

Court File No.

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

B E T W E E N:

DBDC SPADINA LTD.,
AND THOSE CORPORATIONS LISTED ON SCHEDULE A HERETO

Applicants

and

NORMA WALTON, RONAULD WALTON and THE ROSE & THISTLE
GROUP LTD., AND THOSE CORPORATIONS LISTED ON SCHEDULE B
HERETO

Respondents

and

THOSE CORPORATIONS LISTED ON SCHEDULE C HERETO, TO BE
BOUND BY THE RESULT

APPLICATION AND MOTION RECORD OF THE APPLICANTS

October 1, 2013

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Tab 1

Court File No.

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

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

Applicants

and

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

Respondents

and

THOSE CORPORATIONS LISTED ON SCHEDULE B HERETO, TO BE
BOUND BY THE RESULT

NOTICE OF APPLICATION

TO THE RESPONDENTS

A LEGAL PROCEEDING HAS BEEN COMMENCED by the Applicant. The Claim made by the Applicant appears on the following page.

THIS APPLICATION will come on for a hearing on a date to be set by a judge of the Superior Court of Justice presiding at the court house, 393 University Ave, 10th Floor, Toronto, ON, M5G 1E6.

IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the *Rules of Civil Procedure*, serve it on the applicant's lawyer or, where the applicant does not have a lawyer, serve it on the applicant, and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the applicant's lawyer or, where the applicant does not have a lawyer, serve it on the applicant, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but at least four days before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

Date _____

Issued by _____

Local Registrar

Address of court office: 393 University Ave, 10th Floor
Toronto, ON, M5G 1E6

TO: SCHIBLE LAW
Suite 2200
181 University Avenue
Toronto, ON M5H 3M7

Guillermo Schible
Tel: (416) 601-6813
Fax: (416) 352-5454

Lawyers for the Respondents

APPLICATION

1. The Applicants, DBDC Spadina Ltd., and those Corporations listed on Schedule A hereto, make an Application for:

- (a) A mandatory Order restraining the Respondents Norma Walton, Ronauld Walton, The Rose & Thistle Group Ltd. ("Rose & Thistle") and Eglinton Castle Inc. from, or from causing, any dealings with the underlying real estate properties ("the Properties") held by the Schedule B Corporations, such that no transactions out of the ordinary course or in excess of \$50,000 be authorized without the agreement of the Applicants or a further Order of this Honourable Court;
- (b) A mandatory Order restraining the Respondents from further encumbering any of the properties without written consent of the Applicants or further Order of this Honourable Court;
- (c) An Order appointing Schonfeld Inc. as Inspector pursuant to Section 161(2) of the *Business Corporations Act*, R.S.O. 1980, c.B.16, as amended (the "OBCA") upon the basis that the business and affairs of the corporations listed on Schedule B ("Schedule B Corporations") have been carried on or conducted in a manner that is oppressive, is unfairly prejudicial to and unfairly disregards the interests of the Applicants in the Schedule B Corporations;
- (d) An Order that the Respondents forthwith provide full and unrestricted access to the Inspector of:

- (i) All records respecting each of the Properties (as defined below) and the Schedule B Corporations and Eglinton Castle Inc.;
- (ii) The accounting, banking and other records of Rose & Thistle, so as to reflect all dealings by which monies owned or attributable to the Properties, the Schedule B Corporations or the Applicant Corporations;
- (e) An Order authorizing the Inspector to enter the premises of Rose & Thistle at 32 Hazelton Avenue, Toronto, Ontario M5R 2E2, in order to obtain all relevant information and to examine any records, including accounting and bank records and any other records, therein and to make copies of all such documents for the purposes of the investigation;
- (f) An Order requiring the Respondents, and any of them, to produce all records respecting the acquisition, purchase, financing, management, development and operation of the Properties to the Inspector;
- (g) An Order requiring that all lawyers acting on the purchase and financing of the Properties for any of the Respondents and the Schedule B Companies make available all requested documents to the Inspector without assertion of privilege, and in particular, without limiting the generality of the foregoing, the law firm of Devry Smith Frank LLP in respect of the mortgages on 1450 Don Mills Road and 1500 Don Mills Road;
- (h) An Order requiring the Respondents to pay the costs of the investigation;
- (i) An Order granting all necessary directions to the Inspector;

- (j) An Order that the Inspector provide an interim report to this Honourable Court on or before October 15, 2013;
- (k) The costs of this application and inspection; and
- (l) Such further and other relief as to this Honourable Court may seem just.

2. The grounds for the Application are:

PARTIES

- (a) The Applicants, DBDC Spadina Ltd., and those Corporations listed on Schedule A hereto, are all corporations incorporated pursuant to the laws of Ontario. They are beneficially owned by Dr. Stanley Bernstein;
- (b) Norma Walton is a lawyer and a member of the Law Society of Upper Canada. She is a co-founder, along with her husband Ronauld Walton, of The Rose & Thistle Group Ltd. ("Rose & Thistle") and President of its subsidiary, Rose & Thistle Properties. Ms. Walton is a principal of Walton Advocates, an in-house law firm and trade mark agent that provides litigation, corporate and real estate legal services to the Rose & Thistle group of companies. She has faced two disciplinary hearings before the Law Society of Upper Canada related to her financial dealings with clients;
- (c) Ronauld Walton is a lawyer and a member of the Law Society of Upper Canada. He is a co-founder, along with his wife Norma Walton, of Rose & Thistle and President of its subsidiary, Rose & Thistle Properties. Walton is a principal of Walton Advocates, an in-house law firm and trade mark agent that provides

litigation, corporate and real estate legal services to the Rose & Thistle group of companies;

- (d) Rose & Thistle is a holding company incorporated pursuant to the laws of Ontario. It and its various subsidiaries are engaged *inter alia* in real estate development, management and construction;
- (e) Eglinton Castle Inc. is a corporation incorporated pursuant to the laws of Ontario. It is owned, to the knowledge of the Applicants, by Norman Walton and Ronauld Walton;
- (f) The Corporations listed on Schedule B hereto, are all corporations incorporated pursuant to the laws of Ontario. They are owned 50% by Dr. Bernstein (or one of the Corporations listed on Schedule A hereto) and 50% by Norman Walton and Ronauld Walton (or Eglinton Castle Inc.). They were incorporated for the purpose of purchasing commercial real estate properties jointly between Dr. Bernstein and the Waltons;

THE INVESTMENTS

- (g) Beginning in 2008, Dr. Bernstein acted as the lender/mortgager of several commercial real estate properties owned by the Respondents Norma Walton and Ronauld Walton either through their company Rose & Thistle or through other corporations of which they are the beneficial owners;
- (h) Following several financings, Dr. Bernstein and the Waltons agreed to invest jointly in various commercial real estate projects;

- (i) To date, Dr. Bernstein has invested approximately \$110 million into 31 projects;
- (j) Dr. Bernstein and The Waltons entered into separate agreements for each project which provided as follows:
 - (i) A new company would be incorporated for each project (the "Owner Company");
 - (ii) Dr. Bernstein (through a company incorporated for this purpose) would hold 50% of the shares of the Owner Company;
 - (iii) The Waltons (either directly or through a company incorporated for this purpose) would hold the other 50% of the shares of the Owner Company;
 - (iv) Each of Dr. Bernstein and The Waltons would contribute an equal amount of equity to the Project;
 - (v) The Waltons would manage, supervise and complete the Project for an additional fee;
 - (vi) The Waltons also agreed to be responsible for the finances, bookkeeping, accounting and filing of tax returns, among other things, of the Owner Company;
 - (vii) The Owner Company was to have a separate bank account;
 - (viii) Dr. Bernstein would not be required to play an active role in completing the Project, but his approval would be required for:

- (1) Any decisions concerning the selling or refinancing of the Property;
 - (2) Any decisions concerning the increase in the total amount of equity required to complete Project; and
 - (3) Any cheque or transfer over \$50,000.
- (ix) The Waltons agreed to provide Dr. Bernstein with:
- (1) Ongoing reports on at least a monthly basis detailing all items related to the Properties;
 - (2) Copies of invoices for work completed the Projects monthly;
 - (3) Bank statements monthly; and
 - (4) Listing of all cheques monthly;
- (x) The agreements provided generally that Dr. Bernstein and Norma Walton were to be the sole directors of the Joint Venture Company.
- (k) A review in June 2013 of Dr. Bernstein's equity investments in the Projects revealed that:
- (i) The Waltons were not making their portion of the equity investments into the Properties;
 - (ii) The Waltons appeared to be taking on third party investors in the Projects;

- (iii) The Waltons were engaged in significant related party transactions in respect of Projects;
- (iv) Dr. Bernstein's approval was not being sought for any the matters set out in subparagraph (j)(viii) above; and
- (v) Dr. Bernstein was not receiving any of the required reporting, as set out in paragraph subparagraph (j)(ix) above; and
- (vi) As a result of the Waltons not making their portion of the equity investments in the Properties, many of Dr. Bernstein's content, to interest bearing shzreholder loans.
- (l) Dr. Bernstein caused a letter to be sent to Ms. Walton on June 13, 2013 setting out these concerns;
- (m) Following an unresponsive letter from Ms. Walton, further requests were made, but not responded to or only partially responded to;
- (n) Dr. Bernstein caused title searches to be run on all the Properties. Those title searches revealed that additional mortgages totally \$6 million had been placed on two Properties, without Dr. Berstein's knowledge or consent. Ms. Walton had failed to provide sufficient further information regarding the mortgages, including the loan documentation and information about the whereabouts of the funds.
- (o) Ms. Walton has stated that she will provide information regarding the mortgages only in the context of a without prejudice mediation;

- (p) On September 17, 2013, Peter Griffin, counsel for Dr. Bernstein, DBDC Spadina Ltd. and the corporations listed on Schedule A to the Notice of Application, sent a letter to Ms. Walton requesting further information regarding the Projects. Among other things, he requested information regarding two additional mortgages of approximately \$3 million each had been taken out on 1450 Don Mills Rd. and 1500 Don Mills Rd., without Dr. Bernstein's knowledge or approval. Mr. Griffin also requested access to the information The Waltons are contractually obliged to provide to Dr. Bernstein;
- (q) On September 20, 2013, Jim Reitan, Director of Accounting and Finance at Dr. Bernstein Diet and Health Clinics, attended at the offices of Rose & Thistle, along with Harlan Schonfeld and Jim Merryweather of Schonfeld Inc. Schonfeld Inc. was appointed by Dr. Bernstein to conduct an [independent] review of the various Joint Venture Projects in which Dr. Bernstein has an interest. Among the matters Schonfeld Inc. was tasked with reviewing were the two \$3 million mortgages on 1450 Don Mills Rd. and 1500 Don Mills Rd.;
- (r) Ms. Walton sent various correspondence purporting to out her explanation for the additional mortgages. That correspondence does not respond fully or satisfactorily to the information requested;
- (s) Mr. Reitan and Mr. Schonfeld have been unable to find any record of the \$6 million in mortgage proceeds in the respective companies' accounts and do not know where the mortgage proceeds are;

- (t) Ms. Walton has to date provided information on 16 of 31 Projects in which Dr. Bernstein has an interest. That information is not complete and what information has been provided raises further concerns about the financing and management and fees charged to the Properties, among other things;
 - (u) Ms. Walton has advised that she requires several more weeks to provide the information requested by Dr. Bernstein on the balance of the 16 Projects;
 - (v) Such further and other grounds as the lawyers may advise.
3. The following documentary evidence will be used at the hearing of the Application:
- (w) Affidavit of Dr. Stanley Bernstein sworn October 1, 2013;
 - (x) Affidavit of James Reitan sworn October 1, 2013;
 - (y) Affidavit of Harlan Schonfeld, CA, CIRP sworn October 1, 2013, including the consent of Schonfeld Inc. to act as Inspector; and
 - (z) Such further and other material as the lawyers may advise and this Honourable Court may permit.

October 1, 2013

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Lawyers for the Applicants

DBDC SPADINA LTD., and those corporations listed on Schedule A	-and-	NORMA WALTON et al.
hereto		
Plaintiffs		Defendants

Court File No.

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT TORONTO

NOTICE OF APPLICATION

**LENCZNER SLAGHT ROYCE
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Lawyers for the Plaintiffs

Tab A

SCHEDULE "A" COMPANIES

1. Dr. Bernstein Diet Clinics Ltd.
 2. 2272551 Ontario Limited
 3. DBDC Investments Atlantic Ltd.
 4. DBDC Investment Pape Ltd.
 5. DBDC Investments Highway 7 Ltd.
 6. DBDC Investments Trent Ltd.
 7. DBDC Investments St. Clair Ltd.
 8. DBDC Investments Tisdale Ltd.
 9. DBDC Investments Leslie Ltd.
 10. DBDC Investments Lesliebrook Ltd.
 11. DBDC Fraser Properties Ltd.
 12. DBDC Fraser Lands Ltd.
 13. DBDC Queen's Corner Inc.
 14. DBDC Queen's Plate Holdings Inc.
 15. DBDC Dupont Developments Ltd.
 16. DBDC Red Door Developments Inc.
 17. DBDC Red Door Lands Inc.
 18. DBDC Global Mills Ltd.
 19. DBDC Donalda Developments Ltd.
 20. DBDC Salmon River Properties Ltd.
 21. DBDC Cityview Industrial Ltd.
 22. DBDC Weston Lands Ltd.
 23. DBDC Double Rose Developments Ltd.
 24. DBDC Skyway Holdings Ltd.
-
25. DBDC West Mall Holdings Ltd.
 26. DBDC Royal Gate Holdings Ltd.
 27. DBDC Dewhurst Developments Ltd.
 28. DBDC Eddystone Place Ltd.
 29. DBDC Richmond Row Holdings Ltd.

Tab B

SCHEDULE "B" COMPANIES

1. Twin Dragons Corporation
2. Bannockburn Lands Inc. / Skyline – 1185 Eglinton Avenue Inc.
3. Wynford Professional Centre Ltd.
4. Liberty Village Properties Inc.
5. Liberty Village Lands Inc.
6. Riverdale Mansion Ltd.
7. Royal Agincourt Corp.
8. Hidden Gem Development Inc.
9. Ascalon Lands Ltd.
10. Tisdale Mews Inc.
11. Lesliebrook Holdings Ltd.
12. Lesliebrook Lands Ltd.
13. Fraser Properties Corp.
14. Fraser Lands Ltd.
15. Queen's Corner Corp.
16. Northern Dancer Lands Ltd.
17. Dupont Developments Ltd.
18. Red Door Developments Inc. and Red Door Lands Ltd.
19. Global Mills Inc.
20. Donalda Developments Ltd.
21. Salmon River Properties Ltd.
22. Cityview Industrial Ltd.
23. Weston Lands Ltd.
24. Double Rose Developments Ltd.
25. Skyway Holdings Ltd.
26. West Mall Holdings Ltd.
27. Royal Gate Holdings Ltd.
28. Dewhurst Developments Ltd.
29. Eddystone Place Inc.
30. Richmond Row Holdings Ltd.

Tab 2

Court File No.

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

DBDC SPADINA LTD.,
AND THOSE CORPORATIONS LISTED ON SCHEDULE A HERETO

Applicants

and

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

Respondents

and

THOSE CORPORATIONS LISTED ON SCHEDULE C HERETO, TO BE
BOUND BY THE RESULT

NOTICE OF MOTION

The Applicants will make a Motion to a Judge of the Commercial List at 330 University Avenue, Toronto on Friday, October 5, 2013 at 10:00 am.

PROPOSED METHOD OF HEARING: The Motion is to be heard orally.

THE MOTION IS FOR:

1. The Applicants, DBDC Spadina Ltd., and those Corporations listed on Schedule A hereto, make a Motion for:

- (a) A mandatory Order restraining the Respondents Norma Walton, Ronauld Walton, The Rose & Thistle Group Ltd. ("Rose & Thistle") and Eglinton Castle Inc. from, or from causing, any dealings with the underlying real estate properties ("the Properties") held by the Schedule B Corporations, such that no transactions out of the ordinary course or in excess of \$50,000 be authorized without the agreement of the Applicants or a further Order of this Honourable Court;
- (b) A mandatory Order restraining the Respondents from further encumbering any of the properties without written consent of the Applicants or further Order of this Honourable Court;
- (c) An Order appointing Schonfeld Inc. as Inspector pursuant to Section 161(2) of the *Business Corporations Act*, R.S.O. 1980, c.B.16, as amended (the "OBCA") upon the basis that the business and affairs of the corporations listed on Schedule B ("Schedule B Corporations") have been carried on or conducted in a manner that is oppressive, is unfairly prejudicial to and unfairly disregards the interests of the Applicants in the Schedule B Corporations;
- (d) An Order that the Respondents forthwith provide full and unrestricted access to the Inspector of:
 - (i) All records respecting each of the Properties (as defined below) and the Schedule B Corporations and Eglinton Castle Inc.;

- (ii) The accounting, banking and other records of Rose & Thistle, so as to reflect all dealings by which monies owned or attributable to the Properties, the Schedule B Corporations or the Applicant Corporations;
 - (e) An Order authorizing the Inspector to enter the premises of Rose & Thistle at 32 Hazelton Avenue, Toronto, Ontario M5R 2E2, in order to obtain all relevant information and to examine any records, including accounting and bank records and any other records, therein and to make copies of all such documents for the purposes of the investigation;
 - (f) An Order requiring the Respondents, and any of them, to produce all records respecting the acquisition, purchase, financing, management, development and operation of the Properties to the Inspector;
 - (g) An Order requiring that all lawyers acting on the purchase and financing of the Properties for any of the Respondents and the Schedule B Companies make available all requested documents to the Inspector without assertion of privilege, and in particular, without limiting the generality of the foregoing, the law firm of Devry Smith Frank LLP in respect of the mortgages on 1450 Don Mills Road and 1500 Don Mills Road;
-
- (h) An Order requiring the Respondents to pay the costs of the investigation;
 - (i) An Order granting all necessary directions to the Inspector;
 - (j) An Order that the Inspector provide an interim report to this Honourable Court on or before October 15, 2013;

- (k) The costs of this application and inspection; and
- (l) Such further and other relief as to this Honourable Court may seem just.

