All in West!
Capital Corporation

Management's Discussion & Analysis
For The Year Ended December 31, 2013

Dated as at April 22, 2014

ALL IN WEST! CAPITAL CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013

INTRODUCTION

The following management discussion and analysis ("MD&A") of the financial condition and results of operations of All in West! Capital Corporation ("All in West!" or the "Company") should be read in conjunction with the Company's audited annual consolidated financial statements for the years ended December 31, 2013 and 2012, and the notes thereto. This MD&A has been prepared taking into account material transactions and events up to and including April 22, 2014.

GOING CONCERN

The consolidated financial statements dated December 31, 2013, have been prepared on a going concern basis in accordance with International Financial Reporting Standards ("IFRS") which assumes that All in West! Capital Corporation ("the Company") will continue operations and be able to realize its assets and discharge its liabilities and commitments in the normal course of business for the foreseeable future. There is significant doubt about the appropriateness of the going concern assumption and ultimately the use of accounting principles applicable to a going concern because of the material uncertainties caused by successive years of operating losses, the position of default on all major debt instruments without current secured remediation, and a large working capital deficit. The Company has experienced a general decline in room revenues over the past few years, reflecting a weak economic environment and a marked decline in the natural gas industry in the vicinity of the Company's hotel properties since 2008. The outlook for the Company's hotel properties remains uncertain and the weakness is expected to continue until the economy, and natural gas activity in particular, in the area of the properties improves.

Management is continuing to assess various strategies to improve operating results and cash flows and to adjust the Company's capital structure. This includes the implementation of various cost reduction measures, and specific actions to address cash flow, as described in the following paragraphs. Management disposed of one of the hotel properties in 2012 and continues to consider the possibility of the disposition of other properties.

Management commenced a plan consisting of reduced payments to various stakeholders and debt holders in an effort to reduce cash outflows and improve liquidity. This plan included the voluntary waiving of asset management fees by Marwest Management Canada Ltd. ("Marwest Management"), the waiving of payments of director fees by the Directors of the Company, ceasing interest payments to the holders of its Series A Debentures, Series B Debentures and Series C Debentures (see Note 7 of the notes to Consolidated Financial Statements dated December 31, 2013), and deferring certain mortgage principal payments to mortgage holders (see Note 6 of the notes to Consolidated Financial Statements dated December 31, 2013). Management's forecast indicates that without such measures, with stakeholders and debt holders, the Company would be cash deficient beginning in the first quarter and throughout the remainder of the year. Even with reduced payments, there can be no assurance that the Company will be in a position to meet obligations as they come due.

The Company ceased making interest payments on the Series A Debentures and the Series B Debentures on April 30, 2010, and ceased making interest payments on the Series C Debentures on November 30, 2010. The non-payment of interest on all series of debentures has resulted in the Company being in a default position on these debt instruments. As a result of the defaults, the indenture trustee may in its discretion, or upon the request of the debenture holders, declare the principal and interest on all debentures then outstanding, to be immediately due and payable. If payment of the full amount of any or all series of debentures were to be demanded, the Company would not be able to satisfy these obligations without additional external funding (see Note 7 of the notes to Consolidated Financial Statements dated December 31, 2013). On March 7, 2012, the Company delivered formal notice to the indenture trustee for its Series A Debentures, which matured on March 31, 2012, that the Company would default on its obligation to repay the principal amount and accrued interest on the maturity date. On September 5, 2012, the Company delivered formal notice to the indenture trustee for its Series B Debentures, which matured on September 28, 2012, and its Series C Debentures, which matured on October 1, 2012, that the Company would default on its obligation to repay the principal amounts and accrued interest on the maturity dates.

In conjunction with the modification of certain loan agreements, the deferral of certain mortgage principal payments commenced in fiscal 2010. Despite the modifications made to certain repayment schedules, the Company continues to be in a default position on its three mortgages.

On March 9, 2012, the holder of the mortgage on the Days Inn hotel in Hinton, Alberta, advised the Company that they intended to commence foreclosure proceedings should they not be able to settle the outstanding mortgage balance through negotiations with the Company. On June 15, 2012, the mortgage holder took title to the Days Inn hotel in consideration for the settlement of the outstanding mortgage indebtedness of $4,224,888. At that date, the carrying value of the Days Inn hotel, which was pledged as security on the mortgage, was $3,000,000; the Company realized a gain on settlement of long-term debt of $1,224,888 in fiscal 2012.

An agreement to defer mortgage principal payments with one of the lenders expired on October 31, 2010. The Company reinstated full mortgage payments on this mortgage on November 30, 2011. This mortgage, with a carrying value of $4,252,721 became payable in full on September 14, 2012, however, pursuant to an agreement signed with the lender on November 7, 2012, a 12-month extension of existing terms was agreed to by the parties, with the indebtedness due September 30, 2013. The mortgage has been subsequently renewed and is due the earlier of on demand or September 30, 2016. This mortgage is considered to be in default by the lender due to being in arrears and a cross-default provision with respect to defaults on other loans.

On November 15, 2012, a mortgage with a carrying value of $6,494,820, held on one of the Company's investment properties with a carrying value of $3,640,000, was assigned by the original lender to Lexor Management Inc. ("Lexor"), a related party by virtue of close family members of key management personnel. The original mortgage agreement and all significant terms and conditions of the mortgage remain substantially unchanged from those agreed upon with the original mortgage holder. The deferral of mortgage principal payments has continued, and is expected to continue for the foreseeable future, on a "month-to-month" basis. The mortgage remains in default, and the new mortgage holder maintains its right to declare the full amount of their loan principal to be due and payable on demand.

The third mortgage is considered to be in a default position as a result of a cross-default provision with other lenders. At December 31, 2013, principal and interest payments on this mortgage had been paid and were current.

If payment of the full amount of any or all of the mortgages were to be demanded, the Company would not be able to satisfy these obligations with current company resources (see Note 6 of the notes to Consolidated Financial Statements dated December 31, 2013).

As at April 22, 2014, the indenture trustee, debenture holders or mortgage lenders have not demanded payment in full of amounts outstanding.

The success of management's planned initiatives and actions referred to above cannot be assured, and may be subject to material change or revision at any time.

If the going concern basis was not appropriate for these consolidated financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported revenue and expenses and the balance sheet classifications used. These adjustments would be material.

FORWARD-LOOKING INFORMATION

This MD&A contains forward-looking information within the meaning of applicable securities laws. Forward-looking information may relate to the Company's future outlook and anticipated events or results and may include statements regarding the future financial position, property acquisition strategies and opportunities, business strategy, financial results and plans and objectives of the Company. Particularly, statements regarding the Company's future operating results, property acquisition strategies and opportunities and economic performance are forward-looking statements. In some cases, forward-looking information can be identified by terms such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "intend", "estimate", "predict", "potential", "continue" or similar expressions concerning matters that are not historical facts. Forward-looking information is subject to certain facts, including risks and uncertainties, that could cause actual results to differ materially from what the Company currently expects and there can be no assurance that such statements will prove to be accurate. Some of these risks and uncertainties are described under "Risks and Uncertainties" in this management discussion and analysis as well as under "Risk Factors" in the Corporation's prospectus dated August 26, 2009 copies of which are available at www.sedar.com. The Company does not intend to update or revise any such forward-looking information should its assumptions and estimates change.

