

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

**DBDC SPADINA LTD.,
and THOSE CORPORATIONS LISTED ON SCHEDULE "A" HERETO**

Applicants
(the "Bernstein Group")

- and -

**NORMA WALTON, RONAULD WALTON, THE ROSE & THISTLE
GROUP LTD. and EGLINTON CASTLE INC.**

Respondents
(the "Walton Group")

and

**THOSE CORPORATIONS LISTED IN SCHEDULE "B", TO BE BOUND BY THE
RESULT**

**AFFIDAVIT OF NORMA WALTON
SWORN JANUARY 15, 2014**

1. I am one of the Respondents in this matter and as such I have knowledge of the matters to which I herein depose.
2. I make this Affidavit further to my affidavit dated January 10, 2014, and in response to the affidavit of Mr. Reitan dated January 13, 2014.
3. The issue at hand appears to be who owns 44 Park Lane. The documents marked at Exhibit 2 to the examination of Todd Holmes on January 15, 2014 confirm that the source of closing funds for the purchase of 44 Park Lane property came from:

- (a) a first mortgage of approximately \$5 million, whereby the sum of approximately \$4.9 million was advanced after fees and interest adjustment;
- (b) a second mortgage of approximately \$3 million, whereby the sum of approximately \$2.9 million was advanced after fees and interest adjustment;
- (c) a \$500,000 deposit comprised of two \$250,000 payments made in January 2012 and March 2012 respectively; and
- (d) approximately a \$2.6 million certified cheque from my husband and my personal account.

4. In Mr. Reitan's Affidavit sworn January 13, 2014, he claims that Dr. Bernstein provided funds that were used to purchase 44 Park Lane. Dr. Bernstein provided \$2.3 million to purchase a part interest in 875-887 Queen Street East (the "Queen Street Project"). As set out in Exhibit "A" of Mr. Reitan's Affidavit (p. 25 of the Motion Record dated January 14, 2014), Dr. Bernstein bought into the Queen Street Project at a purchase price of \$9,504,425. This purchase price included the sum of \$2,215,000. The \$2,215,000 was payable to my husband and I because, at the time Dr. Bernstein bought into the Queen Street Project, my husband and I had already owned and developed the project for a year, so this amount represented part of my husband and my equity in the Project. Also at Exhibit "A" to Mr. Reitan's Affidavit (p. 22 of the Motion Record dated January 14, 2014) I explained the work done prior to Dr. Bernstein's involvement. Simply put, the \$2,215,000 is the money Dr. Bernstein paid to my husband and I to purchase 50% of the Queen Street Project. My husband and I were entitled to this money because we were the sole owners of the Queen Street Project between June 2011 and June 2012, during which period the property was under firm contract of sale, closing in June 2012. In June 2012 the property was worth at least \$9,504,425, as evidenced by the \$7 million mortgage we arranged and the fact that the neighbouring property (being only three-quarters the size of 875 Queen) had attracted a sale price of \$10 million.

9. The present value of 44 Park Lane is between \$13 million and \$16 million. Even after the financing is put in place, there will be equity in the property in the amount of \$4 million to \$7 million. As I have previously stated in my earlier affidavits, 44 Park Lane is planned to be severed into two parcels at the end of February 2014. This will increase the total value of the two properties by approximately \$2 million.

10. My husband and I have put in a total of approximately \$4,702,222 into the 44 Park Lane property (comprised of \$3,127,222 to purchase, \$25,000 in due diligence expenses prior to purchase, \$1,500,000 in renovations and another \$50,000 in severance costs).

11. On page 8 of his affidavit in paragraph 23(c), Mr. Reitan claims that I diverted from Tisdale Mews \$268,000 to 44 Park Lane. The Inspector has told me orally (and advised me that he also told Dr. Bernstein), and I believe, that no Bernstein Group money was used to fund the \$268,000 in issue.

12. Referring specifically to the Applicants' Notice of Motion, on page 4 of the motion record, the Applicants repeat that the Respondents have not provided any accounting. To date the Respondents have provided all bank statements, Quickbook files, leases, mortgages, contracts, invoices, ledgers, financial statements and everything else related to the Schedule B Companies that has been requested by the Inspector. The Applicants have not advised what additional information in terms of an "accounting" they seek. The Inspector lists in his reports the documents we have provided.

13. On page 12 of the Applicants' Motion Record (p. 3 of Mr. Reitan's Affidavit) in paragraph 6(b), Mr. Reitan claims there is no reference in the agreement regarding the increase in property value in relation to the Queen Street Project. This is incorrect. As 100%

shareholders of Red Door Developments Inc., Ronauld and I contracted to purchase the Queen Street Project in approximately April 2011. The deal went firm in June 2011. We sold an interest in the project to Dr. Bernstein in June 2012 for the purchase price indicated in the proforma. The proforma attached as Exhibit "A" to Mr. Reitan's affidavit. Dr. Bernstein knew and understood that we were only willing to sell the property for the price set out in the proforma.

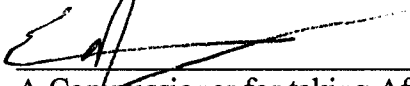
14. On page 13 of the Applicants' Motion Record (p. 4 of Mr. Reitan's Affidavit) Mr. Reitan indicates that the purchase price for 887 Queen is \$1.2 million instead of \$2.4 million. That is inaccurate. His own exhibit "C" confirms the transfer price was \$2.4 million (at page 42 of the Applicants' Motion Record).

15. On page 9 of his Affidavit, at paragraph 23(f), Mr. Reitan indicates that the Respondents are not paying \$81,000 in costs. The Managership Order of November 5, 2013 and the related costs order are currently under appeal.

16. On page 9 of his Affidavit, in paragraph 24, Mr. Reitan attaches notices of default of mortgage dated January 10, 2014. As of today's date, I have not received either letter. Further our motion proposes to pay in full the Front Street mortgage.

17. On page 9 of his Affidavit, in paragraph 25, Mr. Reitan discusses the prospective sale negotiations of 65 Front Street as set out in my affidavit of December 17, 2013. Those negotiations did not result in an agreement of purchase and sale. We still have 65 Front Street listed for sale but to date have not come to terms with any prospective purchaser.

SWORN BEFORE ME at the City of
Toronto, in the Province of Ontario, this
15th day of January 2014



A Commissioner for taking Affidavits, etc.

Emmeline Morse

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NORMA WALTON

DBDC SPADINA LTD. et al.

Applicants

- and -

NORMA WALTON et al.

Respondents

Court File No. CV-13-10280-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
[COMMERCIAL LIST]**

Proceedings commenced at TORONTO

**AFFIDAVIT OF NORMA WALTON
(Sworn January 15, 2014)**

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