

WALTON INTERNATIONAL GROUP INC. CCAA FREQUENTLY ASKED QUESTIONS

1. What is CCAA?

The Companies Creditors Arrangement Act (“CCAA”) is a legal process that is used in Canada for court-supervised reorganization or restructuring of a company’s obligations while the company continues operations.

The CCAA proceedings in Canada are similar in many ways to Chapter 11 proceedings in the U.S. and are considered a restructuring proceeding rather than a liquidation or bankruptcy proceeding.

2. Which Walton entities filed for CCAA, collectively the ‘CCAA Entities’?

- a. Walton International Group Inc. (“WIGI Canada”)
- b. Walton G.P. Holdco Ltd.
- c. 1389211 Alberta Ltd.
- d. 1453373 Alberta Inc.
- e. Walton Development and Management GP Ltd.
- f. Walton Development and Management Inc.
- g. Walton Development and Management (Ontario) GP Ltd.
- h. Walton Asset Management GP Ltd.
- i. Walton Capital Management Inc.
- j. Walton PS Industrial Ltd.
- k. Walton South Simcoe Residential Development Corporation
- l. Walton Vita Crystallina Development Corporation
- m. Walton Canadian Land 1 Development Corporation
- n. McConachie Asset Management Corporation
- o. McConachie Development Investment Corporation
- p. Walton Development (Shepard) Inc.
- q. Walton Edgemont Development Corporation
- r. Walton Income 5 Investment Corporation
- s. Walton Income 6 Investment Corporation
- t. Walton Income 7 Investment Corporation
- u. Walton Income 8 Investment Corporation
- v. Walton Income 9 Investment Corporation
- w. Walton Income 10 Investment Corporation
- x. Walton Income 11 Investment Corporation
- y. Walton Income 12 Investment Corporation
- z. Walton CA Highland Falls Investment Corporation
- aa. Walton AB Southridge Debt and Equity Corporation
- bb. Walton U.S. Dollar Income 1 Corporation
- cc. Walton U.S. Dollar Income 2 Corporation
- dd. Walton 2016 Bond Corporation
- ee. Walton 2016 Income Corporation
- ff. Walton Ontario Land 1 Corporation
- gg. Walton Ontario Land Investment 1 Ltd.

Note: Although Duggan Ranch was included on the Initial Application, that project was subsequently removed and is not part of the CCAA Entities.

3. Why did the CCAA Entities file for CCAA?

WIGI Canada’s business has been adversely impacted by the effects of the current economic downturn in the Alberta economy triggered by the substantial and sustained drop in energy prices that commenced in 2014. This current recession has resulted in

weakened demand, reduced sales and revenues, and protracted project timing in many of the Walton Group's real estate developments. Given these economic conditions, liquidity restraints and tightening credit markets, it has become difficult to obtain financing extensions, new project financing, and a slowdown in investment activity. Correspondingly, WIGI has also experienced challenges raising funds from investors, which has negatively impacted revenues for three consecutive years. These economic conditions, declining revenues and cash flows, coupled with underperforming developments, has impacted the CCAA Entities ability to meet their obligations as they generally become due.

This filing, although unfortunate, was necessary to protect and preserve the position of all of its stakeholders, including creditors, employees and shareholders.

4. Why did the other Walton entities not file? And are they affected by the CCAA?

The Walton entities in the U.S., Europe and Asia are not included in the CCAA proceedings as it is anticipated that they will be able to successfully continue to operate outside of the CCAA proceedings.

Note: All U.S. syndicated limited partnerships and limited liability companies (the "U.S. Issuers"), both pre-development and development project, are excluded from the CCAA proceedings.

Note: specifically excluded from the CCAA proceedings are the following entities:

- a. Walton Global Investment Ltd. ("Walton Global")
- b. Walton Global Holdings, Ltd. ("Walton Global USA")
- c. Walton International Group (USA), Inc. ("Walton USA")
- d. Walton Securities, Inc. ("WSI")
- e. Walton Land Management (USA), Inc. ("WLM USA")
- f. Walton Development & Management (USA), Inc. and its subsidiaries ("WDM USA")
- g. Walton Asset Management (USA), Inc. ("WAM USA")
- h. Walton's U.S. institutional joint venture entities
- i. Walton's Asian affiliates
- j. Walton's German affiliates

5. What is a 'stay of proceedings'?

As part of the CCAA proceedings, the Court grants a 'stay of proceedings' in favour of the company, which prevents creditors from taking action against the company or their property. This is intended to allow the company the time and stability it needs to restructure its affairs.

The Court has granted the CCAA Entities an initial stay of proceedings to May 15, 2017. On May 9, 2017 the CCAA Entities will be seeking a further stay extension from the Court to a date in late June 2017. The CCAA Entities are entitled, under the CCAA, to request from the Court further extensions of the stay of proceedings. These extensions are routinely granted as long as the CCAA Entities continue to work in good faith towards a restructuring and are able to fund their day-to-day expenses during the stay period.