NON-GAAP FINANCIAL MEASURES

The Company uses non-GAAP financial measures to assess its operating performance. Securities regulators require that companies caution readers that earnings and other measures adjusted to a basis other than GAAP (Canadian generally accepted accounting principles) do not have standardized meanings and are unlikely to be comparable to similar measures used by other companies. A discussion of non-GAAP financial measures used by the Company, including a reconciliation to GAAP financial measures, can be found under "Non-GAAP Financial Measures".

ADDITIONAL INFORMATION

Additional information relating to the Company can be found on SEDAR located at www.sedar.com.

OVERVIEW

The Company was incorporated under the *Canada Business Corporations Act* on August 16, 2005. The Company's common shares were listed for trading on the TSX Venture Exchange ("TSXV") on October 11, 2005 under TSXV Policy 2.4 Capital Pool Companies (the "CPC Policy"). The Company completed its "Qualifying Transaction" under the CPC Policy on April 2, 2007.

As at December 31, 2013, the Company owned three hotel properties: Phase I of the Best Western Grande Mountain Getaway & Hotel located in Grande Cache, Alberta (the "Phase I Grande Cache Property"); Phase II of the Best Western Grande Mountain Getaway & Hotel located in Grande Cache, Alberta (the "Phase II Grande Cache Property"); and the Econo Lodge Inn & Suites (Econo Lodge) located in Hinton, Alberta.

ORIGINAL STRATEGY

The stated objective of the Company was to acquire and/or develop and maintain a growing portfolio of income-producing properties (other than commercial real estate properties). However, the Company currently owns three hotel properties and is operating as a going concern (see "Going Concern").

Short-term Strategy

The Company has been experiencing losses, negative cash flow, current liabilities in excess of current assets and continued non-payment and covenant violations on its outstanding mortgages and debentures (see "Going Concern").

During the second quarter of 2010, the Company announced an action plan to reduce Company costs. At the present time, the majority of this plan continues to be in effect. Measures in place include: the waiving of asset management fees; the waiving of director fees; ceasing interest payments to the holders of Series A Debentures, Series B Debentures and Series C Debentures; deferring certain mortgage principal payments to mortgage holders.

Management and the Board of Directors of the Company actively continue efforts to identify and evaluate alternatives which may be available to the Company. A third party was engaged to explore all value creating opportunities. Options being considered by the Company include: selling the Company (being acquired by or merged with another entity); listing some or all hotel assets for sale; and finding additional sources of capital. All available options are being considered with a view to the best interest of the Company.

In 2012, the Company was advised that Lexor, the Corporation's sub-property manager, has purchased the outstanding mortgage loan secured by the Econo Lodge property located in Hinton, Alberta. The Company viewed this as a positive development as Lexor advised the Company that it had no intention to exercise its right to foreclose on the Econo Lodge property. The Company is in ongoing discussions with its mortgage lenders, including Lexor, regarding the defaults under its mortgage indebtedness and the potential restructuring of such indebtedness.

Management and Relationship with the Marwest Group of Companies

Marwest Management is the exclusive asset manager of the Company and provides the services of Marwest's executive officers to serve as officers of the Company. Marwest Management is also the exclusive property manager for the Company. Marwest Management currently retains third party property managers to provide hotel management services to its hotel properties. Marwest Development is the exclusive developer for the Company. Under the development agreement between the Company and Marwest Development, the Company has the following rights:

(a) the first right to provide mezzanine financing to Marwest Development in respect of the financing of the development of certain properties; and

(b) the first right to acquire certain properties which have been developed by Marwest Development.

Marwest Development, Marwest Management and their affiliates have granted a right of first refusal to the Company to acquire all properties (other than commercial properties, namely office, retail and industrial properties) which are available for acquisition, or owned by, Marwest Development, Marwest Management or their affiliates or which any of them has secured for acquisition.

PORTFOLIO SUMMARY

The table below details the properties owned by All in West! as at December 31, 2013.

Property	City, Province	Acquisition Date	Number of Rooms	Fair Value [1]
Phase I Grande Cache Property	Grande Cache, AB	April 2, 2007	81	$10,169,238
Phase II Grande Cache Property	Grande Cache, AB	September 14, 2007	64	$5,700,762
Econo Lodge	Hinton, AB	July 16, 2007	87	$4,130,000

Note:
(1) For more information see Note 4 of the notes to consolidated Financial Statements dated December 31, 2013.

NON-GAAP FINANCIAL MEASURES AND PERFORMANCE INDICATORS

Included in this MD&A are certain non-GAAP financial measures, which are measures of the Company's historical or future financial performance that are not calculated and presented in accordance with GAAP. These non-GAAP financial measures may not be comparable to similar measures presented by other issuers. Such non-GAAP measures include: (i) comparable hotel operating statistics; and (ii) Funds From Operations (FFO, as defined below). A discussion of the meaning of these non-GAAP measures, and why management believes that such measures are useful supplemental measures of the Company's performance, is set forth below.

Comparable Hotel Operating Statistics

Operating statistics will be considered for properties owned by the Company for the entire current and prior periods. Management considers RevPAR (revenue per available room), ADR (average daily rate) and occupancy to be meaningful indicators of hotel operations. RevPAR measures room revenues for comparable properties and is a commonly used measure within the hotel industry to evaluate hotel operations. RevPAR is defined as the product of the ADR charged and the average daily occupancy achieved.

RevPAR does not include revenue from restaurant leases, conference room rentals, in-room movie rentals or any other services provided by hotels. Representing approximately 97% of the Company's total revenues to date, RevPAR is generally considered to be the leading indicator of the operating performance of hotels. RevPAR changes driven by occupancy typically have different implications on overall revenues and property income than do RevPAR changes driven by ADR. Occupancy increases will typically generate additional incremental revenues for ancillary services such as in-room movies but will also result in higher room-related costs. ADR increases typically do not generate additional incremental revenues for ancillary services. However, they would not result in additional costs and therefore tend to have a greater impact on profitability.

Readers should be cautioned that RevPAR and ADR as calculated by the Company may not be comparable to similar measures presented by other issuers.

