



**ACANA CAPITAL CORP.**

**Management's Discussion & Analysis**

**Year Ended September 30, 2013**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
OF THE COMPANY'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS  
YEAR ENDED SEPTEMBER 30, 2013**

**FORM 51-102F1**

**DATE AND SUBJECT OF REPORT**

The following Management's Discussion & Analysis ("MD&A") is intended to assist in the understanding of the trends and significant changes in the financial condition and results of the operations of Acana Capital Corp. ("Acana" or the "Company") for the year ended September 30, 2013.

This MD&A should be read in conjunction with the Company's audited consolidated financial statements for the year ended September 30, 2013 (the "2013 Financial Statements") which are presented in Canadian dollars and have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The 2013 Financial Statements and other important information of the Company are available at [www.sedar.com](http://www.sedar.com). This MD&A has been prepared effective as of January 28, 2014.

**FORWARD LOOKING STATEMENTS**

*The information set forth in this MD&A contains statements concerning future results, future performance, intentions, objectives, plans and expectations that are, or may be deemed to be, forward-looking statements. These statements concerning possible or assumed future results of operations of the Company are preceded by, followed by or include the words 'believes,' 'expects,' 'anticipates,' 'estimates,' 'intends,' 'plans,' 'forecasts,' or similar expressions. Forward-looking statements are not guarantees of future performance. These forward looking statements involve a number of risks and uncertainties, including the impact of general economic conditions, industry conditions, and changes in Canadian and foreign laws and regulations, increased competition, fluctuations in real estate properties market, foreign exchange, and interest rates and stock market volatility. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and while many of which underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate. These factors should be considered carefully, and readers should not place undue reliance on forward-looking statements. Acana Capital Corp. is not obligated to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable securities laws.*

*The following table outlines certain significant forward-looking statements contained in this MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward looking statements.*

<i>Forwarding looking statements</i>	<i>Assumptions</i>	<i>Risk factors</i>
<i>As the development of residential/commercial/farming properties takes years to complete, the Company do not expect to have significant revenue in Fiscal 2014 and may incur more losses until the projects in development are completed.</i>	<i>Management makes projections based on the Company's business plan</i>	<i>The Company have not have adequate financing to develop its properties as planned</i>
<i>The Company expects that the unrealized gains and losses arising from these marketable securities will fluctuate from time to time depending on the market prices of the marketable securities held on hand.</i>	<i>Based on the Company's understanding of the nature of marketable securities</i>	<i>The movement of marketable securities is difficult to predict</i>

## **OVERALL PERFORMANCE**

Acana Capital Corp. (the "Company"), formerly 2801 Shangri-La Holdings Ltd., was incorporated on June 18, 2007 in British Columbia, Canada. The company's principal activity is the acquisition and development of real estate and farming properties in Canada and USA. In addition, it invests in shares of small and medium size Canadian public companies. The shares of the Company are traded on Canadian Securities Exchange under the symbol APB. Significant events of the Company year-to-date are summarized as follows:

### Corporate Development

On April 26, 2013 Lucky Janda and Sonny Janda were appointed directors of the Company. Lucky Janda was also appointed the Company's Chief Executive Officer (the "CEO"). Eugene Beukman stepped down from the position of CEO and is currently the President of the Company.

On April 26, 2013, the Company's shareholders approve to consolidate the Company's common shares on a 2-1 basis at the Company's annual general meeting. This 2-1 share consolidation is not commenced as of the date of this report

### Debt Financing

As at September 30, 2013, the Company had the following promissory notes and due to related party outstanding. Proceeds from these debt financing were used to finance the Company's operations:

<b>Lender</b>	<b>Principal (\$)</b>	<b>Term</b>	<b>Interest</b>	<b>Collateral</b>
Due to related party : Kirin Janda	20,984	On-demand	Nil	Un-secured
Promissory note: Elk Grove Bible Church seller of the Bader Road Lot	169,950 (US\$165,000)	Due on June 26, 2016	4% per annum	Secured by the Company's property (the" Bader Road Lot")
<b>Total</b>	<b>190,934</b>			

