$51,814	08/17/2009	11/22/2005 – 05/12/2013	\$84,762	\$46,490 – \$125,854
California, United States	7	6.07	4.15 – 6.70	\$13,113	\$12,000 – 17,949	06/11/2013	02/27/2013 – 11/11/2013	\$77,751	\$73,153 – \$80,432
Florida, United States	7	7.21	4.80 – 9.72	\$5,904	\$2,977 – \$9,679	11/16/2013	01/07/2013 – 07/24/2014	\$37,035	\$28,740 – \$46,642

Georgia, United States	27	6.99	2.21 – 19.70	\$10,539	\$873 – \$40,929	07/11/2011	11/17/2008 – 04/07/2014	\$55,521	\$11,540 – \$121,563
The Carolinas, United States <sup>(3)</sup>	9	6.49	3.88 – 10.90	\$7,123	\$4,249 – \$12,998	10/22/2012	12/12/2011 – 07/20/2014	\$42,485	\$20,216 – \$63,020
Texas, United States	71	4.91	2.34 – 7.35	\$6,542	\$2,843 – \$12,706	01/31/2010	05/05/2007 – 01/25/2014	\$30,884	\$12,299 – \$59,103
Washington D.C. area, United States <sup>(4)</sup>	21	5.09	2.06 – 7.52	\$16,932	\$9,686 – \$30,180	09/05/2012	12/20/2010 – 10/18/2014	\$78,974	\$50,617 – \$110,073
Multiple Regions, United States <sup>(5)</sup>	10	4.85	1.52 – 14.58	\$13,374	\$3,593 – \$24,952	02/22/2012	05/13/2010 – 05/25/2014	\$45,079	\$33,615 – \$66,075
Tennessee, United States	2	3.01	2.63 – 3.40	\$14,355	\$12,517 – \$16,193	07/04/2014	06/25/2014 – 07/14/2014	\$42,571	\$42,549 – \$42,594
<b>Total</b>	<b>341</b>	<b>4.98</b>	<b>1.38 – 21.25</b>	<b>\$12,580</b>	<b>\$873</b> – <b>\$57,137</b>	<b>02/27/2009</b>	<b>01/30/2002</b> – <b>10/18/2014</b>	<b>\$53,572</b>	<b>\$11,540</b> – <b>\$175,277</b>

**Notes:**

(1) Average Syndication Lift represents the average multiple the investors have paid on syndication over the price of land initially paid by the Walton Group.

(2) Syndication Lift Range reflects the lowest and highest syndication lift for all projects in the region and in total.

(3) The Carolinas region includes North Carolina and South Carolina.

(4) Washington D.C. area includes Maryland and Virginia.

(5) Multiple Regions includes LP projects that have acquired land in more than one region.

**Summary of Fully Exited Projects by Intended Property Zoning/Nature to March 31, 2015**

Intended Property Zoning/Nature	# of Projects	Average Syndication Lift <sup>(1)</sup>	Syndication Lift Range <sup>(2)</sup>	Average Walton Purchase Price per Acre	Range of Walton Purchase Price per Acre
Residential	54	4.66	1.14 – 13.08	\$14,672	\$2,623 – \$45,013
Other <sup>(3)</sup>	12	4.64	3.63 – 6.19	\$15,177	\$5,259 – \$27,500
<b>Total</b>	<b>66</b>	<b>4.66</b>	<b>1.14 – 13.08</b>	<b>\$14,762</b>	<b>\$2,623 – \$45,013</b>

Intended Property Zoning/Nature	Average Investor Purchase Price per Acre	Range of Average Investor Purchase Price per Acre	Average Syndication Date	Range of Average Syndication Dates	Average Exit Price per Acre	Average IRR	Range of IRR	Impact of a 1% Change in Exit Price on Average IRR
Residential	\$55,482	\$18,954 – \$99,947	03/29/2001	09/04/1987 – 03/14/2007	\$133,218	11.46%	4.75% – 22.65%	0.17%
Other <sup>(3)</sup>	\$66,898	\$23,374 – \$101,698	04/02/2002	02/06/1993 – 01/30/2005	\$156,405	16.36%	8.18% – 28.51%	0.26%
<b>Total</b>	<b>\$57,527</b>	<b>\$18,954</b> – <b>\$101,698</b>	<b>06/03/2001</b>	<b>09/04/1987</b> – <b>03/14/2007</b>	<b>\$137,371</b>	<b>12.47%</b>	<b>4.75%</b> – <b>28.51%</b>	<b>0.19%</b>

**Notes:**

- (1) Average Syndication Lift represents the average multiple the investors have paid on syndication over the price of land initially paid by the Walton Group.  
(2) Syndication Lift Range reflects the lowest and highest syndication lift for all fully exited projects with the property usage and in total.  
(3) Other includes Commercial, Industrial and Multi-Use properties.

### Summary of Syndicated Unexited and Partially Exited Projects per Intended Property Zoning/Nature to March 31, 2015

Intended Property Zoning/Nature	# of Projects	Average Syndication Lift <sup>(1)</sup>	Syndication Lift Range <sup>(2)</sup>	Average Syndication Date	Range of Average Syndication Dates	Average Walton Purchase Price per Acre	Range of Walton Purchase Price per Acre	Average Investor Purchase Price per Acre	Range of Investor Purchase Price
Residential	261	5.21	1.38 – 21.25	10/13/2009	01/30/2002 – 10/18/2014	\$12,180	\$873 – \$57,137	\$53,968	\$11,540 – \$175,277
Other <sup>(3)</sup>	80	4.23	1.65 – 8.50	02/17/2007	08/16/2003 – 03/04/2012	\$13,882	\$2,000 – \$51,814	\$52,280	\$14,942 – \$116,581
<b>Total</b>	<b>341</b>	<b>4.98</b>	<b>1.38 – 21.25</b>	<b>02/27/2009</b>	<b>01/30/2002 – 10/18/2014</b>	<b>\$12,580</b>	<b>\$873 – \$57,137</b>	<b>\$53,572</b>	<b>\$11,540 – \$175,277</b>

**Notes:**

- (1) Average Syndication Lift represents the average multiple the investors have paid on syndication over the price of land initially paid by the Walton Group.  
(2) Syndication Lift Range reflects the lowest and highest syndication lift for all projects with the property usage and in total.  
(3) Other includes Commercial, Industrial and Multi-Use properties.

The duration of the 66 fully exited projects (based upon the weighted average syndication date to the date of exit) ranges from 2.33 years to 19.08 years, with an average of 8.45 years. The average duration of unexited projects that were fully syndicated as of March 31, 2015 (based upon the weighted average syndication date to March 31, 2015) is 6.09 years. As of March 31, 2015, the longest duration for an unexited project is 13.17 years.

### Duration and Duration Range of Fully Exited Projects per Region to March 31, 2015

Region	# of Projects	Average Duration (Years)	Duration Range (Years)	# Exceeded Hold Period	% Exceeded Hold Period
Calgary, Alberta, Canada	31	9.72	3.32 – 19.08	0 <sup>(1)</sup>	0% <sup>(1)</sup>
Edmonton, Alberta, Canada	34	7.40	2.33 – 11.82	3	100% <sup>(2)</sup>
Ontario, Canada	1	3.72	3.72	0	0% <sup>(3)</sup>
<b>Total</b>	<b>66</b>	<b>8.45</b>	<b>2.33 – 19.08</b>	<b>3</b>	<b>75%</b>

**Notes:**

- (1) Of the 31 projects, none of the projects had stated hold periods.  
(2) Of the 34 projects, 31 did not have stated hold periods. Of the 3 remaining, all had exceeded their hold periods.  
(3) Only one project has fully exited in Ontario and it was within its stated hold period.