Funds from Operations ("FFO")

FFO is a non-GAAP measure commonly used by Canadian real estate companies as an indicator of financial performance. While FFO does not have a standardized meaning prescribed by IFRS, it is a non-IFRS financial measure of operating performance widely used by the real estate industry. The Real Property Association of Canada ("REALpac") recommends that FFO be determined by reconciling from net income. The Company does so by taking its net income and comprehensive income and adding (or deducting) the fair value adjustment on investment properties. The Company believes that FFO and FFO per diluted share is a useful supplemental measure of the Company's operating performance and that its presentation, when combined with the primary GAAP presentation of net income (loss) and comprehensive income (loss) and basic and diluted income (loss) per share, provides beneficial information to investors. Readers should be cautioned that FFO as calculated by All in West! may not be comparable to similar measures presented by other issuers. Readers should be cautioned that FFO as calculated by the Company may not be comparable to similar measures presented by other issuers.

RESULTS OF OPERATIONS FOR THE THREE MONTHS AND YEAR ENDED DECEMBER 31, 2013 AND 2012

The following table provides a summary of the operating results for the three months and year ended December 31, 2013 and 2012. [1]

	Three Months Ended December 31, 2013	Three Months Ended December 31, 2012	Year Ended December 31, 2013	Year Ended December 31, 2012
Investment Properties Revenue	1,028,742	962,941	4,723,230	4,942,928
Investment Properties Operating Expenses	(689,967)	(613,143)	(2,814,836)	(3,019,868)
Net Rental Income	338,775	349,798	1,908,394	1,923,060
Other (Income) and Expenses (excluding fair value adjustment on investment properties and settlement of long term debt, net of costs)	543,025	579,100	2,167,861	2,666,947
Fair value adjustment on investment properties	(787,980)	1,621,335	(783,480)	1,563,800
Settlement of long-term debt, net of costs	-	(6,000)	-	(1,217,633)
Net income (loss) and comprehensive income (loss)	583,730	(1,844,637)	524,013	(1,090,054)
Weighted average common shares outstanding	17,315,307	17,286,918	17,315,307	17,286,918
Weighted average fully diluted shares outstanding	17,315,307	17,286,918	17,315,307	17,286,918
Basic income (loss) per share	0.03	(0.11)	0.03	(0.06)
Diluted income (loss) per share	0.03	(0.11)	0.03	(0.06)
Reconciliation to Net Rental Income [2]				
Add/(deduct):				
Corporate office expenses (general and administrative)	58,255	90,049	214,546	314,529
Interest expense, net	484,770	489,051	1,953,315	2,352,418
Fair value adjustment on investment properties	(787,980)	1,621,335	(783,480)	1,563,800
Settlement of long-term debt, net of costs	-	(6,000)	-	(1,217,633)
Net Rental Income	338,775	349,798	1,908,394	1,923,060
Reconciliation of Net Rental Income to FFO [2]				
Add:				
Fair value adjustment on investment properties	(787,980)	1,621,335	(783,480)	1,563,800
FFO - basic and diluted	(204,250)	(223,302)	(259,467)	473,746
Basic FFO per share	(0.01)	(0.01)	(0.01)	0.03
Diluted FFO per share	(0.01)	(0.01)	(0.01)	0.03

[1]Note: See: Note 1, Going Concern, of the notes to consolidated financial statements for the year ended December 31, 2013

[2]Note: See: "Non-GAAP Financial Measures and Performance Indicators"

THREE MONTHS ENDED DECEMBER 31, 2013 AND 2012

Effects of natural gas prices and a smaller portfolio on Q4 2013 Operating Results

The Company's hotels are located in regions of Alberta that are heavily involved with natural gas and oil exploration and drilling. Since the global economic downturn of 2008, there has been a significant reduction in global and regional demand for natural gas, leading to dramatic decreases in the market price of this commodity. Additional discoveries of new sources of gas have compounded the price depression. As a direct consequence, natural gas prices have declined to a position such that the deep-well drilling that occurs in the region is not as economically practical as it once was. As a result of these factors, there has been decreased exploration, production and general economic activity in the vicinity of the Company's hotels which has negatively impacted the Company's occupancy levels and operating results from 2008 to the present time. There has not yet been a significant economic recovery taking place in the economic area that includes Hinton and Grande Cache.

Key Performance Measures

The following table provides information on RevPAR, ADR and occupancy for the three months ended December 2013 and 2012.

	Three months ended December 31 2013	Three months ended December 31 2012
Comparable Operating Statistics [1]		
Revenue per available room (RevPAR)	$ 45.93	$ 40.58
Average daily rate (ADR)	$ 115.83	$ 117.20
Occupancy	39.65%	34.62%

Note:
(1) See "Non-GAAP Financial Measures".

Investment Properties Revenue and RevPAR

Investment property revenues and RevPAR for the three month period ended December 31, 2013 were $1,028,742 and $45.93 respectively. This represents an increase from the comparable period in 2012 when revenues were $962,941 and RevPAR was $40.58. The increase is a result of an approximate 5% higher occupancy level across the portfolio.

Investment Properties Operating Expense

Investment properties operating expenses for the three month period ended December 31, 2013 was $689,967 compared to $613,143 for the period ended December 31, 2012. The increase is in part due to higher variable costs as a result of higher occupancy rates. It is also in part attributed to higher staffing costs at the Company's hotels.

Net Rental Income

Net rental income for the three month period ended December 31, 2013 was $338,775 compared to $349,798 for the period ended December 31, 2012. The slightly lower results are due to higher operating expenses (see: Investment Properties Operating Expense).

Other Income and Expenses

For the three months ended December 31, 2013, the Company recorded other income of $221,455 compared to other expenses of $2,194,435 for the period ended December 31, 2012. This is attributed to interest on convertible debentures, long term debt and a fair value adjustment. When excluding the fair value adjustment of income-producing properties and settlement of long-term debt net of costs, other expenses were $543,025 for Q4 2013 compared to $579,100 for the comparable period in 2012.

FFO

FFO for the three months ended December 31, 2013 was ($204,250) which is ($0.01) basic and fully diluted FFO per share. FFO for the same period in 2012 was ($223,302) which is ($0.01) basic and fully diluted FFO per share.

Cash Flow

During the three months ended December 31, 2013, the Company's cash and cash equivalents decreased by $34,207, from $180,852 down to $146,375. During the three months ended December 31, 2012, the Company's cash and cash equivalents decreased by $374,394 from $415,581 to $41,187. The difference is attributable to timing of receivables collection, timing of prepaid expenditures and other payables as well as capital additions that took place in Q4 2012.

Operating Activities

Cash provided by operating activities was $56,063 for Q4, 2013. For the comparable period in 2012, cash used for operating activities was ($223,311). The difference in periods is attributable to timing of receivables and payables.

Investing Activities

The net Additions to investment properties for the three months ended December 31, 2013 were $2,020 compared to $32,604 in 2012. The difference is attributable to various capital expenditures during Q4 2012.