### Debt Financing (Convertible Debentures)

The Company issued five convertible debentures for the gross proceeds of \$5,300,000 from December 2012 to February 2013 in order to finance the Company's acquisition of real properties. Details are as follows:

CD #	Principal	Interest rate	Lender	Mature date	Conversion features
1	1,000,000	6%/ annum	Spouse of the CEO ("Kirin Janda")	December 18, 2017	Convertible to the Company's preferred share
2	1,000,000	6% /annum	Kirin Janda	January 10, 2018.	Convertible to the Company's preferred share
3	1,000,000	6% /annum	CEO	January 21, 2018.	Convertible to the Company's preferred share
4	1,000,000	6%/ annum	CEO	January 22, 2018.	Convertible to the Company's preferred share
5	1,300,000	4%/ annum	Seymork Investments Ltd. ("Seymork"), a company controlled by the CEO	February 10, 2018	Convertible to the Company's preferred share at \$0.5/share

On May 23, 2013, CD #1, 2, 3, 4 (with principal totaling \$4,000,000) were converted into eight million (8,000,000) Class B preferred share of the Company at \$0.5/share. The Company fully repaid the CD#5 on July 3 2013 by cash. All the interest associated with these five convertible debentures have been waived by the lenders. Special features of Class B preferred shares are as follows:

- Each Class B preferred share is convertible into one common share of the Company at the discretion of the holder. The conversion price is the average closing price of the Company's common shares during ten trading days before conversion. This conversion right will expire on the second anniversary of the issuance.
- Holders of the Class B preferred shares are entitled to an cumulative dividend of 5% per annum
- After the second anniversary of the issuance, the holders of the Class B preferred shares have the right to ask the Company to fully redeem the Class B preferred shares at \$0.5/share plus any accrued and unpaid cumulative dividends.

### Equity Financing

i) The Company completed a private placement on November 23, 2012, whereby 7,500,000 units were issued at \$0.05/unit. The gross proceeds of this private placement were \$375,000 and the Company did not pay finder's fees. Each unit of this private placement consists of one common share and one share purchase warrant which can be converted one common share of the Company at \$0.05/share. The share warrants issued from this private placement were exercised in March 2013 at \$0.05/share with gross proceeds of \$375,000

ii) On January 18, 2013, the Company closed a private placement for the issuance of 7,500,000 shares at \$0.05/share for the gross proceeds of \$375,000. There are no finder's fees in connection with this private placement.

iii) On July 2, 2013, the Company completed an equity financing for gross proceeds of \$4,500,000 by issuance of 2,250,000 Class B Series A convertible, retractable, cumulative preferred shares at \$2.00/share. The Company's Class B Series A preferred shares have the following specific features:

- The holders of the Class B Series A preferred shares are entitled to a 5% per year cumulative dividend. at holders' discretion,
- each Class B Series A preferred share is convertible into one common share of the Company at a conversion price equal to the average closing price of the Company's common share during the ten trading days before the conversion.

After the second anniversary of the issuance, holders of the Class B Series A preferred shares have the right to ask the Company to redeem the Class B Series A preferred shares at \$2.00/share plus any accrued and unpaid commutative dividends.

The proceeds from these equity financing will be used for the Company's working capital

#### Investments in Shares of Canadian Public Companies

During the year ended September 30, 2013, the Company acquired common shares and stock purchase warrants of various small-size Canadian public companies with net consideration of \$735,504. Details of the Company's investment in shares and stock purchase warrants as at September 30, 2013 are available in the Note 6 to the Company's 2013 Financial Statements.

#### Properties

During the year ended September 30, 2013, the Company acquired various properties. Details are as follow:

##### ***5575, S. Houghton Street*** (the "Tuscon Building")

On February 11, 2013, the Company acquired a warehouse building located in 5575, S. Houghton Street, Tuscon, Arizona from a company controlled by the CEO for \$2,388,769.

