



**ACANA CAPITAL CORP.**

**Management's Discussion & Analysis**

**Nine Months Ended June 30, 2014**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
OF THE COMPANY'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS  
NINE MONTHS ENDED JUNE 30, 2014**

**FORM 51-102F1**

***DATE AND SUBJECT OF REPORT***

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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 nine months ended June 30, 2014.

This MD&A should be read in conjunction with the Company's condensed consolidated interim financial statements for the same period (the "2014 Nine Months Financial Statements") and the audited consolidated financial statements for the recent year ended September 30, 2013, which are both 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 Company's 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 August 28, 2014.

***FORWARD LOOKING STATEMENTS***

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*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 intends to finance the Company's operations and to eliminate the working capital deficiency by additional related party financing, equity financing, forming joint ventures, restructuring, or disposition of properties.</i>	<i>Based on the Company's understanding of current capital market</i>	<i>The Company may loss support from the related party. The real estate market in USA may go down.</i>

## **OVERALL PERFORMANCE**

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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 ("CSE") under the symbol APB. Significant events of the Company year-to-date are summarized as follows:

### ***Update on Properties Held by the Company***

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

The Tuscon Building is a warehouse building located in 5575, S. Houghton Street, Tuscon, Arizona. 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 in fiscal 2013. During the nine months ended June 30, 2014 ("2014 Nine Months"), insurance proceeds of \$407,875 to cover the repair work done (totalling \$466,710) by the Company.

Management is currently listing the building for sale. Management expects to sell the building in the next 12 months.

#### ***106 acres of farm 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. The Company has started to prepare the land for future farming.

#### ***860 acres of farm 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. The Company has started to prepare the land for future farming.

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.

**8374 Bradshaw Road, Sacramento, California, USA (“Vineyard Plaza”)**

Vineyard Plaza is a parcel of vacant land located at 8374 Bradshaw Road, Sacramento, California, USA. Where the Company plans to develop commercial buildings. During 2014 Nine months, the Company has been preparing the site for the construction of a gas station and other commercial property development.

**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. 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. During 2014 Nine Months, the Company has been preparing future development of 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 Company is currently making a plan to develop this property.

**Crocker Drive Property**

On July 31, 2012, the Company acquired a parcel of land for residential purposes in El Corado Hills, California, USA (“Crocker Driver Property”). The Company is building a plan to develop this property.

**ShangriLa Unit**

Shangri La Unit is a residential unit located in University Avenue of Toronto, Canada. The Company is currently leasing the property for \$6,017/month to a company that has a director common with the on a month-to-month basis. This lease may be terminated by either party with a 30-day notice.

Continuity of the above properties is as follows:

	September 30, 2013	Acquisition	Deferred development cost	Change of exchange rate	June 30, 2014
	\$	\$	\$	\$	\$
Shangri La Unit	1,166,062	-	-	-	1,166,062
Crocker Drive Property	232,857	-	-	7,605	240,462
106 Glenn	629,437	-	23,522	22,660	675,619
860 Corning	2,744,580	-	21,303	98,805	2,864,688
Vineyard Plaza	2,641,259	-	101,311	95,085	2,837,655
River Road Property	414,616	16,076	278,470	14,926	724,088
Pershing-Churchill Property	37,444	-	-	1,308	38,752
Bradshaw Residential	556,925	-	30,352	3,539	590,816
Bader Road Lot	284,652	-	-	9,949	294,601
<b>Total</b>	<b>8,707,832</b>	<b>16,076</b>	<b>454,958</b>	<b>253,877</b>	<b>9,432,743</b>

### **Proposed Corporate Restructuring**

Subsequent to the period ended June 30, 2014, the Company and its two wholly owned subsidiaries entered into a plan of arrangement on August 15, 2014 to proceed with a corporate restructuring by the way of a statutory plan of arrangement (the “Arrangement”). In accordance with the Arrangement, there are two transfers of assets to the Company’s two wholly owned subsidiaries as follows:

- i) The Company will transfer its marketable securities and Shangri La Unit to its wholly owned subsidiary, JG Wealth Management Corp. (“JG”) in exchange for common shares issued by JG (“JG Shares”). The Company will then distribute JG Shares to the shareholders of the Company pro-rata based on their relative shareholdings of the Company. JG will seek to list its common shares on CSE concurrently. Upon the completion of the Arrangement, JG will be spun out from the Company and will be no longer a subsidiary of the Company.
- ii) the Company will transfer its properties and property for sale (see above) located in the USA to its wholly owned subsidiary, Acana Capital USA Inc. (“Acana USA”) in exchange for common shares issued by Acana USA Inc. (“Acana USA Shares”). The Company will then distribute Acana USA Shares to the shareholders of the Company pro-rata based on their relative shareholdings of the Company. Acana USA will seek to list its common shares on CSE concurrently. Upon the completion of the Arrangement, Acana USA will be spun out from the Company and will be no longer a subsidiary of the Company.

This Arrangement requires the approval from the court, the CSE, and the Company’s shareholders.

Details regarding this proposed corporate restructuring are available in the Company’s information circular filed to [www.sedar.com](http://www.sedar.com) on August 26, 2014

### **SUMMARY OF QUARTERLY RESULTS**

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

	<b>Q2 2014</b>	<b>Q2 2014</b>	<b>Q1 2014</b>	<b>Q4 2013</b>	<b>Q3 2013</b>	<b>Q2 2013</b>	<b>Q1 2013</b>	<b>Q4 2012</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Rental revenue, net of direct rental cost	11,358	11,358	15,581	9,917	12,748	17,307	11,538	--
Net earnings (loss) attributable to the equity holders	248,440	164,586	(114,689)	(2,911,680)	(261,315)	(190,298)	(402,513)	(178,725)
Income (loss) per share, basic and diluted	0.01	0.01	(0.00)	(0.10)	(0.01)	(0.01)	(0.04)	(0.02)

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.

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.

Loss of the Company have been increasing since fiscal 2012 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 for convertible debentures issued and redeemed in fiscal 2013. Nature of this accounting adjustment is discussed in the MD&A of the Company for the year ended September 30, 2013.

## **RESULTS OF OPERATIONS**

### **2014 Nine Months**

The Comparison of the Company's results of during 2014 Nine Months to the same period in the last year is as follows:

	<b>2014 Nine months</b>	<b>2013 Nine months</b>	<b>2014-2013 Nine months</b>	<b>Ref</b>
	\$	\$	\$	
Net Rental income	56,885	41,593	15,292	
<b>Expenses</b>				
Amortization	–	34,980	(34,980)	1
Office and administration	123,629	28,379	95,250	2
Professional fees	25,526	34,224	(8,698)	
Trust and filing fees	22,245	14,847	7,398	
<b>Total operating expenses</b>	<b>171,400</b>	<b>112,430</b>	<b>58,970</b>	
<b>Others</b>				
Dividends on retractable preferred shares	(339,515)	–	(339,515)	3
Gain on preferred share redemption	436,775	–		5
Gain (losses) on marketable securities	316,543	(779,376)	1,095,919	4
Foreign exchange gain (loss) and interest	(4,729)	(3,913)	(816)	
<b>Earnings (loss)</b>	<b>294,559</b>	<b>(854,126)</b>	<b>711,910</b>	

1	<i>The amount of \$34,980 amortization expense was taken in 2013 Nine Months as the Company's Shangri La Unit was available for use commencing 2013. At the recent year ended September 30, 2013, management was in the opinion that the fair value of this property has greatly exceeded the carrying value given Canadian real properties generally have significant appreciation in recent years. It will be misleading of taking further amortization on this property. As a result, amortization expense taken in 2014 Six Months was \$nil.</i>
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2	<i>Most of the properties of the Company were acquired after the first quarter of 2013 and the Company became more active since then. As a result, there the office and administration in 2014 Nine Months was higher.</i>
3	<i>The Company did not have outstanding cumulative retractable preferred shares throughout 2013 Nine Months, as a result, there was no dividend recorded in the 2013 Nine Months.</i>
4	<i>The Company expects that the gains and losses arising from marketable securities held by the Company will fluctuate from time to time depending on the market prices of the marketable securities held on hand.</i>
5	<i>During 2014 Nine Months, the Company redeemed all of the outstanding preferred share. A one-time gain of \$436,775 was incurred (see “Transactions with Related Parties” section). There was no similar transactions in 2013 Nine Months.</i>