Financing Activities

During Q4, 2013, the Company repaid $141,352 of long term debt. This amount consisted of the scheduled principal portion of mortgage payments made on both the Phase I Grande Cache Property and the Phase II Grande Cache Property. During Q4, 2012, the Company repaid $118,480 of long term debt. This amount consisted of the scheduled principal portion of mortgage payments made on the same two properties.

YEAR ENDED DECEMBER 31, 2013 AND 2012

Effect of natural gas prices on Operating Results

The Company's hotels are located in regions of Alberta that are heavily involved with natural gas and oil exploration and drilling. Since the global economic downturn of 2008, there has been a significant reduction in global and regional demand for natural gas, leading to dramatic decreases in the market price of this commodity. Additional discoveries of new sources of gas have compounded the price depression. As a direct consequence, natural gas prices have declined to a position such that the deep-well drilling that occurs in the region is not as economically practical as it once was. As a result of these factors, there has been decreased exploration, production and general economic activity in the vicinity of the Company's hotels which has negatively impacted the Company's occupancy levels and operating results from 2008 to the present time. There has not yet been a significant economic recovery taking place in the economic area that includes Hinton and Grande Cache.

Note: during the year ended December 31, 2013, the Company operated three hotels. However, during the year ended December 31, 2012, the Company operated four hotels for the first six months and only three hotels during the final six months. The difference in the size of portfolio between these periods affects period-over-period comparisons.

For further information, please see Note 1, "Going Concern", of the Notes to consolidated financial statements dated December 31, 2013.

Key Performance Measures

The following table provides information on RevPAR, ADR and occupancy for the year ended December 2013 and 2012.

	Year ended December 31	
	2013	2012
Comparable Operating Statistics [1]		
Revenue per available room (RevPAR)	$ 52.29	$ 51.55
Average daily rate (ADR)	$ 116.20	$ 112.21
Occupancy	45.00%	45.94%

Note:
(1) See "Non-GAAP Financial Measures".

Investment Properties Revenue and RevPAR

Investment property revenues and RevPAR for the year ended December 31, 2013 were $4,723,230 and $52.29 respectively. In the prior year they were $4,942,928 and $51.55 respectively. The revenues are slightly lower as a result of having a slightly smaller portfolio during 2013 compared to 2012. However, RevPAR is stronger as a result of achieving a higher average daily rate of $116.20 in 2013 compared to $112.21 in 2012.

Investment Properties Operating Expenses

Investment properties operating expenses for the year ended December 31, 2013 was $2,814,836, down from $3,019,868 during the comparable period in 2012. The decreased expenses are as a result of having a slightly smaller portfolio during 2013 compared to 2012.

Net Rental Income

Net rental income for the year ended December 31, 2013 was $1,908,394 which is a similar to the $1,923,060 net rental income achieved in the year ended 2012 despite operating a slightly smaller portfolio during 2013.

Other Income and Expenses

Other expenses, excluding fair value adjustment on investment properties and settlement of long-term debt net of costs were $2,167,861 down from $2,666,947 in the previous year. The reduced expenses were a result of lower general and administrative costs, lower effective interest on convertible debentures as a result of being carried at amortized cost, and lower interest on long-term debt.

Other expenses, including fair value adjustment on investment properties and settlement of long-term debt net of costs is $1,384,381 for the period ended December 31, 2013 compared to $3,013,114 for the same period in 2012. For more information on the fair value adjustment on investment properties, please see Note 4 of the notes to Consolidated Financial Statements dated December 31, 2013. For more information on the settlement of long-term debt net of costs, please see Note 6 of the notes to Consolidated Financial Statements dated December 31, 2013.

FFO

FFO for the year ended December 31, 2013 was ($259,467) which is ($0.02) basic and fully diluted FFO per unit. For the year ended December 31, 2012, FFO was $473,746 which is $0.03 basic and fully diluted FFO per unit. The 2012 FFO was significantly higher because the Company realized into income the 'settlement of long-term debt, net of costs' of $1,217,633 during that year. For more information see Note 6 of the notes to Consolidated Financial Statements dated December 31, 2013.

Cash Flow

During the year ended December 31, 2013, the Company's cash and cash equivalents increased by $105,188 from $41,187 to $146,375. Comparatively, cash and cash equivalents decreased by $272,088 from $313,275 to $41,187 during the year ended December 31, 2012. The difference is attributed to the timing of receivables and payables.

Operating Activities

Cash provided by operating activities was $619,663 for the year ended December 31, 2013. For the comparable year ended 2012, it was $233,776. The difference is attributed to changes in accounts payable and other liabilities.

During the year ended December 31, 2013, there were no acquisitions or dispositions. During the year ended December 31, 2012, the Company disposed of the Days Inn Hinton hotel asset. The asset had a carrying value of $3,000,000 and an outstanding mortgage of $4,224,888. As a result, the Company realized into income the 'settlement of long term debt' of $1,224,888. For more information, see Note 6 of the notes to Consolidated Financial Statements dated December 31, 2013.

Investing Activities

Additions to investment properties was $6,520 for the year ended December 31, 2013 and restricted cash increased by $1,750. During the comparable year ended 2012, additions to investment properties was $53,800 and restricted cash decreased by $10,232.

As at December 31, 2013 the average age of the units in the Company's portfolio is approximately 9.6 years.

Financing Activities

During 2013, the Company repaid $506,205 of long term debt. In the comparable period, the Company repaid $462,296 of long term debt. The debt repayment amounts consist of the scheduled principal portion of mortgage payments that were made with respect to the Phase I Grande Cache Property and the Phase II Grande Cache Property.

SUMMARY OF QUARTERLY FINANCIAL RESULTS

The following table provides a summary of the quarterly operating results.

	2013				2012			
	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31
Operating Statistics								
RevPAR	$ 45.9	$ 70.7	$ 33.3	$ 60.4	$ 40.6	$ 64.0	$ 40.2	$ 60.5
ADR	$ 115.8	$ 118.2	$ 111.3	$ 119.5	$ 117.2	$ 119.6	$ 104.9	$ 107.0
Occupancy	39.7%	59.8%	29.9%	50.6%	34.6%	53.6%	38.2%	56.5%
Operating Results (in thousands)								
Investment Properties Revenue	$ 1,028.7	$ 1,537.1	$ 735.5	$ 1,421.9	$ 962.9	$ 1,390.6	$ 953.7	$ 1,635.7
Net Rental Income	$ 338.8	$ 691.2	$ 111.3	$ 767.2	$ 349.8	$ 680.0	$ 141.9	$ 750.9
Net income (loss)	$ 583.7	$ 148.3	$ (444.3)	$ 236.2	$ (1,844.6)	$ 47.5	$ 778.6	$ 57.7
FFO [1]	$ (216.0)	$ 148.3	$ (439.8)	$ 236.2	$ (223.3)	$ 47.5	$ 778.6	$ 0.2
Per Share Results								
Diluted net income (loss)	$ 0.03	$ 0.00	$ (0.03)	$ 0.01	$ (0.11)	$ 0.00	$ 0.04	$ 0.00
Diluted FFO [1]	$ (0.01)	$ 0.00	$ (0.03)	$ 0.01	$ (0.01)	$ 0.00	$ 0.04	$ 0.00

Note:
(1) See "Non-GAAP Financial Measures".