**Duration and Duration Range of Syndicated Unexited and Partially Exited Projects per Region to March 31, 2015**

Region	# of Projects	Average Duration (Years)	Duration Range (Years)	Average Hold Period <sup>(1)</sup>	Range of Hold Period	# Exceeded Hold Period	% Exceeded Hold Period
Alberta, Canada	47	10.39	6.61 – 13.17	6.0	4.0 – 6.0	2	100% <sup>(2)</sup>
Ontario, Canada	93	7.80	3.50 – 9.20	6.7	2.0 – 8.0	81	91.01% <sup>(3)</sup>
Arizona, United States	47	5.62	1.88 – 9.36	5.6	1.5 – 7.0	28	59.57%
California, United States	7	1.80	1.38 – 2.09	6.0	4.0 – 6.0	0	0%
Florida, United States	7	1.37	0.68 – 2.23	5.7	3.0 – 6.0	0	0%
Georgia, United States	27	3.72	0.98 – 6.37	5.4	2.0 – 7.0	7	25.93%
The Carolinas, United States <sup>(4)</sup>	9	2.44	0.70 – 3.30	6.6	2.0 – 8.0	0	0%
Texas, United States	71	5.16	1.18 – 7.91	5.9	2.0 – 7.0	34	47.89%
Washington D.C. area, United States <sup>(5)</sup>	21	2.57	0.45 – 4.28	5.4	2.0 – 8.0	0	0%
Multiple Regions, United States <sup>(6)</sup>	10	3.10	0.85 – 4.88	7.2	2.0 – 8.0	0	0%
Tennessee	2	0.74	0.71 – 0.76	6.0	4.0 – 6.0	0	0%
<b>Total</b>	<b>341</b>	<b>6.09</b>	<b>0.45 – 13.17</b>	<b>6.1</b>	<b>1.5 – 8.0</b>	<b>152</b>	<b>52.05%</b>

**Notes:**

<sup>(1)</sup> The average hold period represents the average of the maximum hold period range for all projects where syndicated.

<sup>(2)</sup> Of the 47 projects, 45 do not have a stated hold period. Of the remaining 2 projects with a stated hold period, all have exceeded such period.

<sup>(3)</sup> Of the 93 projects, 4 do not have a stated hold period. Of the remaining 89 projects with a stated hold period, 81 have exceeded such period.

<sup>(4)</sup> The Carolinas region includes North Carolina and South Carolina.

<sup>(5)</sup> Washington D.C. area includes Maryland and Virginia.

<sup>(6)</sup> Multiple Regions includes LP projects that have acquired land in more than one region.

**Duration and Duration Range of Fully Exited Projects per Intended Property Zoning/Nature to March 31, 2015**

Intended Property Zoning/Nature	# of Projects	Average Duration (Years)	Duration Range (Years)	# Exceeded Hold Period	% Exceeded Hold Period
Residential	54	8.80	2.33 – 19.08	2 <sup>(1)</sup>	67% <sup>(1)</sup>
Other <sup>(3)</sup>	12	6.87	3.02 – 16.94	1	100% <sup>(2)</sup>
<b>Total</b>	<b>66</b>	<b>8.45</b>	<b>2.33 – 19.08</b>	<b>3</b>	<b>75%</b>

**Notes:**

<sup>(1)</sup> Of the 54 projects, 51 did not have stated hold periods. Of the 3 remaining, 2 had exceeded their hold periods.

<sup>(2)</sup> Of the 12 projects, 11 did not have stated hold periods. The remaining project exceeded its hold period.

<sup>(3)</sup> Other includes Commercial, Industrial and Multi-Use properties.

**Duration and Duration Range of Syndicated Unexited and Partially Exited Projects per Intended Property Zoning/Nature to March 31, 2015**

Intended Property Zoning/Nature	# of Projects	Average Duration	Duration Range	Average Hold Period <sup>(1)</sup>	Range of Hold Period	# Exceeded Hold Period	% Exceeded Hold Period
Residential	261	5.46	0.45 – 13.17	6.0	2.0 – 8.0	110	46.03% <sup>(2)</sup>
Other <sup>(4)</sup>	80	8.12	3.07 – 11.63	6.4	1.5 – 8.0	42	79.25% <sup>(3)</sup>
<b>Total</b>	<b>341</b>	<b>6.09</b>	<b>0.45 – 13.17</b>	<b>6.1</b>	<b>1.5 – 8.0</b>	<b>152</b>	<b>52.05%</b>

**Notes:**

<sup>(1)</sup> The average hold period represents the average of the maximum hold period range for all projects.

<sup>(2)</sup> Of the 261 projects, 22 do not have a stated hold period. Of the remaining 239 projects with a stated hold period, 110 have exceeded such period.

<sup>(3)</sup> Of the 80 projects, 27 do not have a stated hold period. Of the remaining 53 projects with a stated hold period, 42 have exceeded such period.

<sup>(4)</sup> Other includes Commercial, Industrial and Multi-Use properties.

Of these 407 pre-development projects, 75 projects, or 18.43%, have had full (66) or partial (9) exits to March 31, 2015, as illustrated in the following tables.

**Total Projects Fully Syndicated and Exited to March 31, 2015**

Year <sup>(1)</sup>	Projects Syndicated	Fully Exited	Partially Exited	Active	% Fully or Partially Exited	% of Projects That Have Exceeded Forecasted/Stated Hold Period <sup>(2)</sup>
Pre 1995	10	10	Nil	Nil	100%	N/A <sup>(3)</sup>
1995-1999	10	10	Nil	Nil	100%	N/A <sup>(3)</sup>
2000-2004	65	39	3	23	64.62%	100% <sup>(4)</sup>
2005-2009	190	7	3	180	5.26%	90.57% <sup>(5)</sup>
2010+	132	Nil	3	129	2.27%	5.30% <sup>(6)</sup>
<b>Total</b>	<b>407</b>	<b>66</b>	<b>9</b>	<b>332</b>	<b>18.43%</b>	<b>52.05%<sup>(7)</sup></b>

**Notes:**

<sup>(1)</sup> Weighted average syndication date.

<sup>(2)</sup> Information current as at March 31, 2015. There is no representation or guarantee that an exit will occur within the projected/stated hold period in the future.

<sup>(3)</sup> These projects did not have any stated hold period.

<sup>(4)</sup> Of the 65 total projects, 63 do not have a stated hold period. Of the 2 projects with a stated hold period, both have exceeded such period.

<sup>(5)</sup> Of the 190 total projects, 28 do not have a stated hold period. Of the 162 projects with a stated hold period, 146 have exceeded such period.

<sup>(6)</sup> All 132 projects have stated hold periods, and 7 have exceeded such period.

<sup>(7)</sup> Based on projects with a stated hold period.