In August 2013, the Tuscon Building was vandalized. Management estimates that the amount of the damage incurred is \$428,310 and recorded an impairment charge. Subsequent to the year ended September 30, 2013, the Company received insurance proceeds of \$401,875 to cover the damages and has recognized the income in the consolidated statement of comprehensive loss.

During the year ended September 30, 2013, management decided to actively list the building for sale. Management expects to sell the building in the next 12 months.

##### ***106 acres of vacant land, Glenn Road, Corning, California, USA ("106 Glenn")***

The Company acquired 106 Glenn through its 50% owned limited liability partnership JDLP during fiscal 2013. The Company's wholly owned subsidiary, Corning 106 LLC is the general partner of JDLP. During the year ended September 30, 2013, \$152,737 expenditure was incurred to prepare the land for farming purpose.

##### ***860 acres of land, 19542,19544, Corning Road, Corning, California, USA ("860 Corning")***

The Company acquired 860 Corning through its 50% owned limited liability partnership JDLP during fiscal 2013. The Company's wholly owned subsidiary, Corning 106 LLC is the general partner of JDLP. During the year ended September 30, 2013, \$152,737 expenditure was incurred to prepare the land for farming purpose.

The 860 Corning and 106 Glen are adjacent to each other. The Company plans to develop these two properties together. Currently, the fields of these two properties are in the process of preparation for walnuts planation.

***74 acres of land located at 12749 River Road, Sacramento, California (“River Road Property”)***

On January 18, 2013, the Company acquired the River Road Property from Seymork for \$405,298. The Company plan to earn farming income from this property in the future.

***8374 Bradshaw Road, Sacramento, California, USA***

On January 25, 2013, the Company completed the acquisition of a parcel of vacant land located at 8374 Bradshaw Road, Sacramento, California, USA (“Vineyard Plaza”) for \$2,532,716. The Company plans to develop the Vineyard Plaza with construction of commercial buildings. During year ended September 30, 2013, the Company incurred \$49,184 in preparation work for construction a gas station in this premises.

***Land and Mineral Rights for land located in the Pershing County and Churchill County, Nevada, (“Pershing-Churchill Property”)***

On February 25, 2013, the Company acquired various net smelter returns over mineral rights issued by two separated Canadian public companies, various parcels of land and the related mineral rights in the Pershing County and Churchill County, Nevada, USA from a company controlled by the CEO. As a result, the Company issued 600,000 common shares of the Company as consideration plus \$6,602 cash outlay to other entities to complete this acquisition. The fair value of these 600,000 common shares at the date of issuance was \$30,000 (\$0.05/share). The Company is reviewing various options in connection with this property.

***7461 Bradshaw Road, Sacramento, California, USA (“Bradshaw Residential”)***

On April 18, 2013, the Company acquired 7461 Bradshaw Road which is a parcel of land (10.36 Acres) with tentative map for 60 single family lots. The purchase price is \$529,434. During year ended September 30, 2013, the Company incurred \$14,975 in preparation work for developing this property.

***Lot 9, Bader Road, Elk Grove, California, USA (“Bader Road Lot”)***

In June 2013, the Company acquired the Bader Road Lot which is a parcel of land, whereby the Company intends to develop into residential housing units. The purchase price is \$278,255 and was partially financed by the seller whereby the Company borrowed \$169,950 from the seller in a form of a 3-year promissory note (see “debt financing section” in this MD&A)

***Other***

In addition, the Company entered into a 1 year lease agreement to lease the condominium located in Toronto (“Shangri La Unit”) that was acquired in fiscal 2012, for monthly rent of \$6,107 commencing November 1, 2012. This lease was ended on November 2013 and continued on a monthly basis with the same tenant.

Continuity of the above properties is available at the Note 8 to the Company’s 2013 Financial Statements.