LIQUIDITY AND CAPITAL RESOURCES

During 2013, All in West! had cash provided by operating activities of $619,663 compared to $233,776 in 2012. As at December 31, 2013 there is a $146,375 balance of cash and cash equivalents. For more information see: "Cash Flow" and "Operating Activities" under the headings "Three Months Ended December 31, 2013" and "Year Ended December 31, 2013".

The Company is subject to financial covenants on its mortgages, which are measured on a quarterly or annual basis and include customary terms and conditions for borrowings of this nature. As at December 31, 2013, the Company is in a default position on all three of its mortgages as a result of cross-guarantee provisions and/or deferral of principal payments. Consequently, at the balance sheet date, the full carrying amount of the mortgages is presented as a current liability. With respect to its mortgages, the Company is currently making full principal and interest payments on two mortgages and interest-only payments on the other mortgage. The Company's lenders have the right to demand the immediate payment of their respective loan principal and outstanding interest. None of the three lenders have made any such demand to date. For further information, please see Notes 1, 6, and 7 of the notes to Consolidated Financial Statements dated December 31, 2013 as well as "Going Concern" and "Risks and Uncertainties".

The Company has three series of debentures as outlined below.

Debenture Series:	Principal Amount:	Maturity Date:
Series A	$ 6,495,000	Mar 31, 2012
Series B	$ 1,180,000	Sep 28, 2012
Series C	$ 2,353,750	Oct 1, 2012

The Company defaulted on the repayment of the principal amount and accrued interest of its Series A, Series B, and Series C debentures on their respective maturity dates as noted above. The Company formed a special committee to evaluate its alternatives specifically as it relates to the outstanding debentures and to make recommendations to the Board of Directors. The committee recommended that the Company continue its current restructuring efforts and specifically work towards a favorable disposition of its remaining underperforming assets.

The Company's performance is heavily dependent on the natural gas industry operating in the vicinity of the Company's hotel properties. Currently, natural gas prices are depressed and as a result the Company has experienced dramatic declines in room revenues compared to several years ago (see: "Effect of natural gas prices on Operating Results") The outlook for the hotel industry in this region remains very much uncertain and the present weakness is likely to continue until the economy in the area of the properties improves.

For further information, please see Note 1 of the notes to Consolidated Financial Statements dated December 31, 2013.

Mortgages Payable

As at December 31, 2013, the Company had total mortgage debt outstanding of $18,254,370 with a weighted-average nominal interest rate of 6.2%**.** As at December 31, 2012, the Company had total mortgage debt outstanding of $18,760,595 with a weighted-average nominal interest rate of 6.26%. The Company's mortgages have maturity dates ranging from the present (month-to-month) through to May, 2017.

Financial Commitments

The following chart summarizes the Company's contractual future financial commitments as at December 31, 2013.

	2014	2015	2016	2017	2018
Mortgages payable - principal	$ 18,254,370	-	-	-	-
Mortgages payable - interest	$ 72,554	-	-	-	-
Convertible debentures	$ 10,024,930	-	-	-	-
Convertible debentures - interest	$ 2,879,287	-	-	-	-
Accounts Payable and Accrued Liabilities	$ 356,826	-	-	-	-
Total	$ 31,587,967	-	-	-	-

The above table represents debt payments that are due during the timeframe presented. Because the Company is currently in default with respect to its mortgages and debentures (see: "Going Concern"), these are all being presented as a current liability in the December 31, 2013 Consolidated Financial Statements. For further details, see Note 6 of the notes to Consolidated Financial Statements dated December 31, 2013.

SHARE INFORMATION

As at December 31, 2013, there are 17,315,307 shares outstanding (17,315,307 as at December 31, 2012). As all Company debenture series have matured, there is presently no potential for issuance of new shares.

MANAGEMENT AND DEVELOPMENT AGREEMENTS

The Company has entered into several agreements with the Marwest Group of Companies. Cornelius Martens, President and Chief Executive Officer of the Company is a member of the group of controlling shareholders of the Marwest Group of Companies. He is also an All in West! shareholder and debentureholder.

Asset Management Agreement

Pursuant to the asset management agreement between the Company and Marwest Management, Marwest provides the management individuals to serve as officers of the Company.

The Asset Management Agreement provides that Marwest Management will provide exclusive asset management, administrative and other services to the Corporation. The remuneration to be paid to Marwest Management under the asset management agreement is as follows:

(a) an annual advisory fee equal to 0.4% per annum of the Gross Book Value of the consolidated assets of the Corporation, payable monthly, and prorated to take into account any acquisitions or dispositions during any monthly period, where "Gross Book Value" means book value of the assets of the Corporation, as shown on its most recent consolidated balance sheet, plus the amount of accumulated depreciation and amortization shown thereon, less cash raised pursuant to the issue of common shares or convertible debentures which is not yet invested in properties or other assets, and subject to a minimum annual advisory fee of $250,000; and

(b) an acquisition fee equal to 0.5% of the cost of an acquired property, including, without limitation, real estate commissions, finder's fees and any other acquisition costs payable by the Corporation (excluding the fees payable to Marwest Management pursuant to the asset management agreement) and all out-of-pocket costs incurred by the Corporation in connection with the acquisition including legal fees and disbursements, registration and filing fees, land transfer and sales taxes all calculated in accordance with generally accepted accounting principles. This acquisition fee was not payable in respect of the acquisition of the Phase I Grande Cache Property or the Phase II Grande Cache Property.

The Company also reimburses Marwest Management for all expenses incurred in connection with the operation of the Corporation, including third party costs, which are reasonably incurred by Marwest Management on behalf of the Company.

Marwest Management agreed to forego all asset management fees for 2013 and 2012.

Property Management

Pursuant to the property management agreement between the Company and Marwest Management, Marwest Management is the exclusive property manager for the Corporation. The Property Management Agreement entitles Marwest Management to retain third party property managers to provide property management services. Marwest Management is entitled to the following fees pursuant to the property management agreement:

(a) an annual base fee equal to:

(i) in the case of hotel/lodging properties:

(A) one percent (1%) of gross room revenues in excess of the fee charged by any third party manager retained by Marwest to act as property manager for a particular property, not to exceed five percent (5%) of gross room revenues; and

(B) an incentive fee in the amount of 10% of net operating income achieved per property in excess of the net operating income set forth in the approved budget for such property;

(ii) in the case of retirement homes, 5% of gross revenues; and

(iii) in the case of properties other than hotel/lodging properties or retirement homes, a fee to be agreed upon between the parties, acting reasonably;

(b) an annual accounting fee in the amount of $20,000 per property; and

(c) a disposition fee equal to 0.25% of the purchase price of any property sold by the Company.