### **Three Months Ended June 30, 2014 (2014 Q3)**

The Comparison of the Company’s results of during 2014 Q3 to the same quarter in the last year is as follows:

	2014 Q3	2013 Q3	2014-2013 Q3	Ref
	\$	\$	\$	
Net Rental income	29,946	12,748	17,198	
<b>Expenses</b>				
Amortization	–	11,660	(11,660)	1
Office and administration	30,313	17,284	13,029	2
Professional fees	11,428	11,703	(275)	
Trust and filing fees	11,974	4,983	6,991	
Total operating expenses	53,715	45,630	8,085	
<b>Others</b>				
Dividends on retractable preferred shares	(127,015)	–	(127,015)	3
Gain on preferred share redemption	436,775	–	436,775	5
Gain (losses) on marketable securities	(25,488)	(290,283)		4
Foreign exchange gain (loss) and interest	(1,175)	61,850	(63,025)	
<b>Earnings (loss)</b>	<b>259,328</b>	<b>(261,315)</b>	<b>255,848</b>	

1	<i>The amount of \$11,660 amortization expense was taken in 2013 Q3 as the Company’s Shangri La Unit was available for use commencing 2013. At the recent year ended September 30, 2013, management was in the opinion that the fair value of this property has greatly exceeded the carrying value given Canadian real properties generally have significant appreciation in recent years. It will be misleading of taking further amortization on this property. As a result, amortization expense taken in 2014 Q3 was \$nil.</i>
2	<i>The Company became more active in 2014. As a result, there the office and administration in 2014 Q3 was higher than the same quarter of last year.</i>
3	<i>The Company did not have outstanding cumulative retractable preferred shares in 2013 Q3, as a result, there was no dividend recorded in 2013 Q3.</i>

4	<i>The Company expects that the gains and losses arising from marketable securities held by the Company will fluctuate from time to time depending on the market prices of the marketable securities held on hand.</i>
5	<i>During 2014 Q3, the Company redeemed all of the outstanding preferred share. A one-time gain of \$436,775 was incurred. There was no similar transactions in 2013 Nine Months.</i>

## **LIQUIDITY & CAPITAL RESOURCES**

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Financing of operations has been achieved primarily by equity and debt financing. On June 30, 2014, the Company had a cash balance of \$100,995, marketable securities of \$1,785.825 and working capital deficiency of \$6,741,407. The Company is not subject to external working capital requirements.

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 these properties can generate positive operating cash flow. The Company intends to finance the Company's operations and to eliminate the working capital deficiency by additional related party financing, equity financing, forming joint ventures, restructuring (see the discussion in the section "Proposed Corporate Restructuring"), or disposition of properties.

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.

During 2014 Nine Months, the Company did not have cash inflow or outflow in connection with its financing activities.

During 2014 Nine Months the Company used \$1,535,061 in investing activities which was mainly a combined result of using \$770,743 in net acquisition of marketable securities and \$764,318 in investing in the Company's properties.

## **TRANSACTIONS WITH RELATED PARTIES**

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During 2014 Nine Months, the Company acquired common shares and warrants of Canadian public companies that have directors or officers in common with the Company with purchase proceeds totaling of \$358,900 (2013 Nine Months-\$418,983).

The Company has an agreement with a company with a director in common (Sonny Janda) to lease the Shangri La Unit for \$6,107 per month.

During 2014 Nine Months, the Company incurred rent expense of \$22,500 (2013 Nine Months-\$22,500) to a company related to a director of the Company (Lucky Janda).

During 2014 Nine Months, the amount of remuneration charged by the Company's key management personnel was \$Nil (2013 Nine Months - \$Nil).