## RESULTS OF OPERATIONS

### Year ended September 30, 2013 (the "Fiscal 2013 ")

Year to year comparison of the Company's results in Fiscal 2013 and 2012 are as follows

	Fiscal 2013	Fiscal 2012	Increase (decrease) 2013-2012	Ref
	\$	\$	\$	
Net Rental income	51,510	–	51,510	2
Expenses				
Advertisement and promotion	1,210	25,500	(24,290)	
Consulting	26,481	3,270	23,211	3.2
Office and administration	100,411	26,718	73,693	3.2
Professional fees	23,548	19,971	3,577	3.2
Trust and filing fees	16,011	31,325	(15,314)	3.1
Total operating expenses	167,661	106,784	60,877	3
Others:				
Accretion expenses	(2,664,963)	–	(2,664,963)	4
Interest expenses-preferred shares	(132,192)	–	(132,192)	5
Losses on marketable securities	(814,918)	(118,082)	(696,836)	6
Insurance income	396,023	–	396,023	7
Impairment loss	(428,310)	–	(428,310)	7
Foreign exchange gain (loss) and finance charges	(5,654)	11,151	(16,805)	
Net loss	(3,766,165)	(213,715)	(3,552,450)	1

1	Net loss increased by \$3,552,450 is mainly a combined result of having more operating expenses and a numbers of other income (expenses) which were partly offset by the rental income. As the development of residential/commercial/farming properties takes years to complete, the Company does not expect to have significant revenue in Fiscal 2014 and may incur more losses until the projects in development are completed.
2	Commencing November 1, 2012, the Company leased its Shangri La Unit (acquired in Fiscal 2012) and started to earn rental revenue. As there was no similar rental arrangement in Fiscal 2012, rental income increased.
3	Operating expenses increased in Fiscal 2013 as the Company's business activities increased.
3.1	The Company incurred various one-time fees in listing the Company's shares in Canadian Securities Exchange in Fiscal 2012. As a result, trust and filing fees decreased in Fiscal 2013.
3.2	Operating expenses increased in Fiscal 2013 as the Company's business activities increased.
4	The Company issued various convertible debentures ("CD") to finance the acquisition of properties in Fiscal 2013. The stated interest rates ranged from 4-6%. In accordance with IFRS, the Company is required to discount these CDs with an effective interest rate applicable to the Company (15%) in order to account for the fair value of the conversion features these CDs carry. Consequently, the carrying values of these CDs were discounted by \$2,644,963 and \$2,664,963 was credited to the

	Company's reserve account at issuance. As these CDs were fully redeemed during Fiscal 2013, the whole amount of the \$2,664,963 discount was expensed as accretion expense for Fiscal 2013. This is a non-cash accounting adjustment that does not expect to recur.
5	During Fiscal 2013, the Company issued various cumulative retractable preferred shares (see "debt financing" and "equity financing" sections of this MD&A). During the year ended September 30, 2013 and the date of this report, the Company has not declared any dividend in connection with these preferred shares. However, as these preferred shares are cumulative in nature, an amount of \$132,192 dividend payable was accrued on September 30, 2013. This accrued dividend was reclassified as interest expenses for the year ended September 30, 2013 in accordance with IFRS. There was no similar arrangement in Fiscal 2012, thus interest expenses increased in Fiscal 2013.
6	The Company invested in common shares and warrants of various Canadian public companies (the "Marketable Securities"). The Company has designated these Marketable Securities at fair-value-through-profit-and-loss financial instruments. As a result, the Company is required to re-measure the Marketable Securities on hand at its market value on each reporting date and recognize any un-realized gains and losses through income and losses. The Company expects that the unrealized gains and losses arising from these Marketable Securities will fluctuate from time to time depending on the market prices of the marketable securities held on hand.
7	See discussion of Tuscon Building in the section "Properties" in connection with the damage arising from vandalism and the expected recovery from the insurance.

As at September 30, 2013, the Company had \$1,363,153 cash (September 30, 2012 - \$154,012), \$698,539 marketable securities (September 30, 2012 - \$812,943), \$8,707,832 properties (September 30, 2012 - \$1,328,624), property held for sale \$2,127,556 (September 30, 2012 - \$nil), note payable of \$169,950 (September 30, 2012 - \$nil), retractable preferred shares payable of \$8,500,000 (September 30, 2012 - \$nil), and share capital of \$2,808,250 (September 30, 2012 - \$1,653,250). These changes were a combined result of raising \$9,794,950 cash by issuance of common shares, exercise of warrants, and by borrowing through issuance of promissory note and preferred shares, to finance the Company's working capital and investing activities (\$8,811,809) during Fiscal 2013.