**Projects Syndicated and Exited to March 31, 2015 by Geographical Region**

Geographic Region (Average Syndication Date) <sup>(1)</sup>	Projects Syndicated	Fully Exited	Partially Exited	Active	% Fully or Partially Exited	% of Projects That Have Exceeded Expected/Stated Project Timelines <sup>(2)</sup>
Alberta, Canada (October 14, 2002)	112	65	5	42	62.5%	100% <sup>(3)</sup>
Ontario, Canada (June 12, 2007)	94	1	2	91	3.19%	91.01% <sup>(4)</sup>
Arizona, United States (August 17, 2009)	47	Nil	Nil	47	0%	59.57% <sup>(5)</sup>
California, United States (June 11, 2013)	7	Nil	Nil	7	0%	0% <sup>(5)</sup>
Florida, United States (November 16, 2013)	7	Nil	Nil	7	0%	0% <sup>(5)</sup>

Georgia, United States (June 3, 2011)	27	Nil	Nil	27	0%	25.93% <sup>(5)</sup>
The Carolinas, United States <sup>(6)</sup> (October 22, 2012)	9	Nil	Nil	9	0%	0% <sup>(5)</sup>
Texas, United States (January 31, 2010)	71	Nil	Nil	71	0%	47.89% <sup>(5)</sup>
Washington D.C. area, United States <sup>(7)</sup> (September 5, 2012)	21	Nil	Nil	21	0%	0% <sup>(5)</sup>
Multiple Regions, United States <sup>(8)</sup> (February 22, 2012)	10	Nil	2	8	20.00%	0% <sup>(5)</sup>
Tennessee, United States (July 4, 2014)	2	Nil	Nil	2	0%	0%
<b>Total</b>	<b>407</b>	<b>66</b>	<b>9</b>	<b>332</b>	<b>18.43%</b>	<b>52.05%<sup>(9)</sup></b>

**Notes:**

<sup>(1)</sup> The average syndication date is the weighted average syndication date divided by the number of projects in that region.

<sup>(2)</sup> Information current as at March 31, 2015. There is no representation or guarantee that an exit will occur within the projected/stated hold period in the future.

<sup>(3)</sup> Of the 112 total projects, 107 do not have a stated hold period. Of the 5 projects with a stated hold period, all have exceeded such period.

<sup>(4)</sup> Of the 94 total projects, 4 do not have a stated hold period. Of the 90 projects with a stated hold period, 81 have exceeded such period.

<sup>(5)</sup> All of these projects had a stated hold period.

<sup>(6)</sup> The Carolinas region includes North Carolina and South Carolina.

<sup>(7)</sup> Washington D.C. area includes Maryland and Virginia.

<sup>(8)</sup> Multiple Regions includes LP projects that have acquired land in more than one region.

<sup>(9)</sup> Based on projects with a stated hold period.

**Projects Syndicated and Exited to March 31, 2015 by Intended Property Zoning/Nature**

<b>Intended Property Zoning/Nature (Average Syndication Date)<sup>(1)</sup></b>	<b>Projects Syndicated</b>	<b>Fully Exited</b>	<b>Partially Exited</b>	<b>Active</b>	<b>% Fully or Partially Exited</b>	<b>% of Projects That Have Exceeded Expected/Stated Project Timelines<sup>(2)</sup></b>
Residential (August 9, 2005)	315	54	7	254	19.37%	46.03% <sup>(3)</sup>
Other <sup>(6)</sup> (May 12, 2007)	92	12	2	78	15.22%	79.25% <sup>(4)</sup>
<b>Total</b>	<b>407</b>	<b>66</b>	<b>9</b>	<b>332</b>	<b>18.43%</b>	<b>52.05%<sup>(5)</sup></b>

**Notes:**

<sup>(1)</sup> The average syndication date is the weighted average syndication date divided by the number of projects in that region.

<sup>(2)</sup> Based on projects with a stated hold period.

<sup>(3)</sup> Of the 313 total projects, 73 do not have a stated hold period. Of the 240 projects with a stated hold period, 112 have exceeded such period.

<sup>(4)</sup> Of the 94 total projects, 38 do not have a stated hold period. Of the 56 projects with a stated hold period, 43 have exceeded such period.

<sup>(5)</sup> Based on projects with a stated hold period.

<sup>(6)</sup> Other includes Commercial, Industrial and Multi-Use properties.

As of March 31, 2015, the Walton Group administered a significant number of properties in and around the following regions: Calgary and Edmonton in Alberta, Brant, Simcoe, Ottawa and the Niagara Region in Ontario, the Phoenix area in Arizona, the Austin and Dallas-Fort Worth area in Texas, Jackson, Winnet, Barrow, Fulton and Paulding Counties in Georgia, the Washington D.C. area, the Charlotte, North and South Carolina area, Riverside County and San Bernardino area in California, Polk, St. Lucie and Eastern Hillsborough Counties in Florida, and Davidson and Robertson Counties in Tennessee of which no return has been realized to date, and any returns to be realized on such land projects may be greater or lesser than the returns set out in the Schedule. The projects fully exited in the Schedule are all UDI projects. The lands in the UDI projects referred to in the Schedule were located in Alberta and Ontario, and such UDI projects were implemented through a different business structure than the structures being utilized in other securities offerings. Some of the UDI projects referred to in the Schedule were syndicated and exited a number of years ago, in a different economic climate. The majority of the unexited projects are in geographic locations outside of Alberta and Ontario which may have their own unique and different set of circumstances and economic drivers which will impact returns and need to be considered by potential investors.

The UDI projects in the Schedule were implemented through a structure whereby the investors purchased undivided interests in the land and were direct owners of the land, holding title as a tenant in common with other

investors and the Walton Group assumed responsibility for the expenses of administering the land. The fully exited UDI projects did not bear the same types of offering expenses and ongoing costs as the LP projects. For example, unlike the LP projects, the fully exited UDI projects did not have (or had only limited) reserves, did not pay management fees, performance fees or other amounts to the Walton Group, except in limited circumstances, and had smaller expense reserves because the ongoing operating and administrative expenses for UDI projects are lower than for LP projects. Lower upfront costs in the UDI business model could result in improved returns as compared to the LP projects. As well, as noted above, there are also differences in the manner in which returns are calculated for UDI projects and LP projects. UDI project exit returns are calculated without reflecting any costs or fees incurred by the UDI investors in relation to the exit because individual investors must sell their UDIs and exit costs vary significantly, depending on an investor's individual circumstances. Many of these costs and fees incurred are outside of the control of the Walton Group and/or are incurred without the knowledge of the Walton Group. The factors which will affect the amount of costs and fees to be deducted include, but are not limited to: (i) the residency of the investors; (ii) how their title was registered (*i.e.*, individual, as joint-tenants or as tenants-in-common) and the number of individuals on the title; (iii) whether there was a mortgage on their interest; (iv) whether an investor incurred any other borrowing or financing costs in respect of the acquisition of their interest; and (v) whether an investor sought independent legal, accounting or tax advice and in doing so incurred costs and fees in respect of the interest. These costs and fees will affect the ultimate return received by an investor. Also noted above, exits for LP projects will be calculated net of exit costs of the entity itself, as those are costs of the structure and not of the individual investor. However, the proportionate share of exit costs incurred by investors in LP projects will likely be lower than the costs and fees incurred by UDI project investors. Lower exit costs in other offering structures, such as the LP project structure, may improve returns as compared to UDI projects. The impact of exit costs varies from project to project; however, a 1% exit cost based on exit price would decrease the average IRR by 0.19%.