The Company also reimburses Marwest Management for all expenses incurred in connection with the operation of the properties, including third party costs, which are reasonably incurred by Marwest Management on behalf of the Company.

Development Agreement

Pursuant to the development agreement between the Company and Marwest Development, Marwest Development is the exclusive property developer for the Company. Under the development agreement between the Company and Marwest Development, the Company has the following rights:

(a) the first right to provide mezzanine financing to Marwest Development in respect of the financing of the development of certain properties; and

(b) the first right to acquire properties which have been developed by Marwest Development.

Right of First Refusal

Marwest Development, Marwest Management and their affiliates have granted a right of first refusal to the Company to acquire all properties (other than commercial properties, namely office, retail and industrial properties) which are available for acquisition, or owned by, Marwest Development, Marwest Management or their affiliates or which any of them has secured for acquisition.

RELATED PARTY TRANSACTIONS

The Company incurred no asset management fees during the year ended December 31, 2013 (2012 - $nil) with Marwest Management. As part of its asset management agreement, Marwest Management is entitled to an annual advisory fee equal to 0.4% per annum of the Gross Book Value of the consolidated assets of the Company, subject to an annual minimum of $250,000. Marwest Management voluntarily agreed to waive the payment of the asset management fee in full for the 2010, 2011 and 2012 fiscal years (see Note 1 and Note 13a), and has continued this cost reduction through the year ended December 31, 2013.

The Company incurred property management fees, included in investment properties operating expenses, in the amount of $47,232 (December 31, 2012 - $49,656) during the year ended December 31, 2013, with Marwest Management as part of its property management agreement.

The Company incurred property management fees, included in investment properties operating expenses, in the amount of $146,781 (December 31, 2012 - $155,138) during the year ended December 31, 2013, with Lexor as part of its property management agreement.

On June 15, 2012, Lexor (as the mortgage holder) took title to the Days Inn hotel in Hinton, Alberta, in consideration for the settlement of the outstanding mortgage indebtedness of $4,224,888. At that date, the carrying value of the Days Inn hotel, which was pledged as security on the mortgage, was $3,000,000. Lexor is the holder of the mortgage loan secured against the Econo Lodge in the principal amount of $6,494,820. The interest paid to Lexor during the year was $417,438 (December 31, 2012 - $34,218) during the year ended December 31, 2013.

The Company incurred accounting fees in the amount of $60,000 (December 31, 2012 - $70,000) during the year ended December 31, 2013, with Marwest Management as part of its property management agreement.

The Company incurred lease payments in the amount of $14,250 (December 31, 2012 - $12,000) during the year ended December 31, 2013, with Adora Investment Inc. as part of its land lease agreement.

Included in accounts payable at December 31, 2013, was $73,511 (December 31, 2012 - $10,458) payable to Marwest Management, and $13,752 (December 31, 2012 - $12,262) payable to Lexor Management.

For more information, see Note 14 of the notes to Consolidated Financial Statements dated December 31, 2013.

OUTLOOK

The Company's outlook is closely tied to the local economic conditions of Hinton and Grande Cache, the towns where it owns hotels. Historically these hotels have benefitted from a strong local economy driven by natural gas drilling and exploration. However, since the beginning of the global recession in 2008 and a consequential decline in the price of natural gas coupled with changes in Alberta royalty taxes, drilling in these areas has declined dramatically. Furthermore, new technologies and natural gas finds have increased supply. Drilling activity in many regions is uneconomical. There are differing opinions on the outlook for natural gas pricing. The Company expects that as the global recovery continues and demand picks up for natural gas, prices will increase and drilling activity and exploration will increase as well. In the short term, however, prices have continued to fall and it is anticipated that the Company will continue to experience lower occupancies and revenues. The Company is subject to Going Concern risk (See: "Going Concern Risk" and "Risks and Uncertainties").

There are potential signs of improvement in the Grande Cache local economy. In Grande Cache, economic activity unrelated to natural gas appears to be slowly improving. To the knowledge of the Company: (i) Milner Power Inc. has been granted the approval to operate a new mine known as the "No. 14 Mine Project"; (ii) Milner Power has indicated that construction of this mine will have a peak-construction workforce of 200; (iii) Milner also stated that it had received final approval for a $1.5 billion power plant expansion project that will add 500MW of power to the NW Alberta grid; (iv) Milner announced that completion of this project was originally expected by July of 2015; Milner stated recently, however, new Government of Canada greenhouse gas legislation enacted in September 2012 have delayed the project and it has now submitted amendments to allow it to change the fuel source from coal to natural gas. The approvals of these submissions are expected during Q2 2014. Management of the Company believes that if these projects advance, it may provide a boost for the Grande Cache hotels that make up two thirds of the Company's hotel portfolio.

The Company has been carefully monitoring its capital resources. It reviews its assets and maintains close communication with its stakeholders, lenders and investment bankers while looking for opportunities to improve its balance sheet and cash flows. Paramount to the Company is the rebound of natural gas prices. There is no assurance of any significant rebound at this time. If the overall economy improves and natural gas prices do eventually strengthen, the Company may benefit from such recovery. Without improvement in the short-term horizon, the Company may not be in a position to capitalize on improved market conditions when they occur. It is uncertain whether the Company will be cash-flow positive throughout 2014.

For more information please see: "Going Concern" and "Risk of Default". In the short-term horizon, there is much uncertainty for the Company.

RISKS AND UNCERTAINTIES

There are a number of risks inherent in an investment in the Company.

Going Concern Risk

The consolidated financial statements dated December 31, 2013, have been prepared on a going concern basis in accordance with IFRS which assumes that the Company will continue operations and be able to realize its assets and discharge its liabilities and commitments in the normal course of business for the foreseeable future. There is significant doubt about the appropriateness of the going concern assumption and ultimately the use of accounting principles applicable to a going concern because of the material uncertainties caused by successive years of operating losses, the position of default on all major debt instruments without current secured remediation, and a large working capital deficit. The Company has experienced a general decline in room revenues over the past few years, reflecting a weak economic environment and a marked decline in the natural gas industry in the vicinity of the Company's hotel properties since 2008. The outlook for the Company's hotel properties remains uncertain and the weakness is expected to continue until the economy, and natural gas activity in particular, in the area of the properties improves.

Management is continuing to assess various strategies to improve operating results and cash flows and to adjust the Company's capital structure. This includes the implementation of various cost reduction measures, and specific actions to address cash flow, as described in the following paragraphs. Management disposed of one of the hotel properties in 2012 and continues to consider the possibility of the disposition of other properties.