**Three Months Ended September 30, 2013 (the “Current Quarter” or “2013 Q4”)**

Comparison of the Company’s result in the fourth quarter of 2013 and 2012 is as follows:

	2013 Q4	2012 Q4	2013-2012 Q4	Ref
	\$	\$	\$	
Net Rental income	9,917	-	9,917	
Expenses				
Advertisement and promotion	1,210	-	1,210	
Consulting and professional	15,805	14,932	873	
Office and administration	37,052	36,899	153	
Trust and filing fees	1,164	12,129	(10,965)	
Total operating expenses	55,231	63,960	(8,729)	2
Others:				
Accretion	(2,664,963)	-	(2,664,963)	3
Interest-preferred shares	(132,192)	-	(132,192)	4
Losses on marketable securities	(35,542)	(118,082)	82,540	5
Insurance income	396,023	-	396,023	6
Impairment loss	(428,310)	-	(428,310)	6
Foreign exchange gain (loss) and finance charges	(1,741)	3,317	(5,058)	
Net loss	(2,912,039)	(178,725)	(2,733,314)	1

1	Net loss increased by \$2,733,314 is mainly a result of a non-recurring accounting adjustment made in the Current Quarter. See analysis at item 3 of this table
2	The quarter to quarter operating expenses do not have significant difference as the Company was actively conducting business activities in these two quarters.
3	The nature of the accretion expenses incurred in 2013 Q4 has been discussed in the item #4 of the year to year comparison in the above.
4	The nature of the interest expenses incurred in 2013 Q4 has been discussed in the item #5 of the year to year comparison in the above.
5	The fluctuation of the gain (loss) in connection with the Company’s marketable securities has been discussed in the item #6of the year to year comparison in the above.
6	The nature of the impairment loss and insurance income has been discussed in the section ‘Properties’ in connection with the damage arising from vandalism and expected recovery from insurance of the Tuscon Building.

## SELECTED ANNUAL INFORMATION

The following table includes selected annual information of the last three recent years. The Company was inactive in 2011, thus did not have revenue, loss, assets and liabilities to report on that year.

The analysis of the year to year comparison of Fiscal 2013 Vs Fiscal 2012 are discussed in the “result of operation” section in the above.

	2013	2012	2011
	\$	\$	\$
Gross rental revenue	70,051	-	-
Net rental revenue	51,510	-	-
Net loss	3,766,165	213,715	-
Loss per share, basic and diluted	0.16	0.04	-
Total assets	13,447,120	2,372,124	-
Total non-current liabilities	9,158,292	-	-
Cash dividend (i)	132,192	-	-

(i) Discussion regarding the nature of the cash dividend is presented in the item 5 of the year to year comparison section.

## SUMMARY OF QUARTERLY RESULTS

The table below sets out the recent eight quarterly information of the Company.

Significantly all of the properties on hand are still under development and are not ready to use. As a result, the Company’s operation in these past eight quarters are not subject to seasonality. This may change once the Company’s farming properties are ready for use and the Company starts to earn farming income in the future.

Loss of the Company have been increased throughout Fiscal 2013 when the Company’s operating expenses increased with the amount of business activities increased. Management expects the Company’s operation expenses may increase further in the future when more development works of the Company’s properties are done.

The loss in 2013 Q4 was significantly higher than the other quarters, which was mainly a result of having a non-recurring non-cash accounting adjustment. More details are discussed in the quarter to quarter analysis of the Company’s fourth quarter in the above.