**For the reasons stated above and for other reasons, the past performance of the UDI projects and LP projects referred to in the Schedule are not indicative of the future performance of other Walton Group investments or of other land projects currently administered by the Walton Group or to be administered by the Walton Group in the future and must not be relied upon as a forecast or projection of the probable returns, if any, on other Walton Group investments. The information presented in the Schedule is not necessarily representative of the risks or potential upside of other Walton Group investments.**



WALTON GROUP OF COMPANIES  
SCHEDULE OF INVESTMENT RETURNS FOR PRE-DEVELOPMENT PROJECTS  
For the exit period spanning December 1, 1998 to March 31, 2015  
(unaudited)

SCHEDULE ONE (A): FULLY EXITED CANADA PROJECTS

#	PRE-DEVELOPMENT PROJECTS	NATURE	REFERENCE	ACRES (Note 2)	INVESTOR PURCHASE PRICE (Note 2)	INVESTOR PURCHASE DATE (Note 2)	EXIT PRICE (Note 2)	FINAL EXIT DATE (Note 2)	DURATION (Note 2)	INTERNAL RATE OF RETURN ("IRR") (Note 3)	REALIZATI ON MULTIPLE ("RM") (Note 3)
CANADA											
Alberta - Calgary											
1	14 Acre	Residential		13.99	\$ 606,770	Sep 04, 1987	\$ 2,100,000	Sep 30, 2006	19.08	6.72%	3.46
2	Aberdeen Heights Phase 1	Residential		71.38	\$ 4,033,891	Feb 06, 1998	\$ 15,346,467	Nov 06, 2007	9.75	14.68%	3.80
3	Bridlewood	Residential		35.50	\$ 1,076,025	Mar 24, 1990	\$ 3,195,000	Sep 13, 2003	13.48	8.41%	2.97
4	Church Hill	Residential		74.94	\$ 5,628,687	Sep 26, 2000	\$ 10,116,618	Jan 31, 2007	6.35	9.67%	1.80
5	Fairweather Heights Phase 1	Residential		39.74	\$ 2,700,000	Apr 27, 2004	\$ 5,961,000	Mar 13, 2008	3.88	22.65%	2.21
6	Four Seasons	Residential		98.17	\$ 5,650,276	Jul 07, 1998	\$ 13,252,718	Jan 31, 2007	8.57	10.45%	2.35
7	North Point Estate Phase 3	Residential	Note 4 (a)	159.00	\$ 3,128,552	Aug 13, 1995	\$ 20,670,633	Jun 29, 2007	11.88	17.22%	6.61
8	North Point Estate Phase 4	Residential	Note 4 (a)	79.00	\$ 1,699,957	Dec 27, 1996	\$ 10,270,495	Jun 29, 2007	10.51	18.67%	6.04
9	North Point Estate Phase 6	Residential	Note 4 (a)	79.49	\$ 1,700,855	Jun 30, 1996	\$ 11,922,750	Mar 31, 2008	11.76	18.01%	7.01
10	North Point Estate Phase 7	Residential	Note 4 (a)	158.97	\$ 3,967,197	Jan 25, 1997	\$ 23,818,500	Mar 31, 2008	11.18	17.38%	6.00
11	North Point Estate Phase 8	Residential	Note 4 (a)	159.00	\$ 3,794,349	Oct 22, 1996	\$ 23,851,304	Mar 20, 2008	11.41	17.47%	6.29
12	North Point Estate Phase 9	Residential	Note 4 (a)	158.16	\$ 4,435,963	Feb 02, 1998	\$ 20,561,628	Jun 29, 2007	9.41	17.71%	4.64
13	North Point Estate Phase 11	Residential	Note 4 (a)	154.72	\$ 7,852,911	Dec 01, 1999	\$ 23,211,344	Mar 31, 2008	8.34	13.88%	2.96
14	North Point Estate Phase 13	Residential	Note 4 (a)	145.50	\$ 10,908,725	May 15, 2002	\$ 18,922,375	Jun 29, 2007	5.12	11.34%	1.73
15	North Point Residential Phase 1	Residential	Note 4 (b)	159.28	\$ 3,120,610	Dec 24, 1994	\$ 23,891,738	Nov 30, 2012	17.95	12.01%	7.66
16	North Point Residential Phase 2	Residential	Note 4 (b)	157.96	\$ 2,994,009	Jun 26, 1994	\$ 23,694,038	Nov 30, 2012	18.44	11.87%	7.91
17	North Point Residential Phase 5	Residential	Note 4 (b)	157.95	\$ 3,403,445	Jan 13, 1997	\$ 23,691,994	Nov 30, 2012	15.89	12.99%	6.96
18	North Point Residential Phase 10	Residential	Note 4 (b)	145.64	\$ 7,172,601	Dec 01, 1999	\$ 21,845,645	Nov 30, 2012	13.01	8.94%	3.05
19	North Point Residential Phase 12	Residential	Note 4 (b)	106.05	\$ 8,460,833	Aug 17, 2001	\$ 15,908,224	Nov 30, 2012	11.29	5.75%	1.88
20	North Point Residential Phase 14	Residential	Note 4 (b)	92.21	\$ 7,899,900	Nov 29, 2003	\$ 13,831,299	Nov 30, 2012	9.01	6.41%	1.75
21	North Point Residential Phase 15A	Residential	Note 4 (b)	123.52	\$ 10,686,277	Feb 23, 2004	\$ 18,527,836	Nov 30, 2012	8.77	6.47%	1.73
	North Point Residential Phase 15B	Residential	Note 4 (b)	32.17	\$ 2,838,702	Sep 04, 2004	\$ 4,826,139	Nov 30, 2012	8.24	6.65%	1.70
22	Panorama (Evanston) Phase 1	Residential	Note 6	155.61	\$ 5,272,607	Sep 11, 1993	\$ 7,780,742	Dec 11, 1998	5.25	7.69%	1.48
23	Panorama (Evanston) Phase 2	Residential	Note 6	122.66	\$ 4,777,694	Jul 26, 1993	\$ 6,133,000	Dec 11, 1998	5.38	4.75%	1.28
24	Panorama (Evanston) Phase 3	Residential	Note 6	48.45	\$ 2,064,128	Aug 17, 1995	\$ 2,450,000	Dec 11, 1998	3.32	5.30%	1.19
25	Spruce Meadow Estates	Residential		159.33	\$ 12,580,689	Jul 24, 2000	\$ 29,476,670	Apr 01, 2007	6.69	13.57%	2.34
Alberta - Calgary - Residential				2,888.39	\$ 128,455,653		\$ 395,258,156		10.15	11.08%	3.08
26	North Point Commercial Phase 1	Commercial/Industrial		115.93	\$ 8,534,104	Aug 30, 2002	\$ 18,546,647	Nov 24, 2006	4.24	20.10%	2.17
27	North Point Commercial Phase 2	Commercial/Industrial		159.13	\$ 13,131,915	Feb 10, 2003	\$ 25,457,070	Nov 24, 2006	3.79	19.09%	1.94
28	North Point Commercial Phase 3	Commercial/Industrial		158.00	\$ 13,324,501	Apr 02, 2003	\$ 25,451,403	Nov 24, 2006	3.65	19.40%	1.91
29	North Point Commercial Phase 4	Commercial/Industrial		77.99	\$ 5,712,500	Jan 14, 2003	\$ 12,479,504	Nov 24, 2006	3.86	22.42%	2.18
30	Point Trotter Phase 1	Commercial/Industrial	Note 4 (c)	35.24	\$ 1,147,835	Feb 06, 1993	\$ 7,223,360	Jan 11, 2010	16.94	11.47%	6.29