THE GROUNDS FOR THE MOTION ARE:

- (a) Beginning in 2008, Dr. Bernstein acted as the lender/mortgager of several commercial real estate properties owned by the Respondents Norma Walton and Ronauld Walton either through their company Rose & Thistle or through other corporations of which they are the beneficial owners;
- (b) Following several financings, Dr. Bernstein and the Waltons agreed to invest jointly in various commercial real estate projects;
- (c) To date, Dr. Bernstein has invested approximately \$110 million into 31 projects;
- (d) Dr. Bernstein and The Waltons entered into separate agreements for each project which provided as follows:
 - (i) A new company would be incorporated for each project (the "Owner Company");
 - (ii) Dr. Bernstein (through a company incorporated for this purpose) would hold 50% of the shares of the Owner Company;
 - (iii) The Waltons (either directly or through a company incorporated for this purpose) would hold the other 50% of the shares of the Owner Company;

- (iv) Each of Dr. Bernstein and The Waltons would contribute an equal amount of equity to the Project;
- (v) The Waltons would manage, supervise and complete the Project for an additional fee;
- (vi) The Waltons also agreed to be responsible for the finances, bookkeeping, accounting and filing of tax returns, among other things, of the Owner Company;
- (vii) The Owner Company was to have a separate bank account;
- (viii) Dr. Bernstein would not be required to play an active role in completing the Project, but his approval would be required for:
 - (1) Any decisions concerning the selling or refinancing of the Property;
 - (2) Any decisions concerning the increase in the total amount of equity required to complete Project; and
 - (3) Any cheque or transfer over \$50,000.
- (ix) The Waltons agreed to provide Dr. Bernstein with:
 - (1) Ongoing reports on at least a monthly basis detailing all items related to the Properties;
 - (2) Copies of invoices for work completed the Projects monthly;
 - (3) Bank statements monthly; and

- (4) Listing of all cheques monthly;
- (x) The agreements provided generally that Dr. Bernstein and Norma Walton were to be the sole directors of the Joint Venture Company.
- (e) A review in June 2013 of Dr. Bernstein's equity investments in the Projects revealed that:
 - (i) The Waltons were not making their portion of the equity investments into the Properties;
 - (ii) The Waltons appeared to be taking on third party investors in the Projects;
 - (iii) The Waltons were engaged in significant related party transactions in respect of Projects;
 - (iv) Dr. Bernstein's approval was not being sought for any the matters set out in subparagraph (d)(viii) above; and
 - (v) Dr. Bernstein was not receiving any of the required reporting, as set out in paragraph subparagraph (d)(ix) above; and
 - (vi) As a result of the Waltons not making their portion of the equity investments in the Properties, many of Dr. Bernstein's content, to interest bearing shareholder loans.
- (f) Dr. Bernstein caused a letter to be sent to Ms. Walton on June 13, 2013 setting out these concerns;

- (g) Following an unresponsive letter from Ms. Walton, further requests were made, but not responded to or only partially responded to;
 - (h) Dr. Bernstein caused title searches to be run on all the Properties. Those title searches revealed that additional mortgages totaling \$6 million had been placed on two Properties, without Dr. Bernstein's knowledge or consent. Ms. Walton had failed to provide sufficient further information regarding the mortgages, including the loan documentation and information about the whereabouts of the funds.
 - (i) Ms. Walton has stated that she will provide information regarding the mortgages only in the context of a without prejudice mediation;
 - (j) On September 17, 2013, Peter Griffin, counsel for Dr. Bernstein, DBDC Spadina Ltd. and the corporations listed on Schedule A to the Notice of Application, sent a letter to Ms. Walton requesting further information regarding the Projects. Among other things, he requested information regarding two additional mortgages of approximately \$3 million each that had been taken out on 1450 Don Mills Rd. and 1500 Don Mills Rd., without Dr. Bernstein's knowledge or approval. Mr. Griffin also requested access to the information The Waltons are contractually obliged to provide to Dr. Bernstein;
-
- (k) On September 20, 2013, Jim Reitan, Director of Accounting and Finance at Dr. Bernstein Diet and Health Clinics, attended at the offices of Rose & Thistle, along with Harlan Schonfeld and Jim Merryweather of Schonfeld Inc. Schonfeld Inc. was appointed by Dr. Bernstein to conduct an [independent] review of the various Joint Venture Projects in which Dr. Bernstein has an interest. Among the matters

Schonfeld Inc. was tasked with reviewing were the two \$3 million mortgages on 1450 Don Mills Rd. and 1500 Don Mills Rd.;

- (l) Ms. Walton sent various correspondence purporting to out her explanation for the additional mortgages. That correspondence does not respond fully or satisfactorily to the information requested;
- (m) Mr. Reitan and Mr. Schonfeld have been unable to find any record of the \$6 million in mortgage proceeds in the respective companies' accounts and do not know where the mortgage proceeds are;
- (n) Ms. Walton has to date provided information on 16 of 31 Projects in which Dr. Bernstein has an interest. That information is not complete and what information has been provided raises further concerns about the financing and management and fees charged to the Properties, among other things;
- (o) Ms. Walton has advised that she requires several more weeks to provide the information requested by Dr. Bernstein on the balance of the 16 Projects;
- (p) Such further and other grounds as the lawyers may advise.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the Motion:

- (a) Affidavit of Dr. Stanley Bernstein sworn October 1, 2013;
- (b) Affidavit of James Reitan sworn October 1, 2013;

- (c) Affidavit of Harlan Schonfeld, CA, CIRP sworn October 1, 2013, including the consent of Schonfeld Inc. to act as Inspector; and
- (d) Such further and other material as the lawyers may advise and this Honourable Court may permit.

October 1, 2013

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Lawyers for the Respondents

DBDC SPADINA LTD., and those corporations listed on Schedule A -and- NORMA WALTON et al.
hereto
Plaintiffs Defendants

Court File No.

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT TORONTO

NOTICE OF MOTION

**LENCZNER SLAGHT ROYCE
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Lawyers for the Plaintiffs

Tab 3

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

DBDC SPADINA LTD.,
AND THOSE CORPORATIONS LISTED ON SCHEDULE A HERETO
Applicants

and

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

and

THOSE CORPORATIONS LISTED ON SCHEDULE B HERETO, TO BE
BOUND BY THE RESULT

AFFIDAVIT OF JAMES REITAN

I, JAMES REITAN, in the City of Woodbridge, in the Province of Ontario,
MAKE OATH AND SWEAR:

1. ~~I am the Director of Accounting and Finance at Dr. Bernstein Diet and Health Clinics.~~
Dr. Stanley Bernstein is the beneficial holder and directing mind of DBDC Spadina Ltd. and the corporations listed on Schedule A to the Notice of Application. As part of my duties at Dr. Bernstein Diet and Health Clinics, I am responsible for reviewing the financial affairs of those companies. As such, I have knowledge of the matters contained herein. Where matters are

sworn to by way of information and belief, I have stated the source of that information and verily believe it to be true and accurate.

2. Beginning in 2008, Dr. Bernstein acted as the lender/mortgager of several commercial real estate properties owned by the Respondents Norma Walton and Ronauld Walton either through their company the Respondent The Rose & Thistle Group Ltd ("Rose & Thistle") or through other corporations of which they are the beneficial owners.

3. Following several financings, Dr. Bernstein and the Waltons agreed to invest jointly in various commercial real estate projects. To date, Dr. Bernstein has invested approximately \$110 million into 31 projects. The Waltons had at a point in time invested a total of \$2,500,803, based on the records available to me. It appears however that the equity investment is generally recaptured by the Waltons by intercompany invoicing, as detailed below, such that only \$351,400 of the capital investment remains in the Projects.

4. Dr. Bernstein and the Waltons entered into separate agreements for each project (the "Project") in respect of one or more properties (the "Properties"), which agreements provided as follows:

- (a) A new company would be incorporated for each project (the "Owner Company");
- (b) Dr. Bernstein (through a company incorporated for this purpose) would hold 50% of the shares of the Owner Company;
- (c) The Waltons (either directly or through a company incorporated for this purpose) would hold the other 50% of the shares of the Owner Company;

- (d) Each of Dr. Bernstein and the Waltons would contribute an equal amount of equity to the Project;
- (e) The Waltons would manage, supervise and complete the Project for an additional fee;
- (f) The Waltons also agreed to be responsible for the finances, bookkeeping, accounting and filing of tax returns, among other things, of the Owner Company;
- (g) The Owner Company was to have a separate bank account;
- (h) Dr. Bernstein would not be required to play an active role in completing the Project, but his approval would be required for:
 - (i) Any decisions concerning the selling or refinancing of the Property;
 - (ii) Any decisions concerning the increase in the total amount of equity required to complete the Project; and
 - (iii) Any cheque or transfer over \$50,000.
- (i) The Waltons agreed to provide Dr. Bernstein with:
 - (i) Ongoing reports on at least a monthly basis detailing all items related to the Property;
 - (ii) Copies of invoices for work completed the Project monthly;
 - (iii) Bank statements monthly; and

- (iv) Listing of all cheques monthly;
 - (j) Upon sale of the Property, Dr. Bernstein and the Waltons would receive back their capital contribution plus a division of profits; and
 - (k) The agreements generally provided that Dr. Bernstein and Norma Walton were to be the sole directors of the Owner Company.
5. These agreements were entered into in several forms. Attached hereto as Exhibit "A" are copies of a sample of the executed agreements between Dr. Bernstein and the Waltons. Each of the Projects has an agreement in one of these forms.
6. On June 7, 2013, following a review of Dr. Bernstein's equity investments, I wrote to Norma Walton to set out certain questions and concerns. Attached hereto as Exhibit "B" is a copy of the letter and email I sent to Norma Walton on June 7, 2013.
7. Of particular concern, it appeared from my review that:
- (a) The Waltons were not making their portion of the equity investments into the Properties;
 - (b) The Waltons appeared to be taking on third party investors in the Projects;
 - (c) The Waltons were engaged in significant related party transactions in respect of the Projects;
 - (d) Dr. Bernstein's approval was not being sought for any the matters set out in subparagraph 4(h) above; and

- (e) Dr. Bernstein was not receiving any of the required reporting, as set out in subparagraph 4(i) above.

8. As a result of the Waltons not making their portion of the equity investments into the Properties, many of Dr. Bernstein's equity investments were converted with Dr. Bernstein's consent to shareholder loans, bearing interest.

9. Ms. Walton responded to my letter with a four-page response, detailing over the first two pages Rose & Thistle's reputation and work, rather than responding to the information requests. Attached hereto as Exhibit "C" is a copy of Ms. Walton's response, dated June 13, 2013. I continued to follow-up with Ms. Walton, but received little in the way of additional information. In early September 2013, she refused to continue to deal with me.

10. As part of my further work, I had searches run on the title of all Properties in which Dr. Bernstein has an interest. As a result of these property searches, I learned for the first time that additional mortgages were placed on 1450 Don Mills Road and 1500 Don Mills Road on July 31, 2013 and August 1, 2013 respectively. I am informed by Dr. Bernstein that he had no knowledge of and did not approve these mortgages, as contractually required. Attached as Exhibits "D" and "E" hereto are copies of those property searches for 1450 Don Mills Road and 1500 Don Mills Road, respectively.

11. In late August 2013, I observed an entry in the general ledger for Global Mills Inc., the Owner Company in respect of 1450 Don Mills. It appeared that the mortgage payment for August had not gone to the mortgagor, Trez Capital, but to Rose & Thistle. I inquired of Ms. Walton and her staff and was told that Rose & Thistle would have made the payment on behalf of Global Mills Inc. to Trez Capital. I requested documentation to support the payment, but was

reporting letter from the lawyers involved. She stated that she would only provide further information regarding the two mortgages during a without prejudice mediation process. I have been unable to find any record of the \$6 million in mortgage proceeds in the respective companies' accounts and do not know where the mortgage proceeds are.

19. Ms. Walton has provided to date some information on 16 of 31 Owner Companies in which Dr. Bernstein has an interest. That information is not complete. The outstanding requests include:

- (a) access to the bank accounts for all ownership companies;
- (b) invoices for amounts paid out of the ownership companies; and
- (c) all Rose & Thistle invoices with back up.

20. Ms. Walton has also advised that she requires several more weeks to provide the information requested by Dr. Bernstein on the balance of the 15 Owner Companies.

21. It appears to me that Ms. Walton and her staff are compiling or preparing accounting information at Rose & Thistle as they go, including recent invoices for project management, development, maintenance and consulting services.

22. Ms. Walton has refused to provide direct access to the books and records requested. Instead, she has provided numerous explanations for why she or her staff must review or "clean-up" the records prior to them being shown to me or to Mr. Schonfeld. She has also not provided the information promised on time. Attached hereto as Exhibit "I" is correspondence between

Ms. Walton and Mr. Schonfeld, on which I was copied, where Ms. Walton is not prepared or is unable to provide the information requested at the date and time promised.

23. The information that has been provided to date is not entirely complete and raises the following additional concerns:

- (a) It appears that there has been extensive co-mingling of the Owner Company's funds with, and into the bank accounts of, Rose & Thistle;
- (b) Rose & Thistle has rendered significant invoices to the Owned Companies and received payment or characterized as intercompany amounts owing for services it has not performed:
 - (i) The Owner Company, Riverdale Mansion Ltd. ("Riverdale") purchased 450 Pape Avenue for \$1,700,000 plus fees;
 - (ii) Dr. Bernstein provided an equity investment of \$470k and a mortgage was placed on the Property in the amount of \$1,300,000, for a total of \$1,770,000;
 - (iii) Following the initial purchase, two funds transfers were made from ~~Riverdale to Rose & Thistle through the intercompany account in the~~ amounts of \$41,350 and \$6,050. These two transfers were in excess of the amounts in Riverdale cash account, following payment of third party fees, and brought the balance to a negative \$1,000;

- (iv) Construction funding advances were made on a mortgage held by 368230 Ontario Limited (a corporation owned beneficially by Dr. Bernstein). Upon each advance, a fund transfer was made to Rose & Thistle in an amount very close to the funding. Total construction funding was in the amount of \$1.64 million, bringing the total mortgage to \$3 million;
 - (v) The intercompany balance between Riverdale and Rose & Thistle increased through 2011 culminating in receipt of invoices for over \$1 million from Rose & Thistle on December 31, 2011, thereby reducing the intercompany balance to \$0. I have made inquiries of Ms. Walton since September 20, 2013 (on or around which time I discovered these transactions). She informed me that the invoices included charges for future services, for which permitting has not even been obtained. It is my understanding that these services, for which invoices were rendered two years ago, have yet to be performed. Dr. Bernstein was neither informed of nor approved the intercompany amounts or the invoices;
 - (vi) The Riverdale / Rose & Thistle intercompany has accumulated further since 2011 and currently stands at \$488,000 due to Rose & Thistle; and
-
- (vii) Attached as Exhibit "J" is an analysis I have prepared of these transactions;
- (c) The Waltons have reversed equity contributions made by them. The December 31, 2011 general ledger reflected equity contributions by the Waltons as follows:

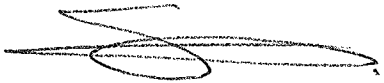
Bannockburn Lands Inc	\$ 73,717
Wynford Professional Centre Ltd	0
Twin Dragons Corporation	350,000
Liberty Village Lands Inc.	0
Liberty Village Properties Inc.	839,266
Riverdale Mansion Ltd.	250,021
Royal Agincourt Corp.	<u>987,800</u>
Total	\$2,500,803

The Waltons have reversed \$2,150,000 of these contributions. Attached as Exhibit "K" are copies of a sample of journal entries documenting the transfers.

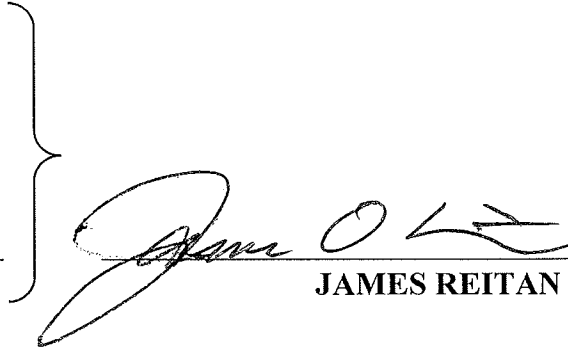
- (d) Rose & Thistle has regularly invoiced the Owner Companies for monthly management fees in excess of the number of months for which services have been provided (for example, invoicing for January – June as 7 months other than 6 months). Attached as Exhibit "L" are copies of invoices showing this over-billing;
- (e) Mortgage payments are being made to Rose & Thistle by the Owner Companies, rather than to the named mortgagee, with no confirmation of payment to the mortgagor by Rose & Thistle. Attached as Exhibit "M" is a copy of Global Mills Inc.'s bank statement, with my notations, showing the mortgage payment to a Rose & Thistle bank account; and
- (f) The Owned Properties have been charged significant interest and penalties in respect of late payment of amounts owing to, among others, City of Toronto, Toronto Hydro and Enbridge Inc., totalling \$308,400.

24. I swear this affidavit in support of an Application and Motion seeking to have Schonfeld Inc. appointed as inspector of the Projects and the records of Rose & Thistle dealing with the Properties, Projects and Owner Companies, among other relief.

SWORN before me at the City of
Toronto, in the Province of Ontario,
this 1st day of October, 2013.



A Commissioner for taking affidavits
Shara N. Roy


JAMES REITAN

DBDC SPADINA LTD., et al
Applicants

-and- NORMA WALTON et al.
Respondents

Court File No.

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT TORONTO

AFFIDAVIT OF JAMES REITAN

**LENCZNER SLAGHT ROYCE
SMITH GRIFFIN LLP**

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Lawyers for the Plaintiff

Tab A

This is Exhibit "A" referred to in the Affidavit of James Reitan
sworn before me this 1st day of October, 2013



A Commissioner for Taking Affidavits

AGREEMENT

Between:

Dr. Bernstein Diet Clinics Ltd.