	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	2013	2013	2013	2013	2012	2012	2012	2012
	\$	\$	\$	\$	\$	\$	\$	\$
Rental revenue, net of direct rental cost	9,917	12,748	17,307	11,538	--	--	--	--
Loss from operation	2,912,039	261,315	190,298	402,513	178,725	5,148	18,431	11,411
Loss per share, basic and diluted	0.10	0.01	0.01	0.04	0.02	0.00	0.01	0.00

## *LIQUIDITY & CAPITAL RESOURCES*

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Financing of operations has been achieved primarily by equity and debt financing. On September 30, 2013, the Company had a cash balance of \$1,363,153, marketable securities of \$698,539 and working capital of \$2,123,390. The Company is not subject to external working capital requirements.

During Fiscal 2013, the Company had \$9,794,950 positive cash flow from share issuance, warrant exercise, issuance of promissory note, and preferred shares.

During Fiscal 2013 the Company used \$8,811,809 in investing activities which was mainly a combined result of paying \$8,111,295 and \$735,504 in the acquisition of properties and marketable securities, which were partially financed by the \$34,990 proceeds received from the disposition of various marketable securities.

Management realizes that the capital and liquidity on hand may not adequate for the Company to achieve its long term business objectives as the development of real properties, including farming properties takes years to finish before the these properties can generate operating cash in-flow. The working capital on hand may not adequate to finance the development in the next twelve months. Management will consider further equity or debt financing, or financing arrangements, including but not limited to disposition of some properties on hand or forming joint ventures with partners in the future if needed. While the Company was able to raise financing when needed in the past, there is no guarantee that the Company can do so in the future.

## *TRANSACTIONS WITH RELATED PARTIES*

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During the year ended September 30, 2013, the Company acquired 9,066,500 common shares (2012-2,365,954) and 3,520,000 warrants (2012-1,633,594) of Canadian public companies that have directors or officers in common with the Company. The cost of these marketable securities was \$506,484 (2012-\$341,025). The market value of all securities from related public companies as at September 30, 2013 was \$621,639 (2012 - \$374,243). During the year ended September 30, 2013, the Company recorded a loss of \$45,401 (2012-\$33,218) on these securities.

During the year ended September 30, 2013, the Company incurred rent expense of \$30,000 (2012-\$22,500) to a company controlled by the CEO.

During the year ended September 30, 2013, the Company incurred consulting fees of \$5,000 (2012-\$Nil) to a director (Sonny Janda) and management fees of \$5,000 (2012-\$Nil) to a company controlled by the same director.

On January 18, 2013, the Company acquired the River Road Property from a company controlled by the Company's CEO for \$405,298 .

On February 11, 2013, the Company acquired the Tuscon Building from a company controlled by the CEO for \$2,388,769.

On February 25, 2013, the Company acquired the Pershing-Churchill Property from a company controlled by the CEO. In consideration, the Company issued 600,000 common shares with a fair value of \$30,000 plus cash consideration of \$6,602.

On October 1, 2012, the Company entered into a 1 year agreement with a company with a director in common (Sonny Janda) with the Company to lease the Shangri La Unit for \$6,107 per month commencing November 1, 2012. Beginning December 1, 2013, the lease is commencing on a month to month basis and may be terminated by either party with 30 days notice.

During the year ended September 30, 2013, the Company issued \$2,000,000, \$2,000,000 and \$1,300,000 in convertible debentures to the CEO, his spouse (Kiran Janda) and a company controlled by the CEO, respectively. During the year ended September 30, 2013, the Company repaid the \$1,300,000 to the company controlled by the CEO and issued 8,000,000 Class B preferred shares in settlement of the \$4,000,000 owing to the Company's CEO and Kiran Janda.

On July 2, 2013, the Company 1,125,000 Class B Series A preferred shares to each of the Company's CEO and Kiran Janda at \$2.00 per share for gross proceeds of \$4,500,000.

As at September, 2013, the Company owed \$20,984 (2012-\$Nil) to Kiran Janda. The amount does not bear any interest, is unsecured and is due on demand.