31	Point Trotter Phase 2	Commercial/Industrial	Note 4 (c)	62.92	\$ 1,880,442	May 16, 1995	\$ 12,898,395	Jan 11, 2010	14.67	14.03%	6.86
Alberta - Calgary - Industrial				609.21	\$ 43,731,297		\$ 102,056,379		7.86	19.40%	2.33
Total Calgary				3,497.60	\$ 172,186,950		\$ 497,314,535		9.72	13.19%	2.89
Alberta - Edmonton											
32	Big Lake Phase 2	Residential	Note 4 (d)	130.79	\$ 8,842,750	Oct 28, 2004	\$ 18,344,067	Dec 31, 2010	6.18	12.54%	2.07
33	Duggan Ranch Phase 1	Residential	Note 4 (e)	136.58	\$ 5,301,500	Apr 03, 2003	\$ 15,023,953	Dec 12, 2013	10.70	10.22%	2.83
34	Duggan Ranch Phase 2	Residential	Note 4 (e)	145.59	\$ 5,915,758	Aug 10, 2003	\$ 16,014,657	Dec 12, 2013	10.35	10.10%	2.71
35	Duggan Ranch Phase 3	Residential	Note 4 (e)	180.27	\$ 7,519,944	Sep 23, 2003	\$ 19,829,663	Dec 12, 2013	10.23	9.94%	2.64
36	Duggan Ranch Phase 4	Residential	Note 4 (e)	141.87	\$ 5,901,742	Dec 29, 2003	\$ 15,605,711	Dec 12, 2013	9.96	10.25%	2.64
37	Duggan Ranch Phase 5	Residential	Note 4 (e)	82.76	\$ 3,442,143	Feb 01, 2004	\$ 9,103,356	Dec 12, 2013	9.87	10.36%	2.64
38	Duggan Ranch Phase 6	Residential	Note 4 (e)	154.37	\$ 6,445,692	Jun 18, 2004	\$ 16,981,192	Dec 12, 2013	9.49	10.75%	2.63
39	Duggan Ranch Phase 7	Residential	Note 4 (e)	131.93	\$ 5,601,290	Apr 30, 2004	\$ 14,511,915	Dec 12, 2013	9.62	10.40%	2.59
40	Duggan Ranch Phase 8	Residential	Note 4 (e)	113.24	\$ 4,756,512	May 25, 2004	\$ 12,456,689	Dec 12, 2013	9.55	10.60%	2.62
41	Duggan Ranch Phase 9	Residential	Note 4 (e)	38.43	\$ 1,845,000	May 30, 2005	\$ 4,226,959	Dec 12, 2013	8.54	10.19%	2.29
42	Edgemont Estates Phase 1	Residential		138.30	\$ 4,957,442	Jun 20, 2001	\$ 17,978,529	Apr 15, 2013	11.83	11.51%	3.63
43	Edgemont Estates Phase 4	Residential	Note 4 (l), 5(a)	133.28	\$ 6,323,520	Dec 16, 2002	\$ 18,000,700	Mar 21, 2013	10.27	10.86%	2.85
44	Edgemont Estates Phase 8	Residential		421.93	\$ 29,910,565	Jul 01, 2004	\$ 54,850,440	Apr 15, 2013	8.79	7.14%	1.83
45	Heritage Valley Phase 1	Residential		157.00	\$ 10,594,569	Nov 25, 2003	\$ 18,840,657	May 16, 2007	3.47	18.02%	1.78
46	Heritage Valley Phase 2	Residential		149.66	\$ 10,062,104	Nov 29, 2003	\$ 17,959,386	May 16, 2007	3.46	18.21%	1.78
47	Pilot Sound Phase 1	Residential	Note 4 (f)	238.85	\$ 17,068,991	Jun 11, 2002	\$ 33,918,270	Jun 29, 2007	5.05	14.56%	1.99
48	Pilot Sound Phase 2	Residential	Note 4 (f)	107.72	\$ 8,792,490	Jul 16, 2003	\$ 15,320,378	Jun 29, 2007	3.96	15.07%	1.74
49	Pilot Sound Phase 3	Residential		141.08	\$ 11,707,805	Jul 23, 2003	\$ 23,278,742	Aug 31, 2011	8.11	8.84%	1.99
50	Pilot Sound Phase 7	Residential	Note 4 (h)	80.93	\$ 7,865,000	Oct 22, 2004	\$ 14,767,853	Nov 19, 2012	8.08	8.11%	1.88
51	River View Phase 1	Residential		143.23	\$ 6,192,950	Aug 16, 2004	\$ 9,310,181	Dec 15, 2006	2.33	19.11%	1.50
52	River View Phase 3	Residential		87.07	\$ 5,220,000	Sep 30, 2004	\$ 9,758,713	Jul 14, 2011	6.79	9.65%	1.87
53	South Ellerslie	Residential		179.02	\$ 12,336,000	Mar 03, 2003	\$ 23,272,529	Dec 17, 2007	4.79	14.16%	1.89
54	South Ellerslie Phase 2	Residential		79.50	\$ 5,855,432	Apr 25, 2003	\$ 10,336,022	Jul 24, 2006	3.25	19.11%	1.77
55	South Ellerslie Phase 3	Residential		143.34	\$ 7,343,250	Apr 07, 2003	\$ 16,771,108	Sep 15, 2014	11.45	7.48%	2.28
56	Westside Phase 1	Residential	Note 4 (i)	38.02	\$ 3,800,000	Mar 22, 2005	\$ 7,050,703	Apr 17, 2012	7.08	9.13%	1.86
57	Westside Phase 2	Residential		39.19	\$ 3,900,000	May 20, 2005	\$ 7,642,050	Aug 20, 2013	8.25	8.49%	1.96
58	Westside Phase 3	Residential		39.18	\$ 3,900,000	Jun 13, 2005	\$ 7,640,100	Aug 20, 2013	8.19	8.55%	1.96
59	Westside Phase 4	Residential	Note 4 (i)	35.90	\$ 3,575,000	Aug 02, 2005	\$ 6,658,487	Apr 17, 2012	6.71	9.71%	1.86
Alberta - Edmonton - Residential				3,609.03	\$ 214,977,449		\$ 455,453,010		7.73	11.63%	2.12
60	Northeast Edmonton Phase 8	Commercial/Industrial		83.95	\$ 1,962,240	Jan 30, 2005	\$ 3,156,092	Dec 04, 2009	4.84	10.30%	1.61
61	Northwest Industrial	Commercial/Industrial		129.89	\$ 7,598,081	Oct 14, 2003	\$ 16,236,324	Oct 23, 2006	3.02	28.51%	2.14
62	Pilot Sound Phase 6	Commercial/Industrial	Note 4 (g)	135.28	\$ 8,293,180	Aug 20, 2004	\$ 19,415,591	Jan 15, 2013	8.41	10.64%	2.34
63	South Ellerslie Phase 5	Commercial/Industrial		84.44	\$ 7,120,928	Oct 07, 2003	\$ 12,244,860	Oct 02, 2007	3.99	14.56%	1.72
64	Stony Industrial Phase 4	Commercial/Industrial	Note 4 (i)	80.41	\$ 8,177,500	Apr 05, 2004	\$ 15,277,900	Mar 15, 2012	7.95	8.18%	1.87
65	Yellowhead Industrial Phase 2	Commercial/Industrial	Note 4 (j)	127.15	\$ 12,700,000	Dec 15, 2004	\$ 24,222,993	Dec 29, 2011	7.04	9.60%	1.91
Alberta - Edmonton - Industrial				641.12	\$ 45,851,929		\$ 90,553,760		5.88	13.47%	1.97
Total Edmonton				4,250.15	\$ 260,829,378		\$ 546,006,769		7.40	11.95%	2.09
Total Alberta				7,747.75	\$ 433,016,328		\$ 1,043,321,304		8.53	12.45%	2.41
Ontario											
66	Rosehill	Residential	Note 4 (k)	45.86	\$ 2,200,000	Mar 14, 2007	\$ 3,897,769	Dec 03, 2010	3.72	16.59%	1.77
Total Ontario				45.86	\$ 2,200,000		\$ 3,897,769		3.72	16.59%	1.77
CANADA SUBTOTAL (CAD)				7,793.61	\$ 435,216,328		\$ 1,047,219,073	AVERAGE	8.45		2.41
TOTAL (CAD)				7,793.61	\$ 435,216,328		\$ 1,047,219,073	AVERAGE (Note 3)	8.45	12.47%	2.41