"Bernstein"

- and -

Ron and Norma Walton

"Walton"

- and -

Twin Dragons Corporation

the "Company"

WHEREAS Bernstein and Walton intend to purchase 241 Spadina Avenue, Toronto, Ontario (the "Property") on or about October 14, 2010 and put ownership of the Property in the Company's name;

AND WHEREAS Bernstein and Walton, or whomever Bernstein and Walton may direct, will each hold 1,120,500 shares in the Company;

AND WHEREAS Bernstein and Walton will each provide the sum of \$1,120,500 to The Company for the purposes of purchasing, renovating, leasing and refinancing the Property (the "Project");

AND WHEREAS Walton will manage and supervise the Project and ensure it is completed according to the proposal attached as Exhibit "A" to this Agreement;

THEREFORE the parties agree as follows:

1. Walton has contracted to purchase the Property and the purchase is scheduled to close on October 14, 2010.
2. Walton has commenced pre-planning for the property renovations, to begin immediately after closing.
3. Walton intends to purchase, renovate, lease and refinance the Property between now and September 30, 2013 in accordance with Exhibit "A".

4. Bernstein wishes to own 50% of the shares in the Company in exchange for providing 50% of the equity required to complete the Project. The Company will issue sufficient shares such that Bernstein has 1,120,500 and Walton has 1,120,500 voting shares of the same class.
5. The ownership of the Company will be as follows:
 - a. 50% to Bernstein; and
 - b. 50% to Ron and Norma Walton as they may direct or alternatively to be held by a completely Walton-owned and controlled company.
6. Walton will be managing, supervising and completing the Project in accordance with the attached Exhibit "A".
7. Walton has already provided \$300,000 as a deposit to purchase the Property. Bernstein will provide to the Company the sum of \$1,120,500 on or before October 14, 2010. Walton will provide a further \$820,500 to the Company in a timely manner as required as the Project is completed.
8. Walton and Bernstein will each provide 50% of whatever additional capital over and above the \$1,120,500 each that is required to complete the Project, if any, in a timely manner.
9. In addition to managing, supervising and completing the Project, Walton will be responsible for renovation of the Property, hiring of all trades, payment of all trades, advertising for tenants, hiring designers and architects and engineers to complete the project, finance, bookkeeping, office administration, accounting, information technology provision, filing tax returns for the Company, and fulfilling all active roles required to complete the Project in accordance with Exhibit "A".
10. Bernstein will not be required to play an active role in completing the Project. Notwithstanding that, any decisions concerning refinancing or selling the Property will require his approval; any decisions requiring an increase in the total amount of equity required to complete the Project will require his approval; and any significant decisions that vary from the Project plan described in Exhibit "A" will require his approval.
11. ~~Walton will provide to Bernstein the cost consultant's initial report analyzing the Project budget and timelines as soon as received by Walton but no later than October 10, 2010. Walton will subsequently provide a written report to Bernstein each month detailing the following:~~
 - a. ~~the cost consultant's report for that month indicating progress to date and cost to complete with copies of invoices for work completed;~~
 - b. ~~the bank statement for that month; and~~

- c. if the bank statement does not have a copy of cancelled cheques, then Walton will also provide a complete listing of all cheques written, including payees, dates and amounts.

At Bernstein's request, Walton will provide whatever other back-up information he requests.

12. Once the Project is substantially completed to the point that a refinancing can be arranged, Bernstein may in its sole discretion opt to be paid out his capital plus profits in exchange for surrender of his shares in the Company. If Bernstein so opts, Walton would retain the property. The value of the property will be determined by taking the net income for the Property once it is fully leased and applying a capitalization rate of 7.5% to that net income, resulting in an end value for the Property once completed. If the end value obtained based on that process results in a value that one of the parties believes is not reasonably indicative of the actual value, then the parties will discuss and attempt to agree upon a value for such purchase and sale and failing such agreement, submit to mediation as set out in the within agreement. In accordance with the provisions of the within paragraph, payment to Bernstein shall be made immediately upon the completion of the refinancing of the Project.
13. The Board of Directors of the Company will be composed of two directors, being Bernstein and Norma Walton. The only shares to be issued in the Company will be as set out above, and neither party may transfer his or her shares to another party without the consent of all the other parties, which consent may be unreasonably withheld. If Bernstein opts to be paid out of the Project and thus surrenders his share certificate, he will concurrently resign from the Board of Directors and Norma Walton and the Company will accept such resignation. At such time Bernstein shall be released of all obligations and liability related to the Company and the Project and the Property.
14. Walton will provide a statutory declaration confirming the current status of the Company and that it is free and clear of all liabilities and obligations whatsoever and shall provide an Indemnity relating thereto to Bernstein prior to October 15, 2010. The Company will only be used to purchase, renovate, lease and refinance 241 Spadina Avenue, Toronto, Ontario or such other matters solely relating to the Project and the Property.
15. If the parties disagree on how to manage, supervise and complete the Project in accordance with Exhibit "A" and cannot reach agreement amongst themselves, each of them undertakes to attend a minimum of four hours of mediation in pursuit of reaching an agreement. After mediation, if there are any remaining issues to be determined, those issues in dispute shall be determined by a single arbitrator in as cost-effective a manner as possible, with no right of appeal. All costs of such mediation and/or arbitration will be borne equally by Bernstein and Walton.

16. The above represents all deal terms between the parties.

Dated at Toronto, Ontario this 24th day of SEPTEMBER 2010



Dr. Bernstein Diet Clinics Ltd.
Per A.S.O.



Twin Dragons Corporation
Per A.S.O.



Ron Walton

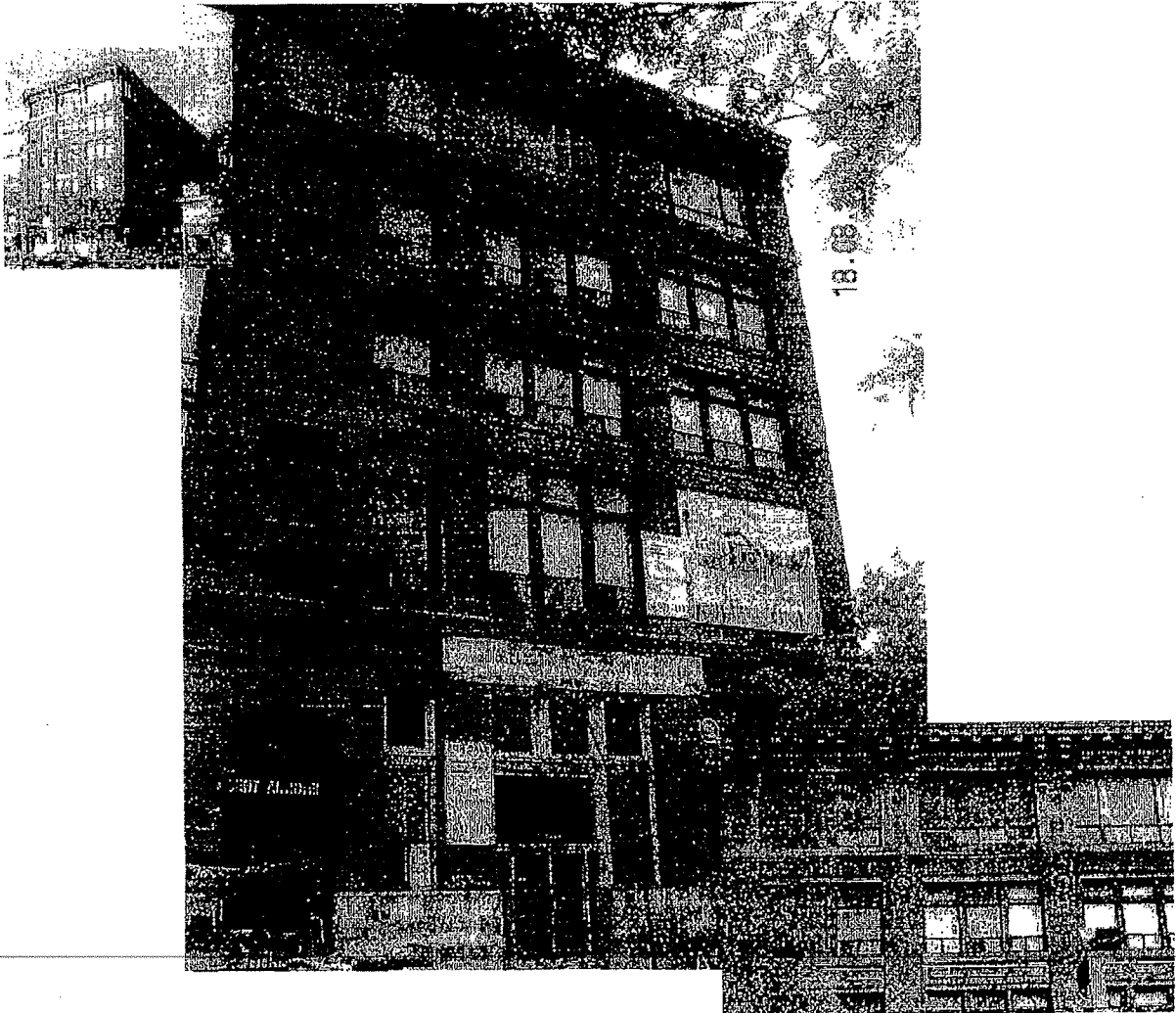


Norma Walton



THE ROSE and THISTLE GROUP LTD.

30 Hazelton Avenue, Toronto, Ontario, M5R 2E2, (416) 489-9790 Fax: (416) 489-9973



Investment Opportunity

241 Spadina Avenue

September 16, 2010

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SECTION A:

1. THE OPPORTUNITY

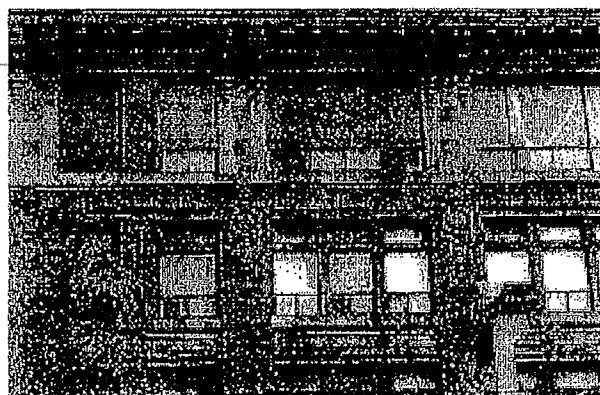
The opportunity is to purchase 50% of the equity in Twin Dragons Corporation, a Rose and Thistle company that was formed to own 241 Spadina Avenue. 241 Spadina is a five storey heritage building originally built in 1910 for The Consolidated Plate Glass Company of Toronto. Situated between Dundas and Queen in the south end of Toronto's Chinatown, it comprises 42,000 square feet including basement and each floor is approximately 7,000 square feet. It has frontage on Spadina of 50 feet and is 140 feet in depth, backing onto a municipal laneway.

Rose and Thistle has been pursuing the acquisition of this property for the past five months. Initially there were ten bidders for this building and the building to the north, both being offered under power of sale through a Chinese bank. After much persistence, we convinced the vendor bank to sell 241 Spadina to us at very close to the original price we offered. It is a perfect project for Rose and Thistle's skill set, and is almost identical in project scope to 86 Parliament at Adelaide. 86 Parliament, known as The Old Telegram Building, is a 20,000 square foot heritage building that we successfully renovated between July 1, 2009 and June 30, 2010 and that is now fully leased.

We project the investment will earn a straight-line return of 99% within three years, resulting in a 25.8% compounded annual return. The plan is to complete our pre-construction planning between now and October 17, then to begin demolition followed by a gut renovation of the entire building. Once we have a floor to show to prospective tenants, we will advertise the space for lease and will build out the space for the tenants we attract, to their specifications. The project will end once the building is fully renovated and leased and we have refinanced and paid you out your capital plus profits. We anticipate this will occur within three years.

Unlike investments in stocks and bonds, carefully selected and well-located income properties have value secured by physical assets. Commercial buildings are also not subject to the wide fluctuations common to stock markets and when properly managed provide reliable, above average returns on investment.

Building detail



2. THE INVESTMENT PARTICULARS

The details of the opportunity are as follows:

What:	Common shares in Twin Dragons Corporation
Investment Amount:	\$1,120,500
Commencement date:	Before September 30, 2010
Capital appreciation and return:	Common shareholders will receive back their capital and profits in proportion to their ownership
Term:	36 months to September 30, 2013

The total capital is \$8.541 million, being \$6.3 million from mortgage, and the balance of \$2,241,000 from equity shareholders. The capital structure is as follows:

Total Capital Required:			\$	8,541,000
Mortgage:	73.76%	8.43%	\$	6,300,000
Dr. Bernstein:	13.12%		\$	1,120,500
Ron and Norma Walton:	13.12%		\$	1,120,500

The building as it should look once we are completed renovations



SECTION B:**1. THE PROPERTY**

241 Spadina Avenue is located at the south end of Chinatown. Chinatown is changing rapidly, with many of the Chinese that traditionally lived and worked there moving to Markham and the Pacific Mall area. As a result, the Chinese markets and stores are slowly being replaced with upscale coffee shops and funky office users. A perfect example is directly north of 241 Spadina. Whereas for the past ten years there has been a sprawling Chinese grocery store in that building, encroaching onto the frontage of 241 Spadina and spilling onto the sidewalk with their wares, that grocery store's lease has been terminated and the new owners are in the midst of renovations to that space. It is likely the new tenant will not be Chinese.



View from the roof looking east at the OCAD building

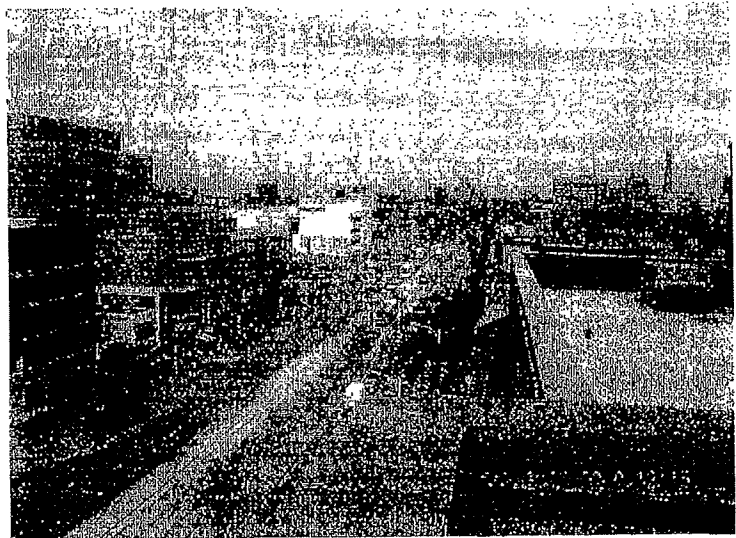
View from the roof looking south to the lake





View from the rooftop to the east looking onto the rooftops of the houses adjacent the laneway

View from the rooftop looking north up Spadina Avenue



The property was previously a hotel which was shut down by the city because the property is not zoned for a hotel. The property is zoned for commercial and residential use. Our plan is to make it 100% commercial on floors two to five, and retail at ground level and lower level.

Built in 1910 and substantially renovated in 1982, the property was built for the Consolidated Plate Glass Company of Toronto. It has intricate detailing on the exterior façade in front, including flowers and coats of arms. It has the potential to be an absolutely stunning building once cleaned up. The interior will offer tenants "loft" space with exposed brick and character in contrast to the more traditional office buildings on offer.

The building is vacant save for the bank who owned the property through power of sale occupying the retail level. They have leased their space for \$50 per square foot gross, resulting in net rent of \$36 per square foot.

The bank's retail frontage on Spadina



How the building should look once renovated and restored



2. THE PLAN

The plan, given Rose and Thistle's experience with similar buildings in its portfolio, is to gut renovate the property, taking it down to its shell, replacing all the systems with new, replacing or renovating and retrofitting the two elevators, one passenger and one freight, then building spaces out to suit the tenants we attract. Once that is completed, we will refinance the property and pay out your capital and profits and Rose and Thistle will keep the building as an income property. The following steps will be implemented to achieve this objective:

1. Have already begun pre-construction planning:

- a. engaged our architect and engineers to begin preparing drawings;
- b. apply for building permits;
- c. arrange for our trades to provide quotes for the work required.

Timeline: 2 months to October 17, 2010

2. As of October 18, roll out construction as follows:

- a. begin demolition;
- b. assess elevator and prepare drawings for retrofit or new;
- c. begin rough-ins for new HVAC, plumbing, electrical and fire sprinkler systems;
- d. replace roof, windows, skylights;
- e. install steel and repair/sand blast brick where required;
- f. install drywall, paint and flooring; and
- g. create show suite to begin leasing process.