To avoid any actions being taken against Walton Global Investments Ltd. ("WGIL") or Walton International Group (USA), Inc. ("WUSA"), which actions could have a negative effect on the projects not included in the CCAA proceedings, the Court has granted a stay of proceedings in favour of WGIL and WUSA. WGIL and WUSA intend to continue

operations. The Court has also granted a stay of proceedings in respect of a number of limited partnerships whose general partners are CCAA Entities.

6. Who is the Monitor and what is their role?

The Monitor is an independent firm of insolvency and other professionals appointed by the Court who are experienced in insolvency matters. Ernst & Young Inc. has been appointed as the Monitor of the CCAA Entities. The CCAA Entities have been giving their full cooperation to the Monitor.

The Monitor's role is detailed in the appointing Court Order, in the CCAA and may be modified by additional Court Orders. Generally, the Monitor's role is to monitor the operations of the CCAA Entities to ensure they are operating in compliance with the Court Orders and to report to the Court, among other things on the status of the CCAA Entities' operations and restructuring efforts, and to assist with the development of the CCAA Entities' restructuring plans. The Monitor is also responsible for distributing and reviewing the creditor's proof of claims, forming an independent opinion on the provisions of the Plan and chairing the meeting of creditors.

7. Are the CCAA Entities bankrupt?

No. Under Canadian insolvency laws, bankruptcy is a specific type of proceeding under which an insolvent company's operations are terminated and its assets are sold or liquidated by a Licensed Insolvency Trustee.

The CCAA Entities have filed under the CCAA in order to execute a plan of restructuring and compromise for its creditors that avoids the company going into bankruptcy, with a view to maintaining operations throughout the process, with the goal of maximizing recovery to their stakeholders.

8. Are the CCAA Entities carrying on business while under CCAA?

Yes. The CCAA Entities, including WIGI Canada, are continuing operations during the restructuring process. In accordance with the Initial Order granted by the Court of Queen's Bench Alberta, the CCAA Entities will be paying for approved products or services received on and subsequent to April 28, 2017 in the normal course of business.

9. What are the CCAA Entities restructuring plan?

The restructuring plan is twofold:

- 1) The CCAA Entities intend to commence a sales and investment solicitation process (the "SISP") where appropriate for the development projects owned and managed by the CCAA Entities. While these development projects may be insolvent on a cash flow basis, it is expected that an orderly SISP will allow the Walton Group to monetize them promptly and realize their fair market value. It is anticipated that such an orderly monetization will allow payment in full of all the secured lenders, and provide as high a return as possible to the unsecured creditors and investors. The CCAA Entities expect to seek approval for the SISP shortly after their initial CCAA application and hope to complete the SISP by late summer or early fall 2017; and

- 2) The CCAA Entities anticipate presenting a CCAA Plan of Compromise and Arrangement to the Walton Noteholders and the other unsecured creditors of the CCAA Entities. Currently, it is anticipated that this plan will offer to restructure the debts owed to the unsecured creditors. The purpose of this plan is intended to deliver to the unsecured creditors and investors the fair value of all the assets of WIGI Canada, to which they would have recourse in realization proceedings, while streamlining the realization process and minimizing the costs that would otherwise have to be spent by the unsecured creditors to obtain a recovery on their investments and debts.

10. Who is now in charge of the CCAA Entities?

Subject to the requirements of the CCAA Orders, and ongoing oversight of the Monitor, the executive management team of WIGI Canada remains in control of WIGI and its operations.

11. What happens in a CCAA filing?

The CCAA Entities are given time to develop and implement a strategy to restructure their businesses. Generally businesses are restructured through the sale of assets and/or through a 'plan of arrangement' used to compromise creditors. The stay of proceedings is in place to prevent creditors from taking actions that could force the company to file bankruptcy. When a plan of arrangement is developed, creditors are given the opportunity to vote on the plan. If the plan is approved by the creditors and the Court, the company will implement the plan and emerge from CCAA as a continuing business and complete the CCAA process.

12. How do I ensure I will receive a copy of the plan and participate in the vote?

In due course all known creditors of the CCAA Entities will receive a proof of claim form, with instructions, from the Monitor, which must be completed and returned to the Monitor by the due date. Creditors who fail to file a proof of claim by the due date are not entitled to make any claim against the CCAA Entities and are not entitled to attend or vote at any of the meetings of creditors or to receive any distribution under the Plan.

13. Do the CCAA Entities have sufficient financing to continue operations?

Yes. The CCAA Entities have arranged for a Court approved interim financing or 'debtor in possession' ("DIP") financing to fund the ongoing operations during the restructuring process. The DIP supports the operations of the CCAA Entities, as well as allows WIGI to provide support for other Walton entities, subject to the Monitor's oversight, with respect to shared services (i.e., finance & accounting, HR, etc.).

14. Can I get a copy of Walton's financials and a copy of my investment financials?

Copies of the CCAA Entities financial statements can be found on the Monitor's website at www.ey.com/ca/wigi under the Public Document Website section under Motion Materials - April 28, 2017 Application - Affidavit No. 1 of William K. Doherty, sworn April 28, 2017 and supporting Exhibits.