SCHEDULE ONE (B): FULLY EXITED USA PROJECTS

No Fully Exited Projects in the USA for the exit period spanning December 1, 1998 to March 31, 2015

Past performance is not necessarily indicative of future results.  
See accompanying notes to the schedule of investment returns.



WALTON GROUP OF COMPANIES

SCHEDULE OF INVESTMENT RETURNS FOR PRE-DEVELOPMENT PROJECTS

For the exit period spanning December 1, 1998 to March 31, 2015

(unaudited)

SCHEDULE TWO (A): PARTIALLY EXITED CANADA PROJECTS

#	PRE-DEVELOPMENT PROJECTS	NATURE	REFERENCE	ACRES (Note 2)	INVESTOR PURCHASE PRICE (Note 2)	INVESTOR PURCHASE DATE (Note 2)	EXIT ACRES	EXIT PRICE (Note 2)	FINAL EXIT DATE (Note 2)	DURATION (Note 2)	INTERNAL RATE OF RETURN ("IRR") (Note 3)	REALIZATION MULTIPLE ("RM") (Note 3)
CANADA												
67	Rockyview Phase 1	Residential	Note 5 (b)	110.48	\$ 11,050,000	Aug 04, 2005	15.26	\$ 2,097,718	n/a	n/a	n/a	n/a
	Alberta - Calgary			110.48	\$ 11,050,000		15.26	\$ 2,097,718		n/a	n/a	n/a
68	Edgemont Estates Phase 3	Residential	Note 4 (l), 5(c)	138.14	\$ 5,977,850	Sep 10, 2002	68.65	\$ 9,319,684	n/a	n/a	n/a	n/a
69	Edgemont Estates Phase 5	Residential	Note 4 (l), 5(d)	139.25	\$ 6,556,709	Sep 20, 2002	113.05	\$ 15,346,556	n/a	n/a	n/a	n/a
70	Manning Estates Phase 2	Residential	Note 5 (e)	141.60	\$ 7,894,500	Oct 11, 2005	0.00	\$ 1,025,558	n/a	n/a	n/a	n/a
71	Yellowhead Industrial Phase 1	Commercial/Industrial	Note 5 (j)	129.07	\$ 8,399,916	Nov 16, 2013	0.00	\$ 5,599,377	n/a	n/a	n/a	n/a
	Alberta - Edmonton			548.06	\$ 28,828,975		181.69	\$ 25,805,463		n/a	n/a	n/a
	Total Alberta			658.54	\$ 39,878,975		196.95	\$ 33,388,893				
72	Walton Ontario Land L.P. 1	Commercial/Industrial	Note 4 (m), 5 (f)	454.93	\$ 35,759,567	Apr 16, 2010	155.00	\$ 21,480,000	n/a	n/a	n/a	n/a
73	Walton Tutela Heights Ontario Limited Partnership	Residential	Note 4 (k), 5 (g)	349.39	\$ 21,836,940	Feb 27, 2007	204.04	\$ 16,748,933	n/a	n/a	n/a	n/a
	Total Ontario			804.32	\$ 57,596,507		359.04	\$ 38,228,933				
CANADA TOTAL (CAD)				1,462.86	\$ 97,475,482		555.99	\$ 71,617,826				

SCHEDULE TWO (B): PARTIALLY EXITED USA PROJECTS

#	PRE-DEVELOPMENT PROJECTS	NATURE	REFERENCE	ACRES (Note 2)	INVESTOR PURCHASE PRICE (Note 2)	INVESTOR PURCHASE DATE (Note 2)	EXIT ACRES	EXIT PRICE (Note 2)	FINAL EXIT DATE (Note 2)	DURATION (Note 2)	INTERNAL RATE OF RETURN ("IRR") (Note 3)	REALIZATION MULTIPLE ("RM") (Note 3)
USA												
74	Walton Land Opportunity Fund, LP	Residential	Note 5 (i)	251.16	\$ 9,538,796	Mar 02, 2011	4.84	\$ 858,492	n/a	n/a	n/a	n/a
	Total Georgia			251.16	\$ 9,538,796		4.84	\$ 858,492				
75	Walton U.S. Land Fund 2	Residential	Note 4 (n), 5(h)	1,184.05	\$ 48,040,000	Jul 29, 2012	221.86	\$ 9,223,680	n/a	n/a	n/a	n/a
	Total North Carolina			1,184.05	\$ 48,040,000		221.86	\$ 9,223,680				
USA TOTAL (USD)				1,435.21	\$ 57,578,796		226.70	\$ 10,082,172				

Past performance is not necessarily indicative of future results.  
See accompanying notes to the schedule of investment returns.

## 1. Composition of investment returns

The investment returns are for pre-development projects (the "**Projects**") administered by members of the Walton Group of Companies (collectively, "**Walton**") for the exit period spanning December 1, 1998 to March 31, 2015.

Two schedules are provided. **Schedule One** includes the fully exited projects and the investment returns on those projects, broken down by region and nature. Fully exited projects are projects that have been fully completed where all the land has been sold. **Schedule Two** includes projects that have had sales of land or other revenues as applicable and described in the notes; however, these projects also have land remaining and, therefore, are considered to be partially exited. No investment returns have been provided for partially exited projects because the exit price on the remaining lands could have a significant impact on the return as it is dependent on the market conditions at the time of the sale, the location and nature of the project.

The schedules do not include any development projects administered and managed by Walton, including four projects that initially were pre-development projects that were rolled into a development project. Development projects have not been included because they have different investment objectives and investment strategies, and therefore are not comparable.