Estimated timeline: 12 months to October 18, 2011

3. Advertise for lease and as tenants contract with us, build out their spaces;

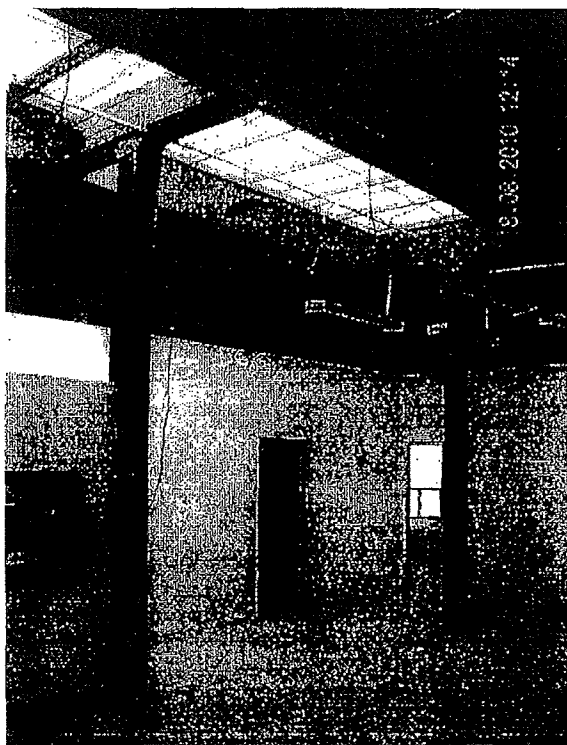
Estimated timeline: 12 months to October 18, 2012

4. Refinance and pay out capital and profits to investors.

Estimated timeline: Immediately thereafter

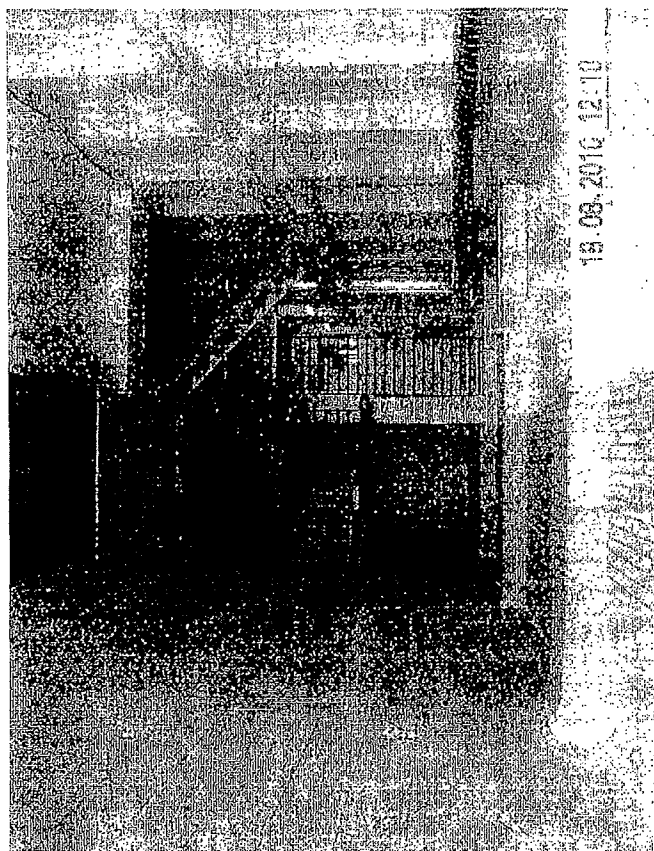
CONTINGENCY: 10 months

Total project timeline: 36 months including contingency

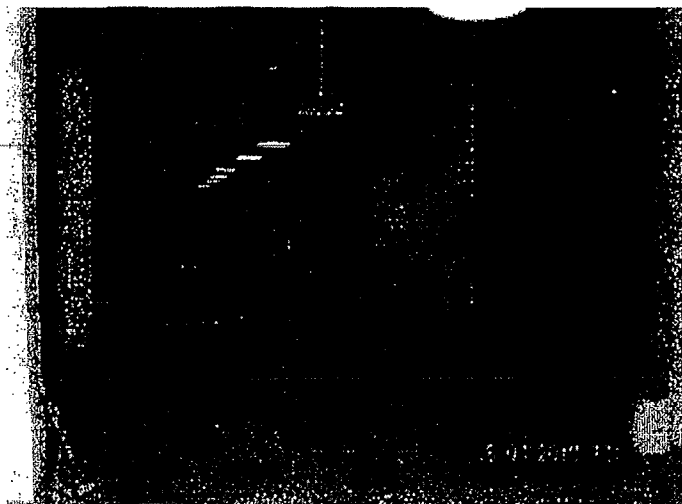


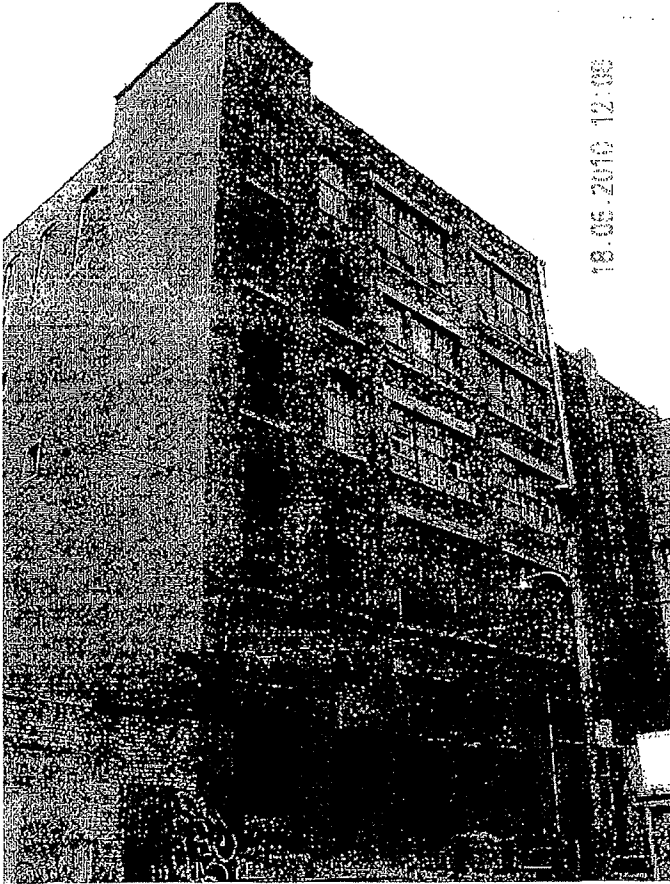
Fifth floor with 17 foot ceilings and skylights from roof

First floor with mezzanine, with 20 foot ceilings once mezzanine is removed



Second floor with 15 foot ceilings, which will be incredibly bright once opened up to the light from the large windows in front and back and along the side





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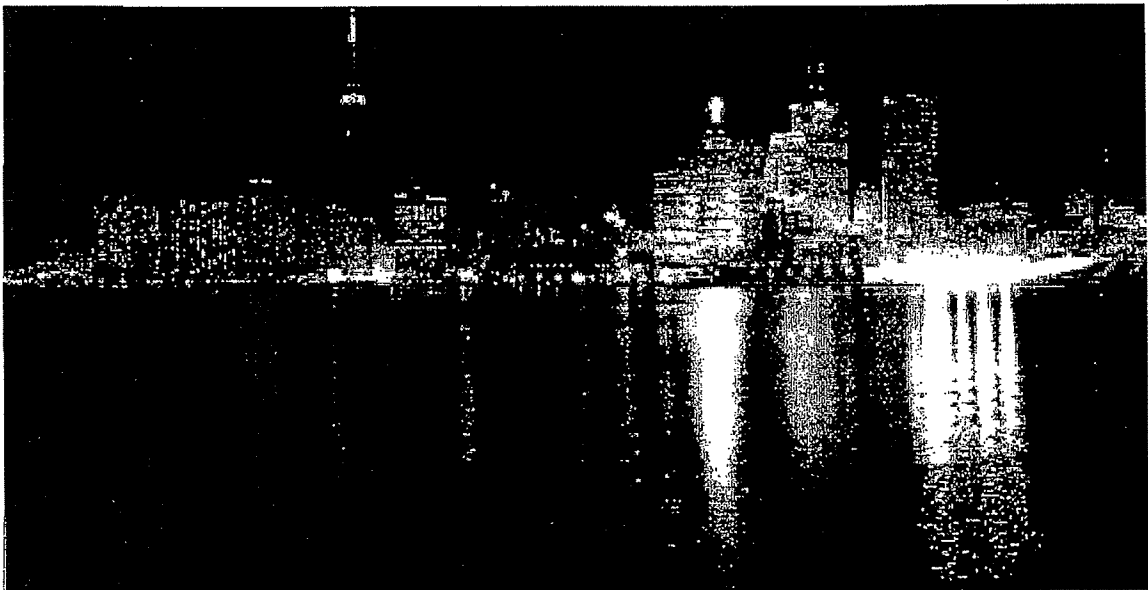
Back of building as it currently looks, with freight elevator to be retrofitted on the bottom left hand side

South corner of building with neighbour to south set back, giving good exposure for our building



SECTION C:**INVESTING IN TORONTO**

A continental gateway and a crossroads for the world, Toronto is Canada's business capital. It ranks alongside economic powerhouses such as New York, Boston and Chicago. Toronto is annually rated as the most multi-cultural city in the world by the United Nations. Canada accepts approximately 300,000 new immigrants every year, and 43% of all immigrants to Canada settle in the Greater Toronto Area. This results in an annual population increase of more than 100,000 people. As a result, the demand for both residential and commercial real estate is strong and demographic trends strongly suggest that such demand will remain robust.

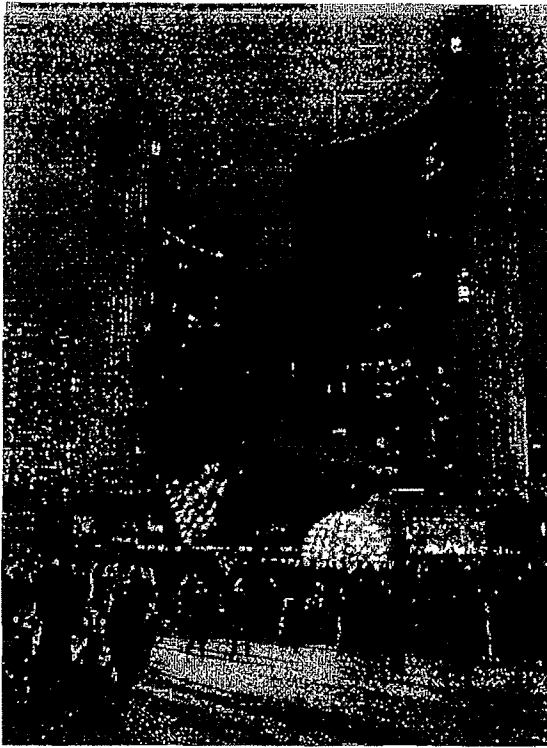


Toronto boasts a stable economic and political climate. Toronto commercial real estate has attracted worldwide investors, particularly from the United States, Great Britain, Israel and Germany. It has one of the five most diversified economies of any city-region in North America, and consistently ranks with Boston and Chicago as one of the best business cities in North America.

Population

With 2.7 million residents, Toronto is the 5th largest city in North America. One-quarter of Canada's population is located within 160 km (100 mi.) of the city and more than 60% of the population of the USA is within a 90-minute flight.





Economy

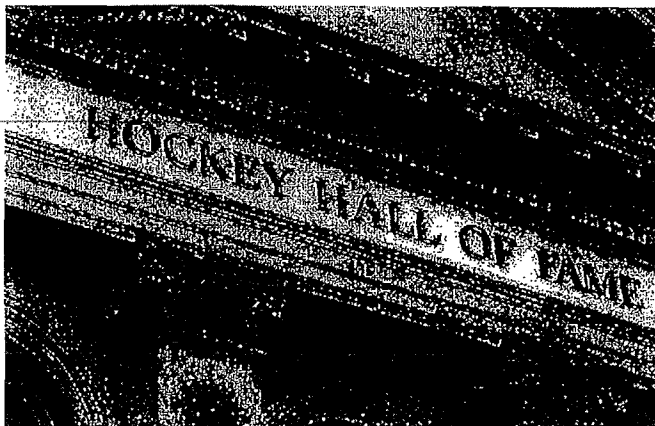
The City of Toronto's economy comprises 11% of Canada's GDP, with Toronto's GDP topping \$140 billion in 2009. Toronto-based businesses export over \$70 billion in goods and services to every corner of the globe with retail sales of \$47 billion annually.

Capital

Five of Canada's six largest banks have their headquarters in Toronto, near the country's busiest stock exchange. Toronto is North America's third largest financial services centre and 75% of Canada's foreign banks and 65% of the country's pension fund companies are located here.

Competitive

Toronto has an excellent reputation as one of North America's leading economies while at the same time delivering overall business cost savings of 6.5% over large U.S. cities and 12.2% when compared to Asian and European centres.

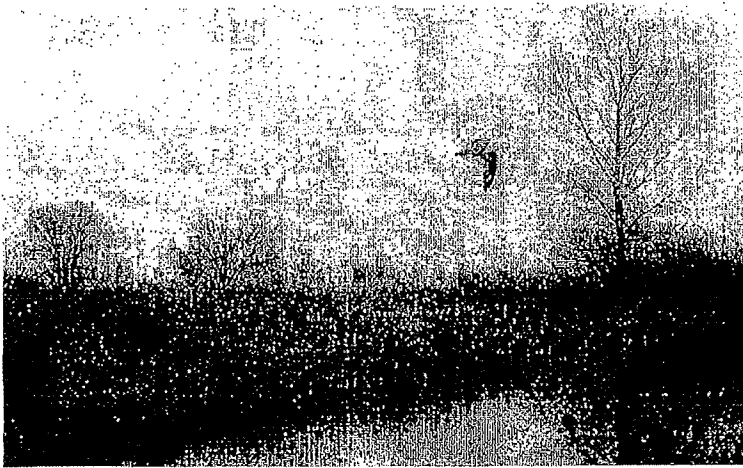


Workforce

Toronto's more than 76,000 businesses choose from a large, highly skilled, multilingual workforce of 1.4 million people - one-sixth of the country's labour force. More than 800,000 workers have university or college training and 58% have earned a post-secondary degree, diploma or certificate. Residents speak more than 135 languages and dialects.

Education

Toronto's impressive range of post-secondary educational facilities includes three universities and five colleges offering training in virtually every discipline and skill. Toronto leads the country in the number of post-secondary schools and graduates, with more than 15,000 medical/biotech researchers, two top-ranked MBA schools and excellent programs in engineering, computer sciences and multi-media.

**Location**

Some 180 million customers and suppliers are within a one-day's drive from Toronto. Toronto's Pearson International Airport is within easy reach of the city's central business district and provides flights to over 300 destinations in 54 countries through 64 carriers.

Connections

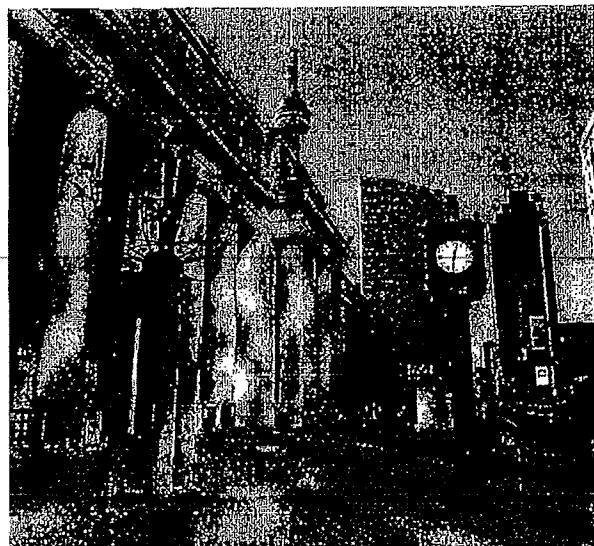
Toronto boasts an expansive local network of consultants, professional firms and specialty suppliers. The business services cluster is among North America's largest and growing. Toronto is home to 9 of Canada's 10 largest law practices, 9 of the top 10 accounting firms and all 10 top human resources and benefits firms.

Transportation

With four major highways, multi-modal railway facilities, a Great Lakes port and an international airport handling over 30 million passengers and 350,000 tons of cargo annually, Toronto is a true North American gateway.

Transit

Toronto's public transit system is the second largest in North America and has the highest per capita ridership rate on the continent. More than 2,400 subway vehicles, buses and streetcars make it easy for more than 1.4 million business riders to travel throughout the city daily.



SECTION D:**THE ROSE AND THISTLE GROUP LTD.****A. EXPERIENCE**

Over the past nine years, The Rose and Thistle Group has owned, managed and developed a total of \$80 million worth of properties, of which \$45 million remain under management and development.

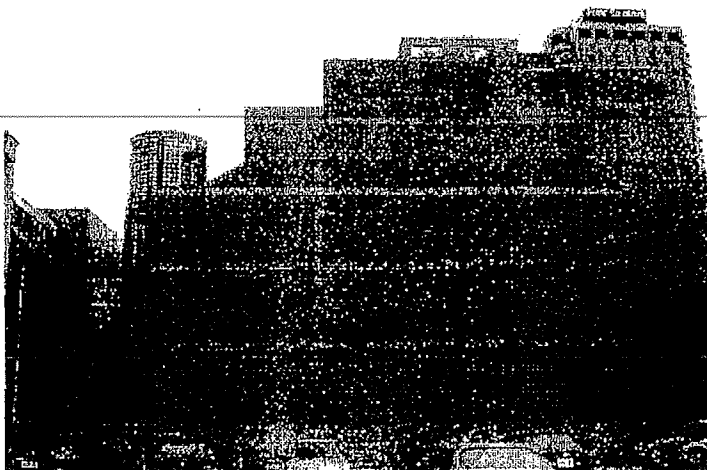
Rose and Thistle is seeking out properties similar to the properties with which it has had success in the past. Since 2001, Rose and Thistle has owned, managed and developed the following properties, thirteen of which it continues to own and two of which it has under contract to purchase.

Our heritage commercial buildings:**30 Hazelton Avenue**

A heritage building in Yorkville with high-end luxury office and retail tenancies

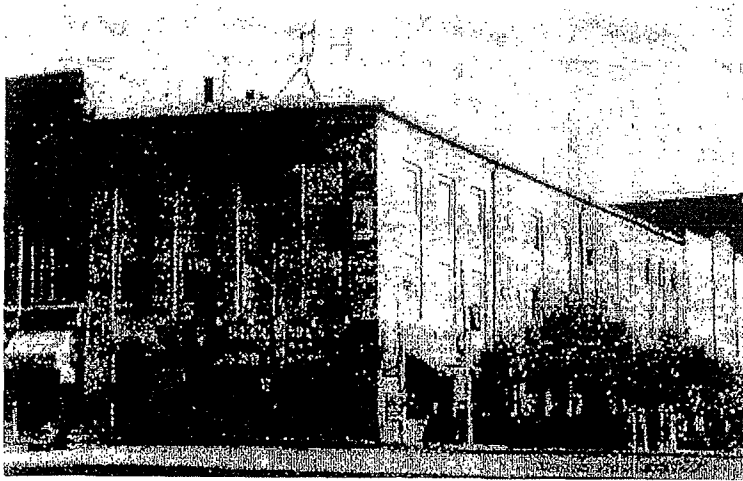
Head office of The Rose and Thistle Group Ltd.