As at June 30, 2014, the Company owed \$8,826,431 (September 30, 2013-\$20,984) to the spouse (Kirin Janda) of the Company's CEO (Lucky Janda). Breakdown as follows:

<b>Principal</b>	<b>Term</b>	<b>Interest</b>	<b>Security</b>
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\$8,500,000 (i)	Due on June 18, 2015	10% per annum	Secured by all the outstanding shares of the Company's wholly company, Acana Capital USA Inc.
\$326,431	Payable on demand	Nil	Nil
\$8,826,431			

(i) On June 18, 2014, the Company redeemed 8,000,000 Class B preferred shares (with retractable value of \$4,000,000) and \$2,250,000 Class B Series A preferred shares (with retractable value of \$4,500,000) including accrued dividend of \$436,775 by a payment of \$8,500,000 in the form of the issuance of a debenture with the principal of \$8,500,000 and recorded a gain of redemption of \$436,775.

### **OUTSTANDING SHARE DATA**

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As of the date of this MD&A, the Company has 30,646,670 common 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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Other than the proposed Agreement discussed in the previous section, the Company does not have proposed transactions that have material effects to the Company to discuss at this time.

### **CHANGES IN ACCOUNTING POLICIES**

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#### Adoption of new accounting standards

Since the recent year ended September 30, 2013, there were no significant changes in the accounting policies except the adoption of the following new standards commencing October 1, 2013:

IAS 1 – Presentation of Financial Statements amendment issued by the IASB in June 2011 provides improved consistency and clarity of the presentation of items of other comprehensive income. The main change was a requirement to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently.

IFRS 10 – Consolidated Financial Statements supersedes SIC 12 – Consolidation – Special Purpose Entities and the requirements relating to consolidated financial statements in IAS 27 – Consolidated and Separate Financial Statements. IFRS 10 establishes the principle and application of control as the basis for an investor to identify whether an investor controls an investee and thereby requiring consolidation.

IFRS 11 – Joint Arrangements establishes the principle a joint arrangement is classified as joint operations or joint ventures based on the rights and obligations of the parties to the joint arrangement, rather than its legal form.

IFRS 12 – Disclosure of Interests in Other Entities requires the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

IFRS 13 – Fair value measurements establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted.

The adoption of these standards did not have a material impact on the accompanying condensed consolidated interim financial statements.

Accounting standards issued but not yet in effective

IFRIC 21 – Levies, an interpretation of IAS 37 was issued by the IASB in May 2013 and provides interpretation on when to recognize a liability for a levi imposed by a government and clarifies the criteria for the recognition of a liability. IFRIC 21 is effective for annual periods commencing on or after January 1, 2014.

New standard IFRS 9 “Financial Instruments” - This is a partial replacement of IAS 39 “Financial Instruments: Recognition and Measurement”. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

The Company is still in the process of assessing the impact of these new accounting standards

**FINANCIAL INSTRUMENTS**

Classification of financial instruments

Financial assets included in the statement of financial position are as follows:

	June 30, 2014	September 30, 2013
	\$	\$
Cash	100,995	1,363,152
Financial assets held at fair value through profit and loss:		
Marketable securities	1,785,825	698,539
Loans and receivable		
Receivable from JDLP’s 50% partner	224,861	141,163
Insurance proceeds receivable	-	401,875
	2,111,681	2,604,729

Financial liabilities included in the statement of financial position are as follows:

	June 30, 2014	September 30, 2013
	\$	\$
Non-derivative financial liabilities:		
Trade payables	82,603	320,166
Due to related party	8,826,431	20,894
Note payable	175,890	169,950

Other financial liabilities		
Retractable preferred shares	-	8,500,000
	9,084,924	9,011,010

### Fair value

The fair values of the Company's financial assets and liabilities approximates the carrying amounts either due to their short-term nature or because the interest rates applied to measure their carrying amount approximate current market rates.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The following is an analysis of the Company's financial assets measured at fair value as at June 30, 2014 and September 30, 2013:

	As at September 30, 2013		
	Level 1	Level 2	Level 3
	\$	\$	\$
Cash	1,363,152	-	-
Marketable securities	593,423	105,116	-
	1,956,575	105,116	-
	As June 30, 2014		
	Level 1	Level 2	Level 3
	\$	\$	\$
Cash	100,995	-	-
Marketable securities	1,759,546	26,279	-
	1,860,541	26,279	-

### RISK FACTORS

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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Lucky Janda, CEO, Director

Sandy Janda, CFO

Sonny Janda, Director

Charn Deol, Director