Both the internal rate of return ("**IRR**") and realization multiple ("**RM**") are commonly used in the investment industry to measure the performance of the investment. The basis of calculation for the IRR and RM are described in Note 3.

The investment returns have been computed using underlying investment data measured in the functional currency, as noted in the schedules.

## 2. Glossary of terms

**Acres** represent the land acreage related to the undivided interest purchased by the initial UDI holders or acreage acquired by the Limited Partnerships.

**Duration ("x")** of the project is from the Investor Purchase Date to the Final Exit Date.

**Exit Acres** represent the total acreage that has been sold through the purchase and sale agreements.

**Exit Date** represents the date of closing under the purchase and sale agreement when the UDI holder has sold land or the date an LP investor has received a distribution from the LP.

**Exit Price** represents the cumulative amounts received (Sum of  $F_1, F_2, F_3 \dots F_\infty$ ) on a project. For a UDI project, this represents the gross sales proceeds the UDI holders receive from the sale of land as per the applicable purchase and sale agreement or other revenues as applicable and described in the notes. For an LP project, this represents the distributions an investor receives from the LP.

**Final Exit Date** represents the date when the UDI holders have sold all the land acquired and represents the date on the last purchase and sale agreement or when the LP has received the final distribution from the sale of the land from the LP.

**Investor Purchase Date** is the weighted average date UDI holders acquired their interest in the project or the weighted average date when the limited partnership units were purchased.

**Investor Purchase Price ("**F<sub>0</sub>**")** represents the price the UDI holders paid for the land, as per the purchase and sale agreement and the certificate of title or that the LP investors paid for the limited partnership units.

**Limited Partnerships, Corporation or Limited Liability Companies (collectively, "LP")** is a project where the investors acquire LP units, Corporation shares, or LLC units. The LP then acquires a parcel or multiple parcels of land that are collectively defined as a project.

**Projects** is a parcel or multiple parcels of land being administered by Walton. The schedule has two primary types of pre-development projects: UDI projects or LP projects.

**Undivided Interest ("**UDI**")** is a project in which a parcel of land is initially sold to individual investors in fractional undivided interests and the parcel of land is administered as a single project.

**3. Basis of computation of the investment returns on fully exited projects****Internal Rate of Return**

The IRR is the gross return to investors, taking into consideration the Investor Purchase Price, and the Exit Price received by the investors on fully exited projects.

For the majority of the projects, there is only one exit in the project and the IRR is calculated using the formula:

$$-F_0 + \frac{F_1}{(1 + IRR)^x} = 0$$

For projects where there are multiple sales of land the IRR is calculated using the following formula, where  $x_1$  represents the period between the Investor Purchase Date and the Exit Date of the first sale and  $x_2$  represents the second sale etcetera:

$$-F_0 + \frac{F_1}{(1 + IRR)^{x_1}} + \frac{F_2}{(1 + IRR)^{x_2}} + \dots + \frac{F_\infty}{(1 + IRR)^{x_\infty}} = 0$$

**Realization Multiple**

The RM is determined by dividing the exit price by the Investor Purchase Price as follows:

$$\frac{\sum (F_1, F_2 \dots F_\infty)}{F_0} = \text{Realization Multiple}$$

**Average Calculations**

The average IRR, Duration and RM is weighted by the Investor Purchase Price of all fully exited projects.

The average IRR, Duration and RM per region or nature is weighted by the Investor Purchase Price of all fully exited projects within that region or nature.

**4. Related party transactions**

The following projects were sold to entities related to Walton through common management:

- a) Eight Northpoint Phases were purchased from UDI holders, with related exit proceeds in the aggregate amount of \$153.2 million, by an entity in which Walton and related parties owned 32% (the "**Acquiring Entity**").

The arm's length companies that held a 68% interest in the Acquiring Entity included a large Canadian insurance company, a local builder in the City of Calgary and a private company. The insurance company contributed 41%, the local builder contributed 18% and the private company contributed 9% to the Acquiring Entity, and therefore to the acquisition.

The Acquiring Entity also obtained third party loan financing of approximately \$100 million from a financial institution.

- b) Seven Northpoint East phases were acquired from UDI holders, with related exit proceeds in the aggregate amount of \$146.2 million, by a limited partnership in which Walton owns the general partner (the "**Acquiring LP**").

The arm's length parties that held a 81.6% interest in the Acquiring LP included a large Canadian insurance company, two local builders in the City of Calgary, a private company, a private investor and two limited partnerships owned by individual investors.

The Acquiring LP also obtained third party loan financing of approximately \$61.1 million from a financial institution.

**Notes to the Schedule of Investment Returns for Pre-Development Projects**

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Walton's interests in these properties were transferred to the Acquiring LP for an interest in that entity. Walton and related parties own 18.4% of the Acquiring LP.

- c) The Point Trotter lands were purchased from UDI holders, with related exit proceeds of \$20.1 million, for development by Walton, acting in its own capacity.
- d) Big Lake Phase 2 was purchased from UDI holders, with related exit proceeds of \$18.3 million, by an entity related to Walton (the "**Partnership**"). To acquire the property, the Partnership raised capital through an initial public offering and a private placement offering. Walton's interest in the land was transferred in exchange for a 5.0% interest in the Partnership.
- e) Nine Duggan Ranch phases were acquired from UDI holders, with related exit proceeds in the aggregate amount of \$123.8 million, by a limited partnership (the "**Development LP**") in which Walton owns the general partner.

The arm's length parties that hold an 82.5% interest in the Development LP included a large Canadian insurance company, a pension fund, two local builders in the City of Calgary, two private companies and one limited partnership owned by third parties.

The Development LP also obtained third party loan financing of approximately \$56.6 million from a financial institution.

Walton's interests in these properties were transferred to the Development LP for a 17.51% interest in the Development LP.

- f) The Pilot Sound Phase 1 and 2 lands were purchased from investors, with related exit proceeds of \$49.2 million, by an entity related to Walton. Further, the entity related to Walton obtained third party financing in the amount of \$29.8 million from a lending institution for the acquisition of these lands.
- g) The Pilot Sound Phase 6 lands were purchased from UDI holders, with related exit proceeds of \$19.4 million, for development by an entity related to Walton, acting in its own capacity.
- h) The Pilot Sound 7 lands were acquired from UDI holders, with related exit proceeds of \$14.8 million, by Walton Vita Crystallina Development LP ("**Vita**"), a limited partnership in which Walton owns a 61% interest. Vita acquired the land using funds raised in a private placement along with debt financing. Walton's interest in this land was transferred to Vita in exchange for an interest in Vita.
- i) Walton Canadian Land 1 Development LP ("**Canadian Land LP**") acquired the properties related to the UDI projects; Stony Industrial Phase 4, Westside Phase 1 and Westside Phase 4, with related exit proceeds of \$29.0 million. Canadian Land raised the funds to acquire the properties through a private placement offering in 2011. Walton's interests in these properties were transferred to Canadian Land in exchange for a 2.44% interest in Canadian Land LP.
- j) Yellowhead Industrial Phase 2 was purchased from UDI holders, with related exit proceeds of \$24.2 million, by Walton Yellowhead Development Corporation ("**WYDC**"), a company related to Walton. WYDC raised funds through an initial public offering to acquire this property. Walton's interest in this property was transferred to WYDC in exchange for a 5.18% interest in WYDC.
- k) The lands of Rosehill and Tutela Heights were purchased, with related exit proceeds of \$3.9 million and \$16.7 million, respectively, by Brant County Riverbend Development LP ("**Riverbend**"), an entity related to Walton, that had raised capital through a private placement offering to acquire these properties. The sale of the Rosehill land represents a fully exited project for those UDI holders. For the investors in Tutela Heights, this exit only represents a partial exit, as the partnership still owns 145.3 acres of land (Note 5(g)). Walton's interest in these properties were transferred to the Walton related entity in exchange for 5.03% interest in that entity.
- l) In 2011, Walton Edgemont Development Corporation ("**WEDC**"), a company related to Walton acquired 193 acres from three projects from UDI holders, with related exit proceeds of \$26.2 million. To acquire these properties, WEDC raised capital through an initial public offering and subsequent private placement offering. Walton's interest in the properties was transferred to WEDC in exchange for a 5.05% interest in that entity.
- m) Walton Ontario Land LP 1 ("**WOLLP1**") sold its holdings in their 155 acre Alliston Ontario property to Walton Alliston Ontario L.P. ("**Alliston**"), for approximately \$24.1 million in 2012, in which Walton owns the general partner. As a result of the sale of that property, WOLLP1 was able to declare a distribution to its limited partnership unit holders in the amount of \$21.5 million. Alliston raised