Severed one lot into two and renovated the heritage designated building into four luxury suites

**30A Hazelton Avenue**

A commercial building in Yorkville with high-end luxury office tenancies

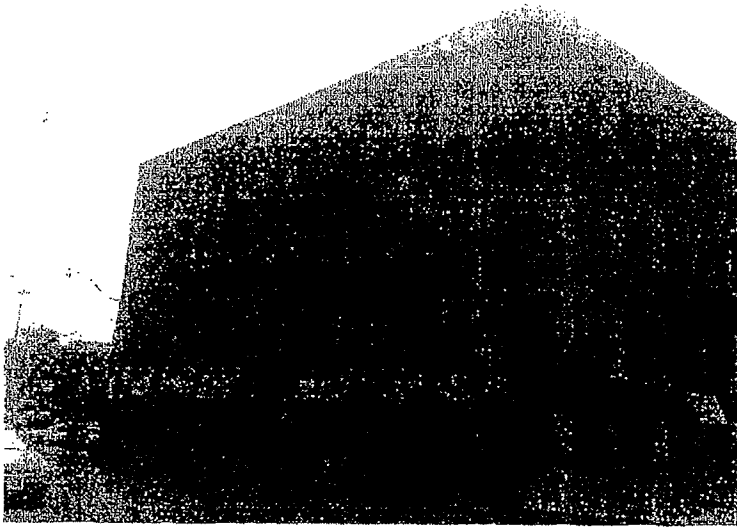
Severed one lot into two and renovated the building into four luxury suites



65 Front Street East

A heritage corner building in Old Town built in the mid-1800s that has loft commercial office space

Renovated this heritage listed commercial loft building; improved the tenant mix, reduced costs, and increased profitability. Obtained approval to add a fourth storey to the building



86 Parliament Street

The Old Telegram Building

A heritage corner building built in 1887 that used to house The Toronto Telegram, located in Cabbagetown, with retail and commercial space.

Gutted and renovated the property. Opened Urban Amish Interiors Furniture Gallery on floors one and two, and leased floors three and four to Sun Edison.



252 Carlton / 478 Parliament

A heritage corner building in Cabbagetown that has retail and commercial space.

Home to Ginger and Johnny G's restaurants

Currently gutting and renovating the second and third floors to house two new full floor tenants in September 2010.



110 Lombard Street

The Old Firehall

Toronto's first fire hall, built in 1886. The former home of Second City which launched the careers of Dan Ackroyd, John Candy, Mike Myers, Gilda Radner, Martin Short, etc.

Currently leased to Gilda's Club



66 Gerrard Street East

Toronto's original apothecary, built in the 1880s, this beautiful building kitty corner Ryerson is currently under renovation by us to accommodate Starbucks as our anchor corner retail tenant. We are also installing an elevator and renovating the building generally while

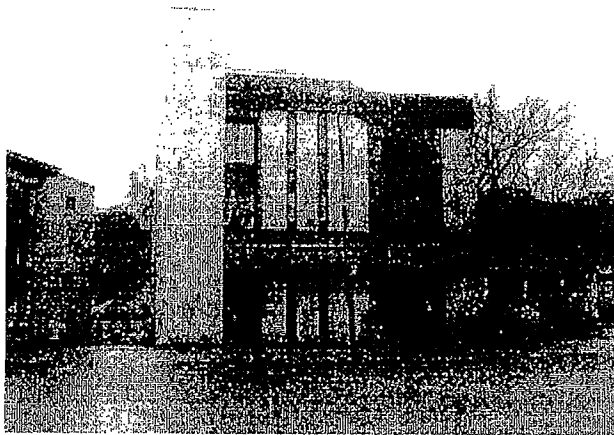
accommodating our existing tenants.



24 Cecil Street

A stunning corner property south of the University of Toronto that we have under contract to purchase and renovate

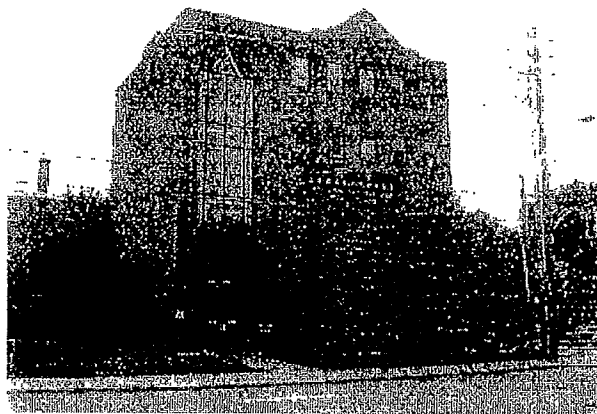
Our commercial buildings:



185 Davenport Road

Fully converted an office building into five mixed use residential and commercial condominium suites and sold them.

355 Eglinton Avenue East



Commercial building, renovated for re-sale.



1246 Yonge Street

Commercial building converted to condominiums

Converted this office building into 28 mixed use condominiums, plus expanded the underground parking garage and then sold all 28 units.

17 Yorkville Avenue

Commercial building converted to condominiums

Converted this office building into six mixed use luxury condominiums then sold all six units



10-12 Bruce Park

Mixed-use building

Entered into an agreement to purchase this building then sold that right to another purchaser for a profit.

Our residential apartment buildings:



19 Tennis Crescent

An 8-plex in Riverdale

Renovated five of the suites and significantly increased annual revenues when they were re-leased. Are renovating other suites as they become available

646 Broadview Avenue

A 13-plex in Riverdale

Fully converted a
heritage-designated mansion into
thirteen residential rental units.



648 Broadview Avenue:

A 10-plex in Riverdale

Renovated five of the
suites and
significantly increased
annual revenues when
they were re-leased.
Are renovating other
suites as they become
available

Our infill residential housing:**78 Tisdale**

Bought a vacant 1.5 acre parcel of land in North York; are completing all steps required to permit the construction of 40 townhouses which we will then build.

3771 and 3775 St. Clair Ave. E.**17 luxury townhouses**

Bought a vacant 2/3 acre lot and completed all planning and development steps required to obtain approval to build 17 luxury townhouses on the site, then constructed and sold all seventeen to individual purchasers

**346 Jarvis****6 luxury townhouses**

Bought six partially completed townhouses and completed all planning and development steps required to sever and construct for sale; two remaining for sale

**232-234 Galloway Road**

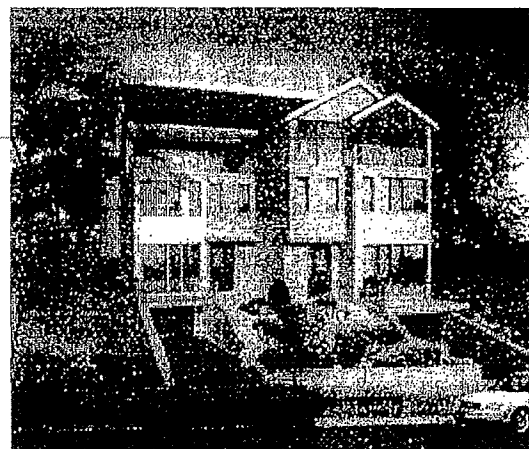
Bought vacant land and are building sixteen townhouses for sale.

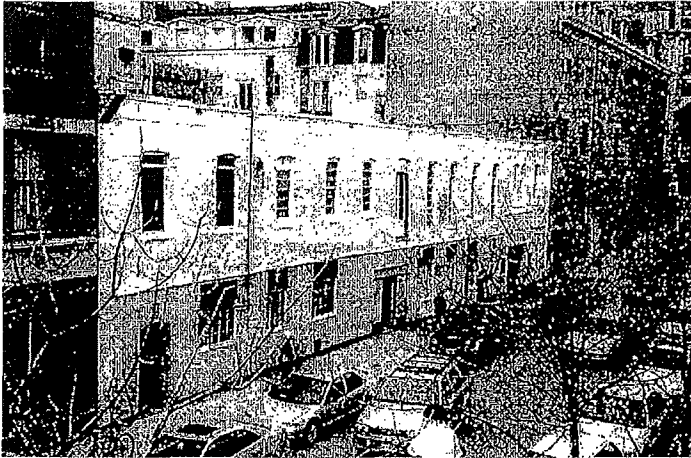
247 and 251 Ranee Avenue 7 luxury townhouses

Bought a vacant 2/3 acre lot and obtained approval to build seven houses on the site before selling the site to Toronto Community Housing Corporation.

**14 and 16 Montcrest Blvd.****2 luxury detached houses**

Severed off two lots from our 646 Broadview property, and built two luxury detached houses and sold both. They have phenomenal views of the Toronto skyline, being just north of Riverdale park.





10-12 Market Street

Redevelopment site

Obtained approval to build a 10-storey luxury residential and retail condominium building on the site of the original Toronto fish market, a heritage site, before selling this site to another developer

9 Post Road

Infill housing site

Severed one lot into two and obtained approval and a building permit to construct a luxury mansion in the Bridle Path neighbourhood in Toronto, before selling the site to a builder. Note: photo is of the house we had approved. Builder built his own style.



118 and 120 Isabella

Mixed use houses

Renovated two houses for profitable resale

2 Park Lane

Infill housing site

Severed one lot into two and renovated the house on the property before selling the site to a builder. Note: photo is of the house we had approved. Builder built his own style.



2. HISTORIC RETURN ON INVESTMENT

Since 2001, the Rose and Thistle Group Ltd. has achieved impressive compounded annual returns.

Average Return by property*		
Property	Compounded annual return	Timeline
17 properties in Toronto	26.20%	7 years
* outlier removed; outlier skews returns up to 70.83% compounded annually		

The properties are listed from our highest compounded annual return to our lowest. We have thus far never lost money on a project.

Property	Compounded annual return	Timeline
10-12 Bruce Park	785.00%	2 months
19 Tennis Crescent	104.00%	6 months
118 and 120 Isabella	84.75%	1 year
185 Davenport Road	36.36%	6 years
30A Hazelton Avenue	33.51%	7 years
646 Broadview Avenue	26.48%	4 years
30 Hazelton Avenue	25.16%	7 years
65 Front Street East	21.90%	2 years
355 Eglinton Avenue East	18.00%	9 months
1246 Yonge Street	16.87%	3 years
17 Yorkville Avenue	13.50%	3 years
247 and 251 Rance Avenue	10.00%	5 years
14 and 16 Montcrest Blvd.	8.00%	4.5 years
9 Post Road	7.00%	3 years
2 Park Lane	7.00%	3 years
3771 & 3775 St. Clair Ave. E.	4.50%	5 years
10-12 Market Street	2.11%	2 years

3. MISSION STATEMENT

The mission of Rose and Thistle Investments is to identify, acquire, manage and develop under-utilized commercial, residential and mixed-use buildings and vacant land that have the potential, when the requisite amount of time, skill and capital are applied, to achieve an above average return and provide our tenants and purchasers with homes or offices of which they are proud.

4. INVESTMENT CRITERIA AND STRATEGY

Rose and Thistle reviews potential acquisitions using an investment criteria which focuses primarily on return on equity, security of cash flow, potential for capital appreciation and the potential to increase value by more efficient management, including accessing capital for expansion and development.

We are “sticking to our knitting” by seeking opportunities similar to the properties with which we have had success in the past, namely the following three types of investments:

1. Medium-size commercial and mixed-use buildings that are well-located and well built where there is the possibility to:

- a. sever off a portion of the land for redevelopment or to create multiple parcels where there is currently one;
- b. subdivide the building into condominiums;
- c. add onto or renovate the existing building; and/or
- d. change the tenant mix and create operating efficiencies;

2. Medium-size apartment buildings that are well-located and well-built where there is the potential to:

- a. sever off a portion of the land for redevelopment;
- b. add onto the existing building; and/or
- c. update the suites, improve the building, and thus change the tenant mix and increase rents; and

3. Medium size residential housing and development sites where the land is well-located.

We are prudent investors who apply rigorous criteria when evaluating each potential real estate opportunity.

5. SERVICES

i. Real estate acquisition, disposition and financing

- Acquisition and syndication of residential, commercial, and retail real estate
- Assistance with property ownership transition that capitalizes on value created
- Research, investment analysis, due diligence, market and value assessment
- Financing and re-financing
- Access to capital through our network of contacts

ii. Construction and development

- Project management of re-developments, renovations and new developments for residential, commercial, and retail properties in urban and suburban markets
- Expertise in planning, obtaining zoning approvals, construction management, and operation start-up
- Experience working with government and regulatory agencies, business community leaders and investors to enhance project success
- Tarion-registered new home builder

iii. Property management

- Operations and management of multi-unit small to medium commercial, residential and retail properties
- Short-term and long-term strategy to maximize return on investment
- Tenant relationship management through ongoing communications and reporting
- Tenant retention strategy and effectiveness measurement
- Administration of leases to optimize results
- Market research for competitive pricing and positioning
- Maintenance and management of the property
- Twenty four hour on-call emergency repair
- Rent collection and lease enforcement
- On-site staffing, if needed, according to owner approved budget
- Maintenance and capital improvement planning
- Regular property inspections

iv. Leasing Services

- Obtaining tenants
- In-house leasing team with extensive industry contacts
- Advertising vacancies
- Negotiating new and renewal leases
- Marketing strategy to promote properties to prospective tenants and brokers through our network of contacts, Web sites, printed media and other channels of communication

v. Legal and Accounting Support

- Drafting and filing legal documents
- Litigation
- The conversion of commercial rental units to commercial and/or residential condominium properties and the implementation of condominium sales programs
- Zoning, by-law and legislative compliance
- Severance and variance applications
- Representation at municipal zoning, fire, building and by-law hearings
- Insurance management and advice on appropriate coverage
- Centralized accounting and finance functions, including financial statements and audit, accounts receivable, accounts payable, payroll, cash and tax management
- Weekly, monthly or quarterly occupancy and collection reporting
- Weekly, monthly or quarterly financial report
- Annual budget preparation
- Unit turnover costs
- Capital expenditures
- Operating and labour costs
- Revenue
- Partnership distributions as directed

6. MANAGEMENT TEAM



Norma Walton, B.A., J.D., M.B.A.

Norma is a co-founder of The Rose and Thistle Group Ltd. She has considerable experience in all aspects of residential and commercial real estate, including acquisition, development, property management and financing.

Norma has a Bachelors Degree in French, a Bachelor of Laws Degree and an executive Master of Business Administration Degree all from the University of Western Ontario. She is a member in good standing of the Law Society of Upper Canada and is a licensed mortgage broker in the Province of Ontario. She is a published author and a sought after speaker having given in excess of two hundred speeches and has appeared on both television and radio.



Ronauld G. Walton, CPIM, J.D., LL.M., M.B.A.

Ron is a co-founder of The Rose and Thistle Group Ltd. He has a Bachelor of Laws Degree from the University of Western Ontario, a Master of Intellectual Property Laws Degree from York University, a Master of Business Administration Degree from the University of Liverpool, a Diploma in Marketing Management from Centennial College and is Certified in Production and Inventory Management by the American Production and Inventory Control Society.

Ron is a member of the Institute of Corporate Directors and the Law Society of Upper Canada. Ron is a registered trade-mark agent with the Government of Canada and a licensed mortgage broker in the Province of Ontario. He has been nominated for the Premiers Award given by Province of Ontario for social and economic contributions.



Carlos Carreiro, Director of Construction and Maintenance

Carlos has an extensive twenty-year background in real estate. He has been a real estate agent, a land developer, and a residential and commercial property renovator and builder. He is adept at interior design and renovation having studied architectural technology at Ryerson. He has an extensive network of industry contacts to call upon as the need arises. He is an exceptional manager of both construction sites and commercial buildings.



Chief Financial Officer --- Mario R. Bucci, B.B.M., C.M.A.

Mario provides leadership and co-ordination in the administrative, accounting and budgeting efforts of The Rose and Thistle Group. He creates and evaluates the financial programs and supporting information and control systems of the company in order to preserve company assets and report accurate and timely financial results.

Mario has over 25 years experience in finance. He has a Bachelor of Business Management Degree from Ryerson University and is a member of the Certified Management Accountants of Ontario.



Vice President of Operations --- Steve Williams

Steve has more than a decade of both project management and overall management experience. He is responsible for ensuring that cost effective operations and infrastructure are in place to support all of The Rose and Thistle's active real estate projects and oversees the operational budget for each project. He contracts and coordinates outside contractors to resolve operating difficulties and ensure project deadlines are completed on time. Steve has also been the Director of Production for our subsidiary company, Corporate Communications Interactive Inc, since 2002.



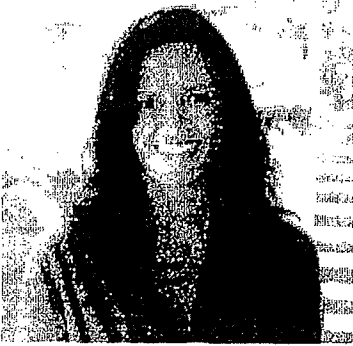
John Geikins, C.M.A., Senior Accounting Manager

John manages Rose and Thistle's finance staff and oversees the maintenance and accuracy of all financial records for The Rose and Thistle Group Ltd. and related companies. He has an Accounting and Finance Diploma from Seneca College and is a Certified Management Accountant with over twenty five years experience in accounting and income tax compliance. Prior to joining the Rose and Thistle Group, John was in upper management discharging considerable financial responsibility with one of Canada's largest corporations.