Management commenced a plan consisting of reduced payments to various stakeholders and debt holders in an effort to reduce cash outflows and improve liquidity. This plan included the voluntary waiving of asset management fees by Marwest Management, the waiving of payments of director fees by the Directors of the Company, ceasing interest payments to the holders of its Series A Debentures, Series B Debentures and Series C Debentures (see Note 7 of the notes to Consolidated Financial Statements dated December 31, 2013), and deferring certain mortgage principal payments to mortgage holders (see Note 6 of the notes to Consolidated Financial Statements dated December 31, 2013). Management's forecast indicates that without such measures, with stakeholders and debt holders, the Company would be cash deficient beginning in the first quarter and throughout the remainder of the year. Even with reduced payments, there can be no assurance that the Company will be in a position to meet obligations as they come due.

The Company ceased making interest payments on the Series A Debentures and the Series B Debentures on April 30, 2010, and ceased making interest payments on the Series C Debentures on November 30, 2010. The non-payment of interest on all series of debentures has resulted in the Company being in a default position on these debt instruments. As a result of the defaults, the indenture trustee may in its discretion, or upon the request of the debenture holders, declare the principal and interest on all debentures then outstanding, to be immediately due and payable. If payment of the full amount of any or all series of debentures were to be demanded, the Company would not be able to satisfy these obligations without additional external funding (see Note 7 of the notes to Consolidated Financial Statements dated December 31, 2013). On March 7, 2012, the Company delivered formal notice to the indenture trustee for its Series A Debentures, which matured on March 31, 2012, that the Company would default on its obligation to repay the principal amount and accrued interest on the maturity date. On September 5, 2012, the Company delivered formal notice to the indenture trustee for its Series B Debentures, which matured on September 28, 2012, and its Series C Debentures, which matured on October 1, 2012, that the Company would default on its obligation to repay the principal amounts and accrued interest on the maturity dates.

In conjunction with the modification of certain loan agreements, the deferral of certain mortgage principal payments commenced in fiscal 2010. Despite the modifications made to certain repayment schedules, the Company continues to be in a default position on its three mortgages.

On March 9, 2012, the holder of the mortgage on the Days Inn hotel in Hinton, Alberta, advised the Company that they intended to commence foreclosure proceedings should they not be able to settle the outstanding mortgage balance through negotiations with the Company. On June 15, 2012, the mortgage holder took title to the Days Inn hotel in consideration for the settlement of the outstanding mortgage indebtedness of $4,224,888. At that date, the carrying value of the Days Inn hotel, which was pledged as security on the mortgage, was $3,000,000; the Company realized a gain on settlement of long-term debt of $1,224,888 in fiscal 2012.

An agreement to defer mortgage principal payments with one of the lenders expired on October 31, 2010. The Company reinstated full mortgage payments on this mortgage on November 30, 2011. This mortgage, with a carrying value of $4,252,721 became payable in full on September 14, 2012, however, pursuant to an agreement signed with the lender on November 7, 2012, a 12-month extension of existing terms has been agreed to by the parties, with the indebtedness due September 30, 2013. The mortgage has been subsequently renewed and is due the earlier of on demand or September 30, 2016. This mortgage is considered to be in default by the lender due to being in arrears and a cross-default provision with respect to defaults on other loans.

On November 15, 2012, a mortgage with a carrying value of $6,494,820, held on one of the Company's investment properties with a carrying value of $3,640,000, was assigned by the original lender to Lexor, a related party by virtue of close family members of key management personnel. The original mortgage agreement and all significant terms and conditions of the mortgage remain substantially unchanged from those agreed upon with the original mortgage holder. The deferral of mortgage principal payments has continued, and is expected to continue for the foreseeable future, on a "month-to-month" basis. The mortgage remains in default, and the new mortgage holder maintains its right to declare the full amount of their loan principal to be due and payable on demand.

The third mortgage is considered to be in a default position as a result of a cross-default provision with other lenders. At December 31, 2013, principal and interest payments on this mortgage had been paid and were current.

If payment of the full amount of any or all of the mortgages were to be demanded, the Company would not be able to satisfy these obligations with current company resources (see Note 6 of the notes to Consolidated Financial Statements dated December 31, 2013).

As at April 22, 2014, the indenture trustee, debenture holders or mortgage lenders have not demanded payment in full of amounts outstanding.

The success of management's planned initiatives and actions referred to above cannot be assured, and may be subject to material change or revision at any time.

If the going concern basis was not appropriate for these consolidated financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported revenue and expenses and the balance sheet classifications used. These adjustments would be material.

Risk of Default

The Company has ceased making interest payments on its Series A Debentures, Series B Debentures, and Series C Debentures. These non-payments constitute an event of default under the respective trust indentures. Additionally, the Company did not repay the Series A, Series B or Series C when they matured. These defaults have resulted in the debentures becoming due on demand and the Company does not have the resources to satisfy these obligations. One of the Company's mortgages became payable in full on June 1, 2012, and renewal terms have not been agreed upon at the date of issue of this document. All of the Company's mortgages are in default through various cross-guarantees such that any Company default on its debt automatically triggers default with respect to any and all of its mortgages. Consequently, the Company is in default of all of its mortgages and its lenders have the right to declare the full amount of their loan principal to be due and payable on demand. If the payment of the full amount of any or all of the mortgages were to be demanded, the Company would not be able to satisfy these obligations. The defaults cause all debt obligations to be presented as a current liability on the Company's balance sheet (see: "Going Concern").

Risks Associated with the Business of the Company

Hotel Industry Risks
The Company owns and operates three hotels and is therefore subject to the operating risks of the hotel industry. These risks include: cyclical downturns arising from changes in general and local economic conditions; changes in the level of business and commercial travel and tourism; increases in the supply of accommodations in local markets; competition from other hotels; the recurring need for renovation, refurbishment and improvement of hotel properties; changes in wages, prices, energy costs and construction and maintenance costs; availability of financing for operating or capital requirements; seasonal fluctuations in hotel operating income produced throughout the year and other factors.

Competition
The hotel industry is highly competitive. The Company faces significant local competition from other hotels. Some competitors may have greater marketing and financial resources than the Company. The number of competitive hotel properties in a particular area could have a material adverse effect on the occupancy rates and average daily rate of properties in that particular area. New competitors entering markets in which the Company operates can also adversely affect business levels.

Customer Concentration
In the markets that the Company operates, the customer base may be concentrated due to the type of industries established in those markets. The business levels rely on the ongoing presence and financial stability of these customers. If these customers withdrew from these markets, the Company could experience a decline in revenue. This has in fact happened to a great extent with respect to customers related to natural gas exploration and drilling.