#### ***OUTSTANDING SHARE DATA***

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As of the date of this MD&A, the Company has 30,646,670 common shares, 8,000,000 Class B preferred shares, and 2,250,000 Class B Series A Preferred Shares issued and outstanding. The Company does not have outstanding warrants, options or other instrument that can be converted into the Company's common or preferred shares.

#### ***OFF BALANCE SHEET ARRANGEMENTS***

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The Company does not have off-balance sheet arrangements.

#### ***PROPOSED TRANSACTIONS***

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The Company does not have other proposed transactions that have material effects to the Company to discuss at this time.

#### ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ESTIMATES***

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Refer to Note 3 to the Company's 2013 Financial Statements.

#### ***FINANCIAL INSTRUMENTS***

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Refer to the Note 17 to the Company's 2013 Financial Statements.

## *RISK FACTORS*

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Risks of the Company's business include the following:

### *Development and Construction Risk*

The Company's real estate development are subject to risks generally attributable to construction projects which include: (i) design risk including delays involving zoning or other approvals from local authorities; (ii) construction cost overruns; and (iii) lease-up and rental achievement risk.

(i) Planning and design risk - Planning and design encompasses a review of local development requirements, the acquisition of suitable land, the selection of an appropriate building configuration with suitable amenities and appearance, zoning or other approvals from local authorities, identification of a skilled workforce, available contractors and selection of a project manager. Planning and design risk is mitigated by understanding local building codes, contracting the design to qualified professionals, obtaining development permits and meeting all other legal requirements. The process of obtaining approvals may take months or years, and there can be no assurance that the necessary approvals for any project will be obtained. Significant delays could render future developments uneconomical.

(ii) Construction risk is the risk that development will not be completed by the expected turnover date or that the costs will exceed budgeted amount or health and safety concerns. The Company will minimize its exposure to construction risk by entering into fixed price contracts when possible, analyzing project costs compared to budget, management approval of change orders, utilizing qualified project managers and the use of a robust internal health and safety program. Management monitors the construction costs by analyzing variances between actual and budgeted costs.

(iii) Lease-up and potential rent risk includes the risk that tenants will fail to occupy the completed project on a timely basis following completion and (or) pay the forecast rents.

### *Government Regulation*

Real estate development are subject to various applicable federal and local laws governing real estate development, taxes, labour standards, and occupational health and safety, and environment protection matters.

Management will monitor the Company's activities closely to ensure they are implemented in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail the Company's activities. Amendments to current laws and regulations could have substantial impacts on the Company.

### *Permits and Licenses*

The real estate development may require the Company to obtain regulatory permits and licenses from various governmental licensing bodies. There can be no assurance that the Company will be able to obtain all necessary permits and licenses that may be required.

### *Prices of Real Estate Properties*

The profitability of real estate development is significantly affected by changes in the market price of real estate properties may significantly fluctuate with the change of economic condition, interest rate, and rate of employment which are not predictable.

### Conflicts of Interest

Certain of the directors of the Company also serve as directors and/or officers of other companies involved in real estate development or management. Consequently, there exists the possibility for such directors to be in a position of conflict. Any decision made by such directors involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, such directors will declare, and refrain from voting on, any matter in which such directors may have a conflict of interest.

### Land Title

Although the Company has obtained title opinions with respect to certain of its properties, there may still be undetected title defects affecting such properties. Accordingly, such properties may be subject to prior unregistered liens, agreements, transfers or claims, and title may be affected by, among other things, undetected defects which could have a material adverse impact on the Company's operations.

## **FINANCIAL AND DISCLOSURE CONTROLS AND PROCEDURES**

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Venture issuers are not required to include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in National Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim Filings ("NI 52-109"). In particular, the Company's certifying officers are not making any representations relating to the establishment and maintenance of:

- i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Company's generally accepted accounting principles.

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they make. Investors should be aware that inherent limitations on the ability of the Company's certifying officers to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

## **OFFICERS AND DIRECTORS**

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Eugene Beukman, President, Director  
Lucky Janda, CEO, Director  
Sandy Janda, CFO  
Ravinder Binpal, Director  
Sonny Janda, Director