John Rawlings, Vice President of Operations

John, an engineer by training, had thirty years experience with the Ford Motor Company in a variety of management positions. He has been on contract to The Rose and Thistle Group Ltd. for ten years. John has supervised seventeen hundred individuals including architects, engineers, electricians, plumbers, contractors and maintenance and repair workers. While on contract to Ford, John's most recent responsibilities included being in charge of the construction of two twenty million dollar facilities and a one hundred and fifty million dollar plant expansion at the Ford facilities in Oakville and St. Thomas. He has a vast array of cost consultants, appraisers, construction and maintenance personnel upon whom he can call.



Property and Leasing Manager --- Samantha Slemko, B.GS

Samantha joined us in 2006 as a project manager for our subsidiary company, CCI. In that capacity she managed some of CCI's largest technology projects and was responsible for meeting client goals, deadlines and budgets. She currently oversees the rental of all Rose and Thistle properties, tenant relations, lease negotiations, building repair and maintenance all with the goal of increasing asset value.

Samantha comes from a project management background in health information. She has a diploma in Health Information Technology as well as a Bachelors Degree in General Studies from the University of North Dakota.



Jackie McKinlay, Associate

Jackie has over a decade of real estate law experience and is the hub through which all of our residential and commercial real estate deals flow. She co-ordinates condominium registration documents, real estate financings, interacts with lawyers, clients, architects, surveyors, conveyancers and City personnel, she co-ordinates the preparation and receipt of R plans, site plans, surveys and landscape surveys and all of the real estate acquisitions, sales and re-financings. Jackie is a graduate of The Ontario Law Clerks Association and is a registered mortgage agent.



Tom Trklja, B.A. in Law, F.Inst.L.C.O., Associate

Tom obtained his Law Degree from the University of Belgrade in 1987 after which he practiced law in Belgrade for several years. Subsequently he graduated on the President's Honour List from the Legal Assistant Program at Seneca College of Applied Arts and Technology in 1999. Through his legal training and practical experience Tom has been in the legal field for more than twenty one years. He has played a key role in multi-million dollar mergers and acquisitions, a variety of complex contract negotiations and all aspects of corporate law. He is also skilled in real estate development law and real estate financing. He is a member of the Institute of Law Clerks of Ontario.



Senior Accountant --- Kendra Henry-Curtis

Kendra studied accounting, information systems and computer programming and is an honours graduate of Centennial College with an Accountant/Programmer Analyst diploma. At present, she is completing the Certified General Accountant program and will soon have her CGA designation. She assists in the maintenance and preparation of financial records and statements.

SECTION E:
THE FINANCIAL PROJECTIONS
ASSUMPTIONS

The financial assumptions used to generate the closing costs, renovation costs, projected rent roll and building valuation were specifically designed to be conservative in their estimates to mitigate identified potential risks. The key assumptions are as follows:

Closing Costs	Rose and Thistle has vast experience in estimating closing costs. The largest component is the Ontario land transfer tax and the Toronto land transfer tax, which together total approximately 3% of the purchase price. The second largest is the fee of 2% of face value for arranging a mortgage to cover acquisition and construction.
Renovation Costs	Rose and Thistle has just completed the gut renovation of 86 Parliament and is renovating 66 Gerrard and 252 Carlton now hence has current information and great proxies for determining what 241 Spadina will cost.
Projected Rent Roll	<p>Rose and Thistle estimates that the operating costs for the property, called Additional Rent Expenses, will be approximately \$14 per square foot at most, making the assumption that the property taxes will be too high initially and will have to be reduced via assessment.</p> <p>For net rents, Rose and Thistle is using its recent experience at 86 Parliament, 252 Carlton and 66 Gerrard to estimate rents. They recognize that for some tenants there will be a "Chinatown" discount from the rents that would otherwise be achieved. Mitigating that discount is the roof height of the first, second and fifth floors of the building.</p> <p>Rose and Thistle is prepared to wait for the right tenant paying market rent. Rose and Thistle has been advised that market rent for the area is between \$30 and \$35 gross for office space (\$16 to \$21 net) and \$40 to \$55 for retail space (\$26 to \$41 net). Given the height of the first, second and fifth floors, Rose and Thistle feels the projected rental receipts are accurate.</p>
Building valuation	Toronto's heritage-style commercial buildings have capitalization rates ranging from 5% to 9%. Rose and Thistle is using 7.5% for this property, being a realistic capitalization rate given the location and nature of the property. That capitalization rate will be applied to the net income to determine property value upon completion of renovations and leasing.

RETURN ON INVESTMENT

Using the above assumptions, the following pre-tax returns have been calculated:

Compounded annual return	25.8%
Straight-line return	99%

RISKS

Inherent with any investment there are associated risks. Rose and Thistle through their industry experience is aware of and has taken appropriate measures to mitigate the risk exposure to the investor. However, it is essential the investor be aware of some of the key risks involved in the project and more importantly, how these risks have been considered by Rose and Thistle.

Risk	Discussion
Market condition for commercial tenants	<ul style="list-style-type: none">- Rose and Thistle cannot control the economic environment in Toronto. We are encouraged by the net migration of approximately 100,000 people a year to the area, which historically has kept real estate vibrant over the past two decades. Nonetheless, there is a supply of commercial office product coming to market over the next two years that will potentially increase vacancy rates- Rose and Thistle recognizes that Toronto's expenses and particularly its commercial taxes are far higher than those in the 905 belt. Nonetheless, there are numerous companies that choose Toronto for their office location. Rose and Thistle is confident, given its experience with its seven other Heritage buildings, that heritage buildings when renovated properly are extremely popular with a certain type of tenant, and those tenants are loyal and prepared to pay fair rent and enter into long-term leases for "loft" style space.

Interest Rate Increases	- Rose and Thistle has locked in the rates for the mortgage and construction loan for a 24 month term
General Investment Risk	- All investments with the exception of sovereign bonds of major industrial nations (eg. US treasury bills, Canada savings bonds) carry with them inherent risk. There are no guarantees in life. The best one can do, as Rose and Thistle believes it has, is to acquire desirable assets, at a reasonable price at a favourable time. Investors in this real estate transaction must be aware that it is riskier than acquiring savings bonds. Investors must be comfortable that the return is not guaranteed, unlike the return of such a bond.

SECTION F: TABLES

TABLE 1: CAPITAL COSTS AND STRUCTURE

241 Spadina CAPITAL REQUIRED			
Purchase Costs			
Purchase Price	4,500,000		
Mortgage fee	126,000		
Lender's legal fee	15,000		
Ontario Land Transfer Tax	67,500		
Municipal Land Transfer Tax	67,500		
Other fees and disbursements for appraisal, reliance letters for environmental reports, municipal enquiries and fees, etc.	15,000		
Total Purchase Price			\$ 4,791,000
Renovation Costs			
Drywall	\$ 300,000		
Flooring	\$ 250,000		
Fire, sprinklers	\$ 200,000		
Elevators	\$ 200,000		
Demolition and disposal	\$ 150,000		
Plumbing	\$ 200,000		
HVAC	\$ 200,000		
Electrical	\$ 200,000		
Paint	\$ 100,000		
Steel	\$ 100,000		
Roofing	\$ 100,000		
Brick	\$ 100,000		
Windows	\$ 100,000		
Miscellaneous	\$ 100,000		
Project management fee	\$ 250,000		
Total Renovation Costs			\$ 2,550,000
Professional Fees			
Architectural plans	\$ 50,000		
Engineering fees	\$ 40,000		
Interior design fees	\$ 20,000		
Cost Consultant	\$ 20,000		
Surveyor's fees	\$ 10,000		
Permit fees	\$ 20,000		
Total Professional Fees			\$ 160,000
Carrying Costs			
Property tax	\$ 300,000		
Interest on mortgage	\$ 750,000		
Insurance	\$ 100,000		
Less Rent from bank	\$ (110,000)		
Total Carrying Costs			\$ 1,040,000
Total Capital Required			\$ 8,541,000
Mortgage:	73.76%	8.43%	\$ 6,300,000
Dr. Bernstein:	13.12%		\$ 1,120,500
Ron and Norma Walton:	13.12%		\$ 1,120,500

TABLE 4: PROJECTED PROFIT AND PROJECTED INVESTOR RETURN

Anticipated Profit	
Building Value:	\$ 10,760,000
Less Project Cost:	\$ 8,541,000
Projected Profit:	\$ 2,219,000

Projected Investor Return	
Dr. Ben's initial investment	\$1,000,000.00
Ron and Norma Walton's investment	\$1,000,000.00
Cash on hand	\$2,000,000.00
Projected profits	\$2,219,000.00
From which payments to be made to:	
1. Pay back all capital	\$2,000,000.00
2. Pay profits equally between Ben's and Walton's	\$219,000.00
Total monies distributed	\$4,219,000.00
Percentage return on investment	
Dr. Ben's	99.02%
Ron and Norma Walton	98.02%
Annual return on investment	
Dr. Ben's	2.2850%
Ron and Norma Walton	2.1802%
Total investment period	36 months
An investment of \$100,000 on September 30, 2010 is projected to be worth \$109,020 on September 30, 2013.	

TABLE 5: SENSITIVITY ANALYSIS

Sensitivity Analysis	
VARIABLES	
1. Expected 2011 Revenue is 15% higher than anticipated	
Assume 10% more than anticipated	
Net income becomes	\$725,300
Equity value then becomes	\$9,684,000
Profit becomes	\$1,142,000
2. Expected 2011 Revenue is 10% higher than anticipated	
Assume 10% more than anticipated	
Net income becomes	\$608,700
Equity value then becomes	\$7,183,000
Profit becomes	\$8,205,000
3. Internal costs are 10% higher than anticipated	
Fixed costs rise in cash flow and equity	
Profit becomes	\$1,072,000
4. The project finishes one year earlier than anticipated	
Fixed costs decrease as cash flow increases	
Profit becomes	\$1,108,000
5. A refinancing cannot be arranged to allow Dr. Barnsley	
A partial sale is done instead and cash is available	
and the balance of the project is sold at a profit of 10%	
that can cover the costs	
6. The construction costs are 10% higher than anticipated	
Project cost becomes	\$9,725,000
Profit becomes	\$1,184,000
7. The construction costs are 10% lower than anticipated	
Project cost becomes	\$8,285,000
Profit becomes	\$1,274,000
There are numerous other potential outcomes. Rose and Thistle is unable to provide sensitivity analysis of all of those potential outcomes. Rose and Thistle believes the above assumptions are the most likely to be relevant to the project.	

AGREEMENT

Between:

Dr. Bernstein Diet Clinics Ltd.

"Bernstein"

- and -

Ron and Norma Walton

"Walton"

- and -

Skyline – 1185 Eglinton Avenue Inc.

the "Company"

WHEREAS Bernstein and Walton intend to purchase 1185 Eglinton Avenue East, Toronto, Ontario (the "Property") on or about December 17, 2010 and put ownership of the Property in the Company's name;

AND WHEREAS Bernstein and Walton, or whomever Bernstein and Walton may direct, will each hold 2,501,900 shares in the Company;

AND WHEREAS Bernstein and Walton will each provide the sum of \$2,501,900 to the Company for the purposes of demolishing the existing building on the Property and development-approving the Property for a residential condominium and stacked townhome development (the "Project");

AND WHEREAS Walton will manage and supervise the Project and ensure it is completed according to the proposal attached as Exhibit "A" to this Agreement;

THEREFORE the parties agree as follows:

1. Walton has contracted to purchase the Property and the purchase is scheduled to close on December 17, 2010.
2. Walton has commenced development approvals for the residential re-development plans for the Property.
3. Walton has engaged a consultant to prepare demolition specifications for the demolition of the building on the Property so that demolition job can be tendered through the Commercial News.

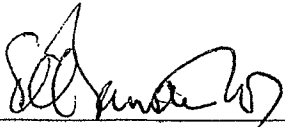
4. Walton has obtained an offer from Great Gulf Homes to partner with Walton and Bernstein in the development of the Property into approximately 110 townhomes and 400,000 of residential condominiums and Walton is expecting to receive an offer from Empire Communities to either purchase the Property or partner with Walton and Bernstein to develop the Property.
5. Walton intends to complete development approvals between now and November 15, 2012 in accordance with Exhibit "A".
6. Bernstein wishes to own 50% of the shares in the Company in exchange for providing 50% of the equity required to complete the Project. The Company will issue sufficient shares such that Bernstein has 2,501,900 and Walton has 2,501,900 voting shares of the same class.
7. The ownership of the Company will be as follows:
 - a. 50% to Bernstein; and
 - b. 50% to Ron and Norma Walton as they may direct between each other or alternatively to be held by a completely Walton-owned and controlled company, provided that all covenants and agreements of Walton herein shall continue in full force and effect.
8. Walton will be managing, supervising and completing the Project in accordance with the attached Exhibit "A".
9. Walton and Bernstein have each provided ½ of the \$300,000 deposit to purchase the Property.
10. The balance of equity in the amount of \$2,351,900 each will be paid as follows:
 - a. Bernstein will provide to the Company the sum of \$1,750,000 on or before December 17, 2010;
 - b. Walton will provide the sum of \$1,750,000 to the Company in a timely manner as required as the Project is completed;
 - c. If and when the vendor take back mortgage of \$500,000 is required to be paid back prior to the completion of the Project, both Bernstein and Walton will provide a further \$250,000 each as required to pay out the vendor take back mortgage;
 - d. If and when the land transfer tax is required to be paid, Bernstein and Walton will each contribute the sum of \$127,500 or whatever amount equals 50% of the total amount due; and
 - e. Bernstein and Walton will provide the remaining sum of \$224,400 in a timely manner as required.
11. Walton and Bernstein will each provide 50% of whatever additional capital over and above the \$2,501,900 each that is required to complete the Project, if any, in a timely manner.

12. In addition to managing, supervising and completing the Project, Walton will be responsible for supervising the demolition of the building on the Property, hiring of all consultants, designers, architects and engineers to complete the Project, finance, bookkeeping, office administration, accounting, information technology provision, filing tax returns for the Company, and fulfilling all active roles required to complete the Project in accordance with Exhibit "A".
13. Bernstein will not be required to play an active role in completing the Project. Notwithstanding that, any decisions concerning partnering with a developer, the type of development, the selling or the refinancing of the Property will require his approval; any decisions requiring an increase in the total amount of equity required to complete the Project will require his approval; and any significant decisions that vary from the Project plan described in Exhibit "A" will require his approval.
14. Walton will provide to Bernstein ongoing reports at minimum monthly detailing all items related to the Property including the progress in moving the development approvals forward and any interest being obtained from developers to purchase the Property or partner with Bernstein and Walton to develop the Property.
15. Walton will provide a written report to Bernstein each month detailing the following:
 - a. copies of invoices for work completed;
 - b. the bank statement for that month; and
 - c. if the bank statement does not have a copy of cancelled cheques, then Walton will also provide a complete listing of all cheques written, including payees, dates and amounts.At Bernstein's request, Walton will provide whatever other back-up information he requests. Any cheque or transfer over \$50,000 will require Bernstein's signature or written approval before being processed.
16. Once the Project is substantially completed to the point that all of the Property has been sold, both parties will be paid out their capital plus profits and Walton will retain the Company for potential future use.
17. The Board of Directors of the Company will be composed of two directors, being Bernstein and Norma Walton. The only shares to be issued in the Company will be as set out above, and neither party may transfer his or her shares to another party without the consent of all the other parties, which consent may be unreasonably withheld. Once Bernstein has been paid out his capital and profits from the Project, he will surrender his share certificate, he will concurrently resign from the Board of Directors and Norma Walton and the Company will accept such resignation. At such time Bernstein shall be released of all obligations and liability related to the Company and shall be indemnified by Walton with respect to all liabilities, claims and obligations whatsoever of the

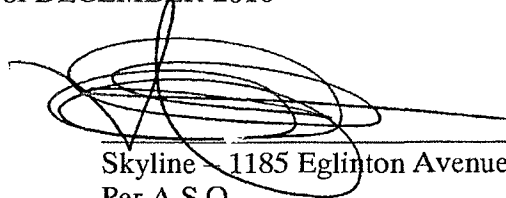
Company up to the date at which Bernstein has been paid out his capital and profits from the Project.

18. Walton will obtain from Gil Blutrict as officer of Skyline a statutory declaration confirming the current status of the Company and that it is free and clear of all liabilities and obligations whatsoever and Gil Blutrict as officer of Skyline shall provide an Indemnity relating thereto to both Walton and Bernstein to or before December 17, 2010. The Company will only be used to purchase, development approve and sell 1185 Eglinton Avenue East, Toronto, Ontario or such other matters solely relating to the Project and the Property.
19. If the parties disagree on how to manage, supervise and complete the Project in accordance with Exhibit "A" and cannot reach agreement amongst themselves, each of them undertakes to attend a minimum of four hours of mediation in pursuit of reaching an agreement. After mediation, if there are any remaining issues to be determined, those issues in dispute shall be determined by a single arbitrator in as cost-effective a manner as possible, with no right of appeal. All costs of such mediation and/or arbitration will be borne equally by Bernstein and Walton.
20. Notwithstanding that Bernstein and Walton do not yet have the authority to execute the within agreement on behalf of the Company prior to the completion of the Purchase of the Property, all of the parties hereby acknowledge, agree and confirm that this Agreement shall be a valid and binding Agreement upon execution by Bernstein and Walton.
21. The above represents all deal terms between the parties.

Dated at Toronto, Ontario this 12th day of DECEMBER 2010



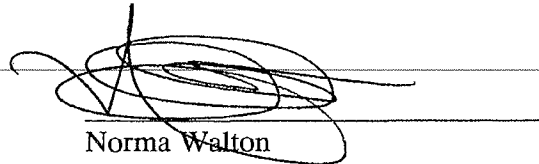
Dr. Bernstein Diet Clinics Ltd.
Per A.S.O.



Skyline - 1185 Eglinton Avenue Inc.
Per A.S.O.