Changes to the Alberta Oil and Gas Royalties
The Company's properties are located in the province of Alberta. They derive a substantial portion of their revenue from customers in the oil and gas sector. The Alberta government announced a new framework that increased its royalties in October 2007. In November 2008, it offered companies transitional royalty rates for the period 2009-2013. In March 2009, it launched an incentive program to stimulate new and continued activity. It has made further changes since. Any decline in activity in the sector as a result of government policy and regulation could result in a decline in revenues for the Company.

Availability of Additional Capital
The acquisition of properties, as well as ongoing renovations, refurbishment and improvements required to maintain and operate hotels, are capital intensive. Where the cost of capital improvements exceeds available cash on hand, the Company may be required to fund these activities by incurring additional indebtedness. Access to capital markets for additional borrowing depends on prevailing market conditions and the acceptability of the terms offered. If the

Company were unable to secure additional funding for acquisitions or required improvements, it would be required to curtail these activities, which could have an adverse effect on its results of operations, financial condition and distributions.

Debt Financing

The Company incurred debt in connection with the acquisition and operation of its hotel properties, including mortgage financing, capital leases and other borrowings. Therefore, the Company is subject to the risks associated with debt financing, including the risks that cash flow from operations will be insufficient to meet required payments of principal and interest, the risk that existing debt will not be able to be refinanced or that terms of such refinancing will not be as favorable to the Company and that the risk that necessary capital expenditures for such purposes as renovations and other improvements will not be able to be financed on favorable terms or at all. In such circumstances, if the Company were in need of capital to repay indebtedness in accordance with its terms or otherwise, it could be required to liquidate one or more of its hotel properties at times which may not permit realization of the maximum return on such investments or could be required to agree to additional financing on unfavorable terms. The Company's financing arrangements contain covenants that could restrict its ability to operate its business in certain ways. The Company is not in compliance with its covenants. Please see the "Liquidity and Capital Resources" section as well "Going Concern" for further information. Failure to comply with the restrictions in its financing arrangements gives lenders the right to accelerate payment of the related debt. In connection with its financing arrangements, the Company has granted security interests over its portfolio. If the Company is unable to meet its debt service obligations, it risks the loss of some or all of its assets to foreclosure or sale. At the present time, one of the Company's three mortgages has matured; renewal terms have not been agreed upon at the date of issue of this document nor has demand for payment been made on this mortgage. All of the Company's mortgages are in default through various cross-guarantees such that any Company default on its debt automatically triggers default with respect to any and all of its mortgages. Consequently, the Company is in default of all of its mortgages and its lenders have the right to declare the full amount of their loan principal to be due and payable on demand. If the payment of the full amount of any or all of the mortgages were to be demanded, the Company would not be able to satisfy these obligations. The defaults cause all debt obligations to be presented as a current liability on the Company's balance sheet (see: "Going Concern").

Reliance on Key Personnel

The Company depends on the services of certain key personnel, including in particular, Cornelius Martens as Chief Executive Officer and Jennifer Nazimek as Chief Financial Officer. As these individuals are employees of Marwest, they are not required to devote their time exclusively to the affairs of the Company. The loss of the services of any of these key personnel could have an adverse effect on the Company.

<u>Risks Related to Real Property Ownership</u>

General

The Company owns hotel properties and therefore, is subject to risks generally incidental to the ownership of real property. The underlying value of the properties and the Company's income depends on the ability of the Company to maintain or increase revenues from the properties and to generate income in excess of operating expenses. Income from the hotel properties may be adversely affected by changes in national or local economic conditions, changes in interest rates and in the availability, cost and terms of mortgage financing, the impact of present or future environmental legislation and compliance with environmental laws, the ongoing need for capital improvements, particularly in older structures, changes in real estate assessed values and taxes payable on such values (including as a result of possible increased assessments as a result of the acquisition of the hotel properties by the Company) and other operating expenses, changes in governmental laws, regulations, rules and fiscal policies, changes in zoning laws, civil unrest, acts of God, including earthquakes and other natural disasters and acts of terrorism or war (which may result in uninsured losses). When interest rates increase, the cost of acquiring, developing, expanding or renovating real property increases and real property values may decrease as the number of potential buyers decreases. Similarly, as financing becomes less available, it becomes more difficult to both acquire and to sell real property. Finally, governments can, under eminent domain laws, expropriate or take real property for less compensation than an owner believes the property is worth. Almost all of these factors are beyond the Company's control.

Liquidity

Real estate investments are relatively illiquid, with the degree of liquidity generally fluctuating in relation to demand for and the perceived desirability of such investments. Such illiquidity may limit the Company's ability to carry its portfolio promptly in response to changing economic or investment conditions. If the Company were to need to liquidate a property, the proceeds to the Company might be significantly less than the aggregate carrying value of such property. In addition, by concentrating on hotel properties, the Company is exposed to the adverse effects on that segment of the real estate market and does not benefit from a diversification of its portfolio by property type or geographical location.

Environmental Matters

The Company and its properties are subject to various federal, provincial and municipal laws relating to environmental matters. These laws provide that the Company could be liable for the costs of removal of certain hazardous, toxic or regulated substances released on or in the properties or disposed of at other locations sometimes regardless of whether the Company knew of or was responsible for their presence. The failure to remove, remediate or otherwise address such substances or locations, if any, could adversely affect the Company's ability to sell such real estate or to borrow using such real estate as collateral and could potentially also result in claims against the Company by private plaintiffs. In addition, environmental laws and regulations may change in the future and the Company may become subject to more stringent environmental laws and regulations could have a material adverse effect on the Company's business, financing condition or results of operations.

Risks Related to the General Economic Environment

As with any commercial enterprise, the Company is subject to risks associated with the general economic conditions. These risks include the degree to which the overall economy is expanding or contracting, rate of inflation, unemployment rate, level of consumer confidence, and the effects of government initiatives. Any deterioration of the general economic conditions may adversely affect business levels of the Company.

CHANGES IN ACCOUNTING POLICIES

IFRS 9 - Financial Instruments ("IFRS 9") was issued by the IASB in November 2009 to replace IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple classification options in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used. In October 2010 IFRS 9 was amended by the IASB to provide guidance on the classification and reclassification of financial liabilities, their measurement, and the presentation of gains and losses on financial liabilities designated at fair value through profit and loss. When an entity elects to measure a financial liability at fair value, gains or losses due to changes in the credit risk of the instrument must be recognized in other comprehensive income. The amended standard supersedes IFRS 9, as issued by the IASB in November 2009. The mandatory effective date of this standard has been deferred. The Company is currently evaluating the impact on its financial statements.

SUBSEQUENT EVENTS

Subsequent to the year ended December 31, 2013, the Econo Lodge property is no longer listed for sale.

Subsequent to the year ended December 31, 2013, the Phase I Grande Cache Property and Phase II Grande Cache Property are re-branded from a Best Western franchise to a Days Inn franchise.

ADDITIONAL INFORMATION

Additional Information relating to the Company can be found on SEDAR located at www.sedar.com.