**Notes to the Schedule of Investment Returns for Pre-Development Projects**

funds to acquire the property through a private placement offering in 2012. Walton has 5.0% interest in the Alliston entity.

- n) The Bonterra land located in North Carolina, USA within Walton US Land Fund 2 LP ("**WULF2**") was purchased for cash of \$8.7 million by an entity related to Walton, acting in its own capacity. An additional \$0.5 million relating to reserves was returned to investors, for a total of \$9.2 million distributed.

All of the above transactions were in the normal course of business and were measured at the exchange amount. The exchange amount is the amount of consideration established and agreed to by the parties, which included the investors.

**5. Projects with multiple sales or Partial Exits**

- a. Edgemont Estates Phase 4 ("**EE4**") is a UDI project that has been fully exited through multiple sales. In 2011, EE4 had its first sale of land to a company related to Walton as described in Note 4(l). The second and final sale of land occurred in 2013 to an unrelated third party. The table below provides the details required to calculate the IRR.

Date	Exited Acres	Exit Price
November 30, 2011	11.34	\$1,539,812
March 31, 2013	121.94	\$16,460,888
<b>Totals</b>	<b>133.28</b>	<b>\$18,000,700</b>

- b. Rockyview Phase 1 is a UDI project that has had its first land sale of land to an unrelated third party. As 95.22 acres remain within the project, investment returns have not been determined at this time. The table below provides the details of the initial sale.

Exit Date	Exited Acres	Exit Price
October 26, 2009	15.26	\$2,097,718

- c. Edgemont Estates Phase 3 is a UDI project that has had its first land sale. The initial land sale was made to a company related to Walton as described in note 4(l). As 69.48 acres remains within the project, investment returns have not been determined at this time. The following are the details of the initial sale.

Exit Date	Exited Acres	Exit Price
November 30, 2011	68.65	\$9,319,684

- d. Edgemont Estates Phase 5 is a UDI project that has had its first land sale. The initial land sale was made to a company related to Walton as described in note 4(l). As 26.20 acres remains within the project, investment returns have not been determined at this time. The following are details of the initial sale:

Exit Date	Exited Acres	Exit Price
October 12, 2011	113.05	\$15,346,556

- e. AltaLink Management made a payment to Walton in the amount of \$1.0 million for the ability to use the land owned by Manning Estates Phase 2 UDI holders to build a right of way. These funds are currently being held by Walton with the intent to distribute to the Manning Estates Phase 2 UDI holders. This partial exit represents a distribution of cash, but not a sale of land. These funds were received in exchange for the granting of an easement.

**Notes to the Schedule of Investment Returns for Pre-Development Projects**

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- f. WOLLP1 is an LP project that had its first land sale and the LP has made an initial distribution to the investors of the LP. A portion of the land within the project was sold to a company related to Walton as described in note 4(m). As 299.93 acres remain within the project, investment returns have not been determined at this time. The following are the details of the distribution.

Exit Date	Exited Acres	Exit Price
November 15, 2012	155.00	\$21,480,000

- g. Walton Tutela Heights Ontario Limited Partnership is an LP Project that had its first land sale. Accordingly, the LP has made an initial distribution to the investors of the LP. A portion of the land was sold to a company related to Walton, as described in note 4(k). As 145.35 acres remains within the project, investment returns currently have not been determined. The following are the details of the distribution:

Exit Date	Exited Acres	Exit Price
November 26, 2010	204.04	\$16,748,933

- h. WUSLF2 is an LP Project that has had its first land sale. Accordingly, the LP has made an initial distribution to the investors of the LP. A parcel of land within the Project was sold to a company related to Walton as described in note 4(n). As 962.19 acres remains within USLF2, investment returns currently have not been determined. The following are the details of the distribution:

Exit Date	Exited Acres	Exit Price
September 5, 2013	221.86	\$9,223,680

- i. Walton Land Opportunity Fund is an institutional LP that had its first land sale and has made an initial distribution to the investors. A parcel of land within the Project, Woodward Crossing, is contracted to be sold to a third party. The sale will occur in six closings and the initial closing had a distribution of \$858,492 and an escrow holdback of \$89,719. As 224.16 acres remains within Walton Land Opportunity Fund, investment returns currently have not been determined. The following are the details of the distribution:

Exit Date	Exited Acres	Exit Price
January 13, 2014	4.84	\$858,492

- j. Walton on behalf of the UDI investors of Yellowhead Industrial Phase 1 have entered into a purchase and sale agreement for the entire purchase of the Yellowhead Industrial Phase 1 property for \$27,754,556. As part of the purchase and sale agreement, \$5,599,377 was collected for the first and second deposits which has been distributed to UDI investors. The land close is expected to occur no later than June 30, 2016.

**6. Partial reinvestment of Panorama (Evanston) exit proceeds**

As a result of the UDI investors participation in the three Panorama (Evanston) projects, they had the option to invest in a development joint venture called West Nose Creek Development Corporation ("**WNCD**") which was managed by a third party development company. Walton and the UDI investors own a 25% share of WNCD at a cost of approximately \$1.6 million which was approximately 10% of the exit proceeds from the sale of the pre-development projects. A bare trustee named Panorama Holdings Corporation ("**PHC**") was created by Walton to hold the UDI and Walton interest in WNCD. PHC, as trustee, is responsible for the collection, reporting and payment of funds received from WNCD to the participating UDI investors. WNCD was formed on November 25, 1998. Since the inception of WNCD, the following distributions have been made to PHC from WNCD:

<b>Year</b>	<b>Distribution Amount</b>
2004	\$ 539,000
2005	675,000
2006	1,500,000
2007	0
2008	2,250,000
2009	1,250,000
2010	6,125,000
2011	5,750,000
2012	3,125,000
2013	1,000,000
2014	1,375,000
<b>Total (to date)</b>	<b>\$ 23,589,000</b>