Ron Walton

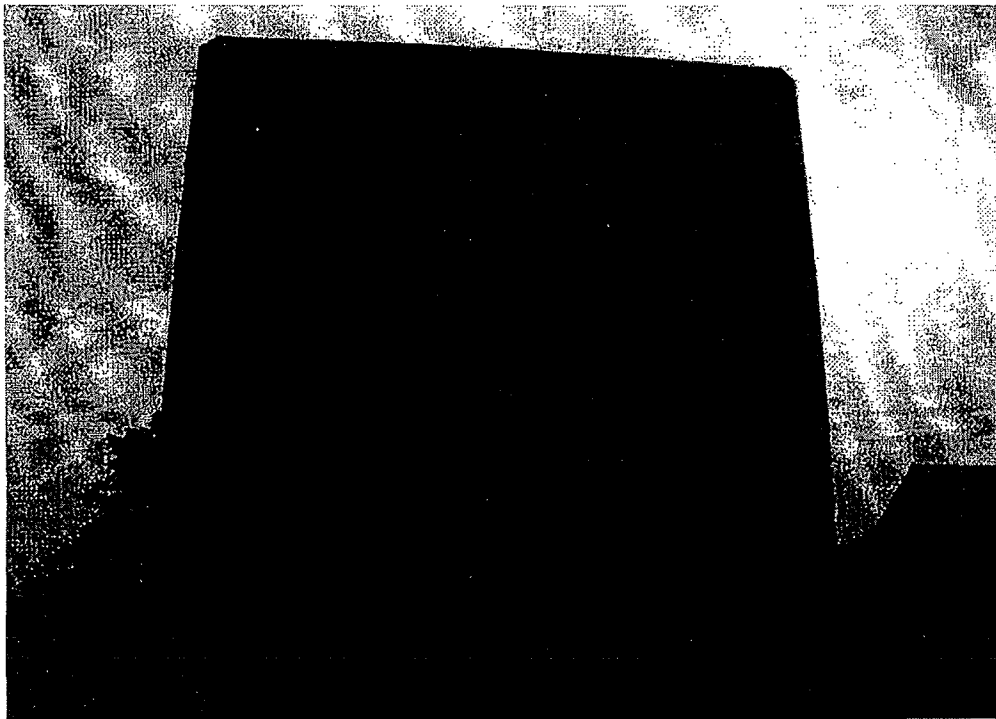


Norma Walton



THE ROSE and THISTLE GROUP LTD.

30 Hazelton Avenue, Toronto, Ontario, M5R 2E2, (416) 489-9790 Fax: (416) 489-9973



Investment Opportunity

1185 Eglinton Ave. E.

December 7, 2010

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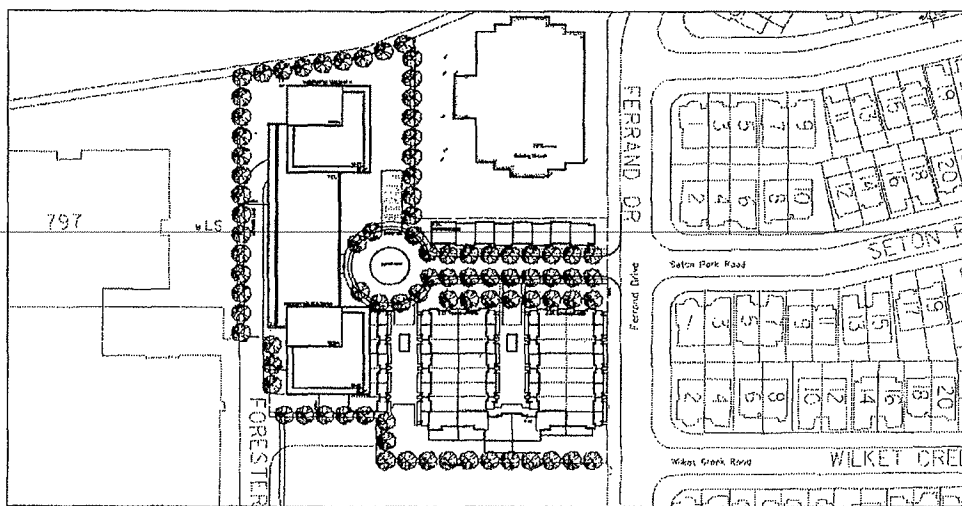
SECTION A:**1. THE OPPORTUNITY**

The opportunity is to purchase 50% of the equity in Skyline – 1185 Eglinton Avenue Inc., a soon-to-be Rose and Thistle company that owns 1185 Eglinton Avenue East. 1185 Eglinton is a 2.83 acre parcel of land at the southeast corner of Don Mills and Eglinton currently containing a nine storey office building and both surface and underground parking.

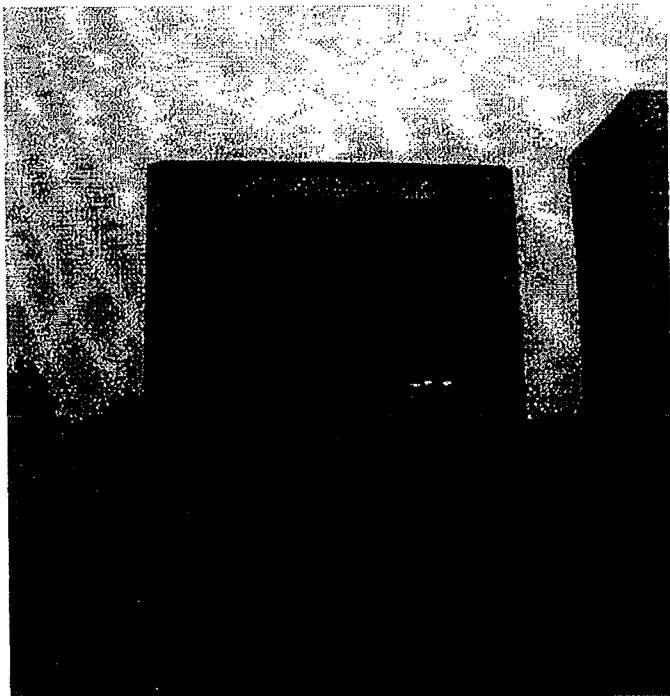
Skyline currently owns the property and they need to sell it because their capital is required for three other properties with which they are involved. The office building is currently vacant and it costs them \$1.5 million a year to carry. 1185 Eglinton was first listed for sale in 2008. It was successively tied up by five different groups between early 2008 and when we tied it up, at prices ranging from \$13.5 million to \$10 million. All of those groups wanted to demolish the office building and build residential condominiums. The city at that time was not prepared to agree to that proposal hence none of those five deals came to fruition.

We have now purchased the property for \$8.5 million, a far better price than we could have obtained in 2008. Further, we are the beneficiaries of the two and a half year planning process already undergone by Skyline and all five groups who had the site under contract. Although the city was not originally agreeable to a residential redevelopment on this site, now they are fully supportive and anxious to see it happen.

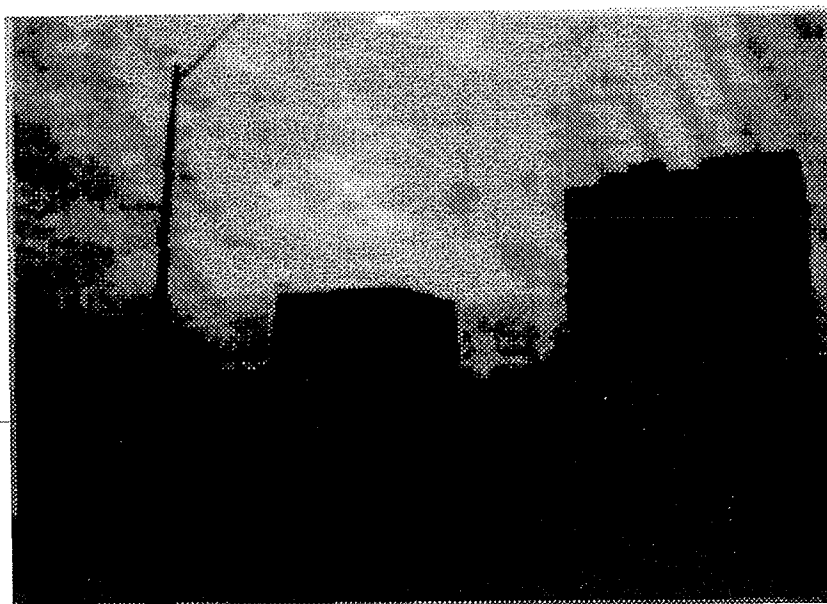
Hence our plan is to demolish the office building in the spring of 2011 and complete the development approvals for two condominium towers, a joint mid-rise podium and adjacent townhouses so we can sell the site to a condominium developer. We anticipate an investment of \$2.5 million prior to November 15, 2010 would generate significant profits within two years.



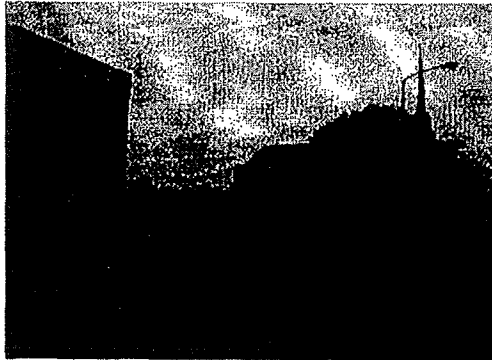
The Office Building



The nine storey office building was custom built in 1973 for Nestle Canada as their head office. It is 145,000 square feet of rentable area over ten floors including the lower level, and it has one level of underground parking that can accommodate 56 cars. Over-engineered, the building is a fortress and structurally could support double the storeys it currently has. We anticipate it will cost approximately \$5.36 per square foot to demolish. We intend to demolish it soon after taking ownership of the site as the cost to maintain it is approximately \$1.5 million annually.

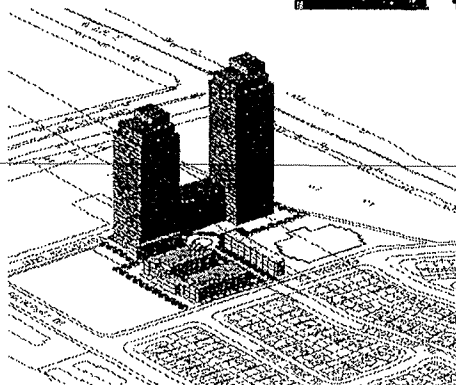


The Development Site



Page + Steele Architects have designed two stunning condominium towers to occupy the site, along with a mid-rise building and townhouses. The prior owners of 1185 Eglinton had already applied for approval of one condominium tower while retaining the office building. The original proposal was not agreeable to the city, but our revised proposal incorporating two condominium towers on a shared mid-rise podium with townhouses on site is agreeable to them. Development

approvals for the site will take approximately eighteen to thirty months to obtain, but once the city confirms in writing they are agreeable, we can move to sell the site to a condominium developer who will finalize number and size of suites once they own the site and prior to final approvals. Alternatively we may partner with a developer to develop the site, which would extend the life of the project to



approximately five years but would contemplate significant profit sharing upon project cash out.

Summary

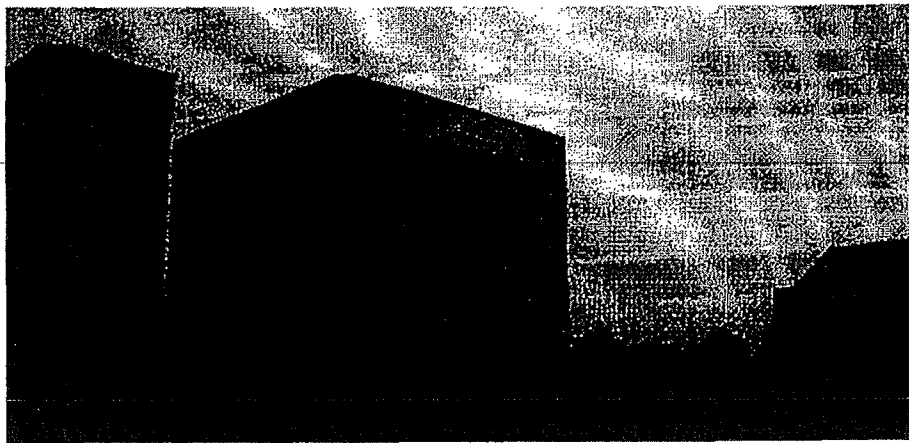
Rose and Thistle anticipates securing full development approval for the condominium site by November 2012. Rose and Thistle expects to list the site for sale in March of 2012 and have the purchaser close the purchase by November 2012. We have already made contact and have secured the interest of both Great Gulf Homes and Empire Communities, and both companies have expressed interest in partnering with us on the site or purchasing the site conditional on development approvals and for a certain purchase price per square foot of saleable area. We are confident the city will approve a minimum of 4 times site coverage, being a total of 490,000 square feet, and anticipate the approval will actually be for 4.5 times site coverage or 550,000 square feet. Best case would be 5 times site coverage or 615,000 square feet.

In speaking with both developers and realtors who sell this sort of product, the minimum price that is obtained for development-approved sites is \$30 per buildable square foot. In addition, the townhouses are worth more per buildable square foot because they are less expensive to build yet the end value is higher. To be conservative, we have valued the entire site at \$30 per buildable square foot.

If we do not partner with a developer up front and look to sell after we obtain our approvals, we will create a website with all of our due diligence material and provide the market six weeks to digest that information before the bid date for offers. We will price it at minimum \$30 per buildable foot and see if we manage to extract more than that depending on interest from the development community.

The project will end once the development site is sold and we have repaid capital and profits. We anticipate this will occur within two years of November 15, 2010.

Unlike investments in stocks and bonds, carefully selected and well-located properties have real value. When real property is purchased for the right price and properly managed, it provides reliable, above average returns on investment. In addition, given Toronto's growth each year by approximately 100,000 new immigrants, the need for new housing is ongoing. Condominium developers are hence always looking for new development sites, and our site provides significant scale to attract those large and medium-sized condominium developers.



2. THE INVESTMENT PARTICULARS

The details of the opportunity are as follows:

What:	Common shares in Skyline – 1185 Eglinton Avenue Inc., the company that owns 1185 Eglinton Avenue East
Amount available:	\$2,501,900
Commencement date:	Deposit of \$150,000 in November 2010; balance on or prior to December 17, 2010
Capital appreciation and return:	Principal will be repaid then profits split equally
Term:	24 months to November 15, 2012

The total capital is \$13.2 million, being \$8.2 million from mortgage and \$5 million in equity, of which Rose and Thistle will purchase \$2.5 million, leaving \$2.5 million available for purchase. The capital structure is as follows:

Bank of Montreal Mortgage	\$8,200,000	62.12%	\$5,000,000	37.88%
Rose and Thistle equity	\$2,501,900	19.71%		
100% equity contribution for term	\$2,501,900	19.71%		

SECTION B:

1. THE PROPERTY

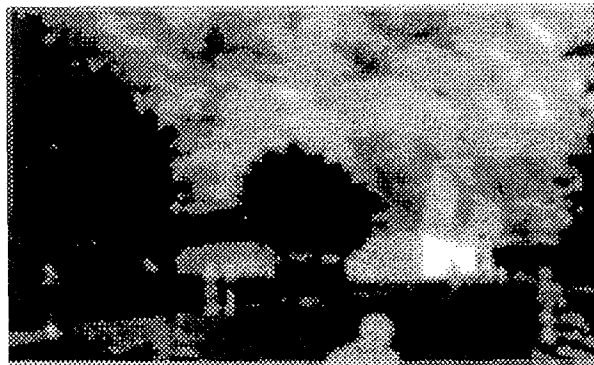
1185 Eglinton Avenue East is located in Don Mills. Don Mills has been the recipient of a lot of financial investment recently:



* Cadillac Fairview has spent many hundreds of millions designing and building the Shops of Don Mills at Don Mills and Lawrence, a new concept outdoor mall with high end retailers and restaurants. Phase I is complete, and they are now pre-selling suites in Phase II, being six new condominium buildings and one retrofit of an existing building that will surround the Shops of Don Mills in the next few years with residences. The

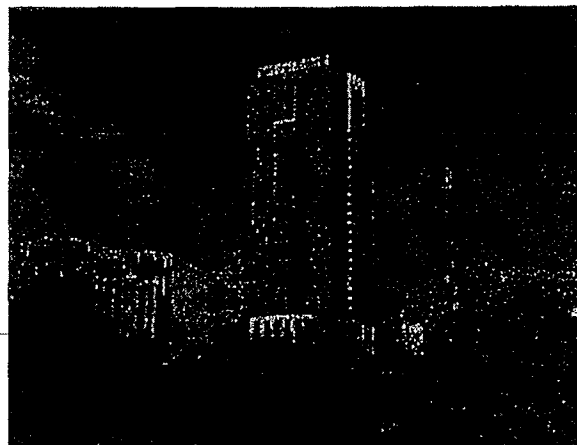
condominium suites are being pre-sold for \$500 per square foot.

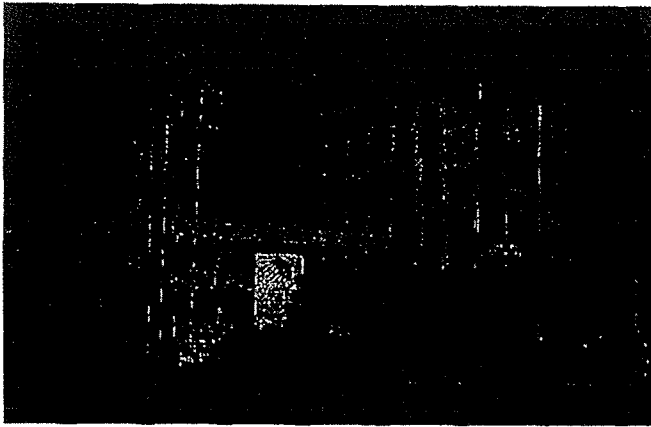
* The Aga Khan Foundation is spending \$200 million to create an Ismaili Cultural Center, Museum and park between Wynford and Eglinton Avenue. Construction is underway. This will transform the area adjacent to the Don Valley Parkway at Eglinton and provide investment in the surrounding area by groups wishing to associate themselves with the Aga Khan.



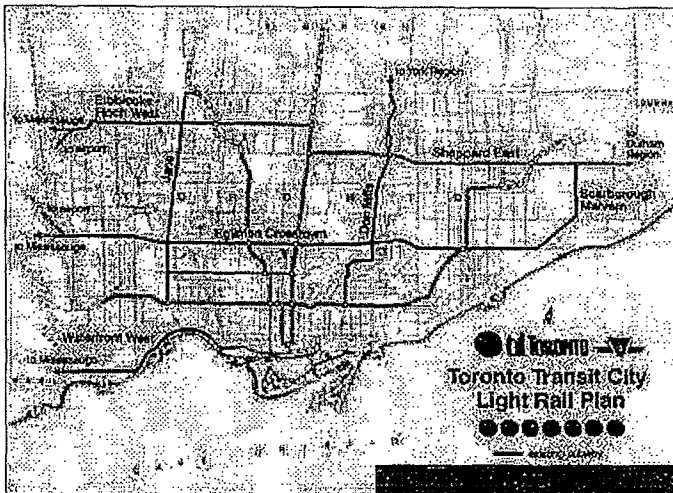
* The former Inn on the Park site at Leslie and Eglinton now houses Toyota on the Park and Lexus on the Park, along with shops, services and an adult lifestyle retirement residence, with everything on the corner being new.

* Tridel is almost completely sold out of their Accolade condominiums between Eglinton and Wynford east of the Don Valley Parkway. The few remaining suites are selling for between \$375 and \$450 per square foot.

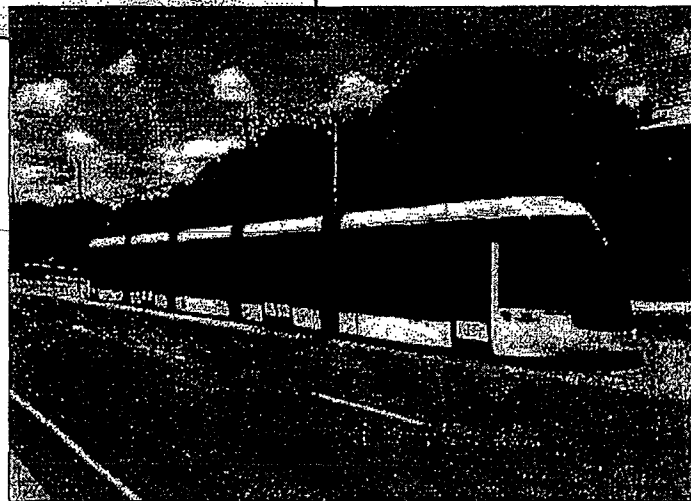




* The 56 acre Celestica site is under contract of sale, with the new owners likely looking to rezone the site to create retail and residential developments



* The LRT is proposing to make both Eglinton and Don Mills major arteries in their new Transit City plan, with the Eglinton LRT slated to be completed in 2016. There would be a stop right in front of 1185 Eglinton Avenue East. The Eglinton LRT would link Kennedy Station in the east with Pearson Airport and the Mississauga Transitway in the west. The turnaround for the LRT is planned for the northeast corner of Eglinton and Don Mills, just south of the Superstore site.

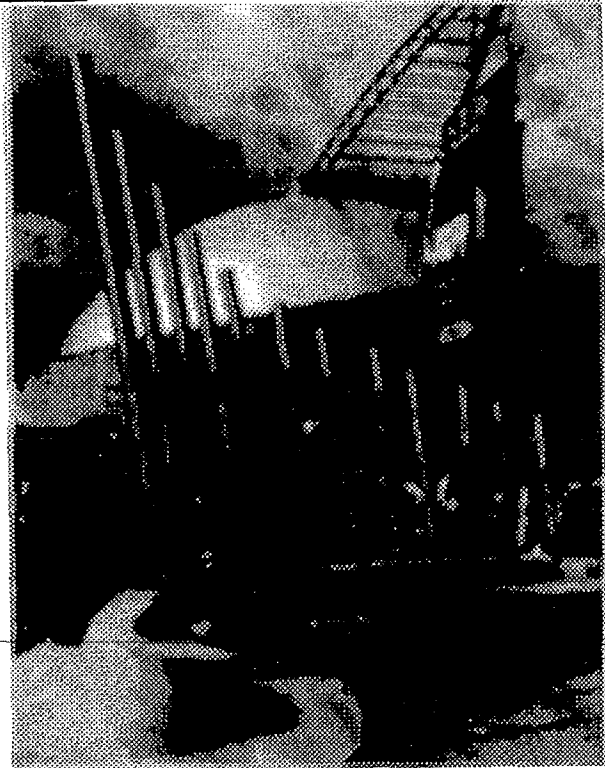


* Build Toronto owns the site immediately north of 1185 Eglinton Avenue, which is currently being used for surface parking but will no doubt be developed in the next decade.

* Loblaws Superstore replaced the Imperial Oil building a few years ago with a busy plaza with a Loblaws, LCBO, pharmacy, bank and ancillary retailers.



* The Ontario Science Center has been a fixture on the south west corner of Don Mills and Eglinton for more than 40 years.



All of the above will increase the appeal of 1185 Eglinton Avenue.

2. THE PLAN

The plan is two fold:

1. Demolish the office building currently on site; and
2. Complete development approvals for the residential condominium development so we can sell the site to a developer.

The following steps will be implemented to achieve this objective:

1. Have already begun pre-construction planning:
 - a. For the condominium development, we have:
 - i. Engaged our architect, planners and lawyers to revise the proposed development to address the city's concerns;
 - ii. Met with the city planners to obtain their approval, following which we'll submit the revised package for submission, and met with the city councillor for the area and secured his support; and
 - iii. Spoken with real estate professionals and developers and attracted one offer of partnership from a developer for the site.
 - b. For the office, we:
 - i. Have engaged demolition companies to prepare estimates for demolition; and
 - ii. Have engaged salvage experts to determine what can be salvaged for monies in the existing building.

Timeline: Now to December 17, 2010

2. Once we own the property, we will demolish the office building and complete the development approvals for the site, detailed as follows:
 - a. For the office building, salvage what is of value and demolish; and
 - b. For the development site:
 - i. Submit our revised plan for site plan and rezoning approvals; and
 - ii. Shepherd that plan through the city process.

Estimated timeline: 18 to 30 months, between May 15, 2012 to May 15, 2013

3. Sell to a condominium developer and pay out capital and profits to investors.

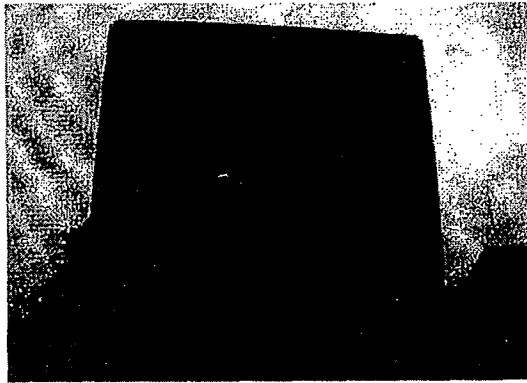
Total project timeline: 18 to 30 months, between May 15, 2012 and May 15, 2013.

3. FINANCIAL PROJECTIONS

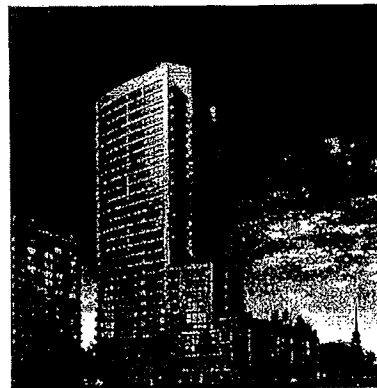
The property was purchased for \$8.5 million. With closing costs it will have a cost base of \$8.95 million. The hard construction costs will run \$850,000 for demolition. The condominium development process will cost \$1.76 million for consultant's fees and city fees to develop-approve the site. Carrying costs will cost another \$1.65 million. Hence the total project cost will be \$13.2 million.

Rose and Thistle anticipates that within 24 months, being November 15, 2012, the site will be sold for a minimum of \$15.75 million, creating profits in excess of \$2.65 million.

Hence it is projected that an investment of \$2,500,000 on November 15, 2010 would provide a total return of more than \$1,250,000 within 24 months. This 53% straight line projected return equates to a 23% compounded annual return. We refer you to the Financial Projections section of this proposal for expenditure, revenue and profit details.



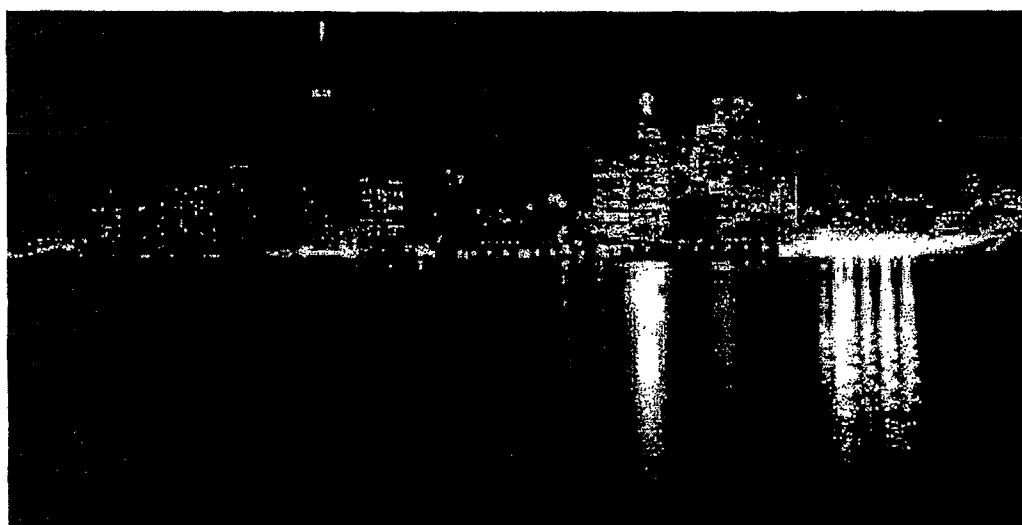
Office building to be demolished



Development site to be sold

SECTION C:**INVESTING IN TORONTO**

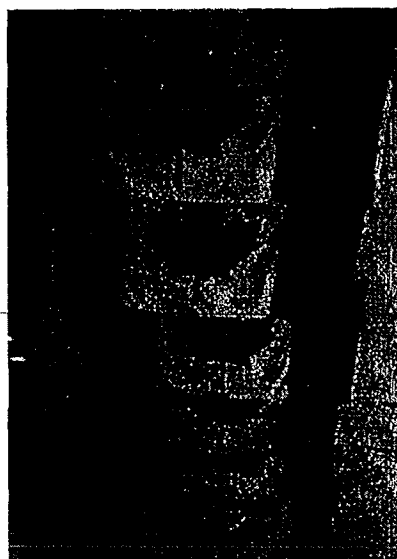
A continental gateway and a crossroads for the world, Toronto is Canada's business capital. It ranks alongside economic powerhouses such as New York, Boston and Chicago. Toronto is annually rated as the most multi-cultural city in the world by the United Nations. Canada accepts approximately 300,000 new immigrants every year, and 43% of all immigrants to Canada settle in the Greater Toronto Area. This results in an annual population increase of more than 100,000 people. As a result, the demand for both residential and commercial real estate is strong and demographic trends strongly suggest that such demand will remain robust.

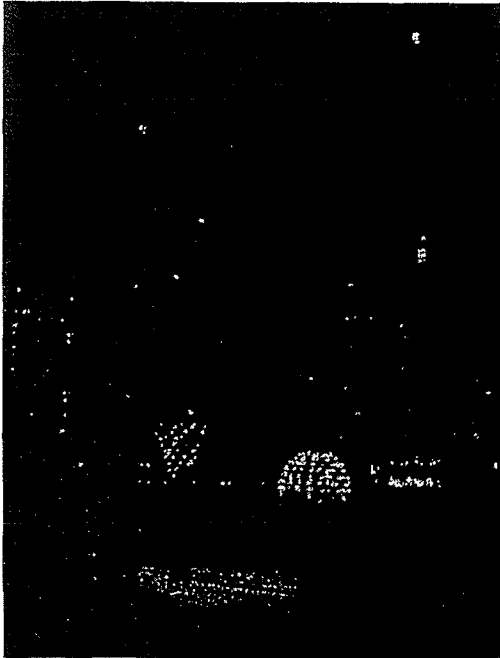


Toronto boasts a stable economic and political climate. Toronto commercial real estate has attracted worldwide investors, particularly from the United States, Great Britain, Israel and Germany. It has one of the five most diversified economies of any city-region in North America, and consistently ranks with Boston and Chicago as one of the best business cities in North America.

Population

With 2.7 million residents, Toronto is the 5th largest city in North America. One-quarter of Canada's population is located within 160 km (100 mi.) of the city and more than 60% of the population of the USA is within a 90-minute flight.





Economy

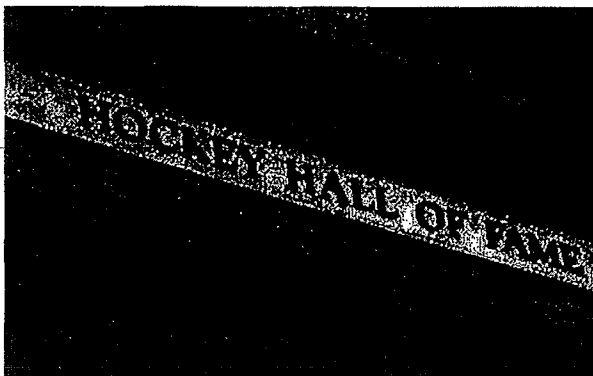
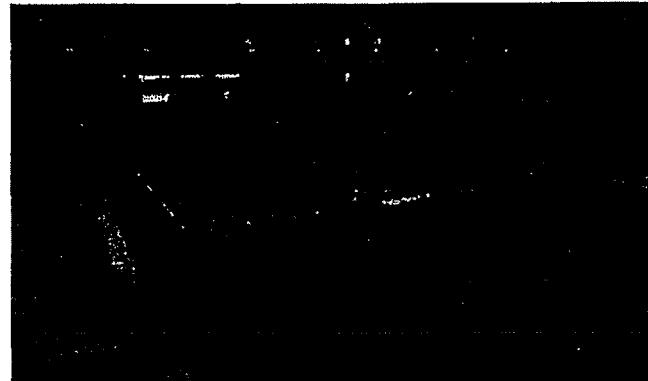
The City of Toronto's economy comprises 11% of Canada's GDP, with Toronto's GDP topping \$140 billion in 2009. Toronto-based businesses export over \$70 billion in goods and services to every corner of the globe with retail sales of \$47 billion annually.

Capital

Five of Canada's six largest banks have their headquarters in Toronto, near the country's busiest stock exchange. Toronto is North America's third largest financial services centre and 75% of Canada's foreign banks and 65% of the country's pension fund companies are located here.

Competitive

Toronto has an excellent reputation as one of North America's leading economies while at the same time delivering overall business cost savings of 6.5% over large U.S. cities and 12.2% when compared to Asian and European centres.

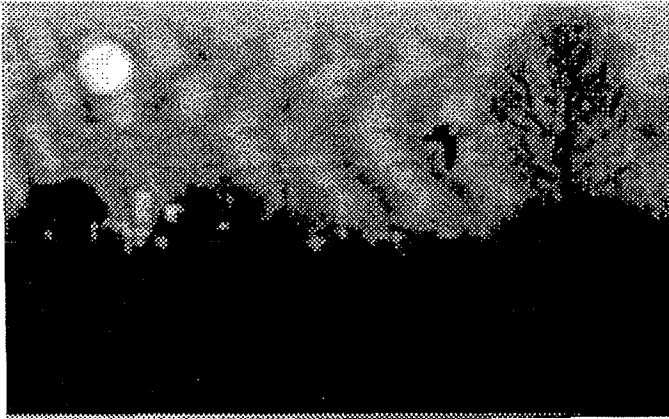


Workforce

Toronto's more than 76,000 businesses choose from a large, highly skilled, multilingual workforce of 1.4 million people - one-sixth of the country's labour force. More than 800,000 workers have university or college training and 58% have earned a post-secondary degree, diploma or certificate. Residents speak more than 135 languages and dialects.

Education

Toronto's impressive range of post-secondary educational facilities includes three universities and five colleges offering training in virtually every discipline and skill. Toronto leads the country in the number of post-secondary schools and graduates, with more than 15,000 medical/biotech researchers, two top-ranked MBA schools and excellent programs in engineering, computer sciences and multi-media.

**Location**

Some 180 million customers and suppliers are within a one-day's drive from Toronto. Toronto's Pearson International Airport is within easy reach of the city's central business district and provides flights to over 300 destinations in 54 countries through 64 carriers.

Connections

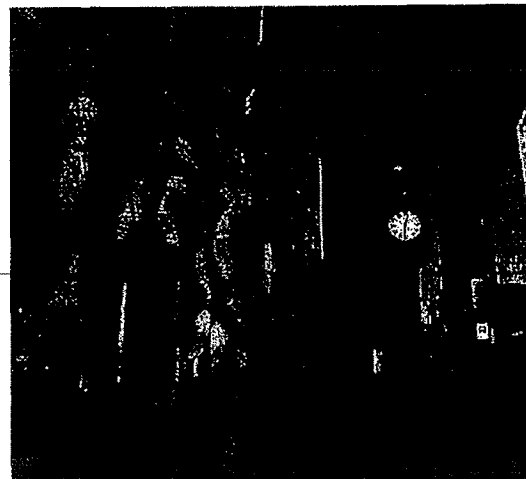
Toronto boasts an expansive local network of consultants, professional firms and specialty suppliers. The business services cluster is among North America's largest and growing. Toronto is home to 9 of Canada's 10 largest law practices, 9 of the top 10 accounting firms and all 10 top human resources and benefits firms.

Transportation

With four major highways, multi-modal railway facilities, a Great Lakes port and an international airport handling over 30 million passengers and 350,000 tons of cargo annually, Toronto is a true North American gateway.

Transit

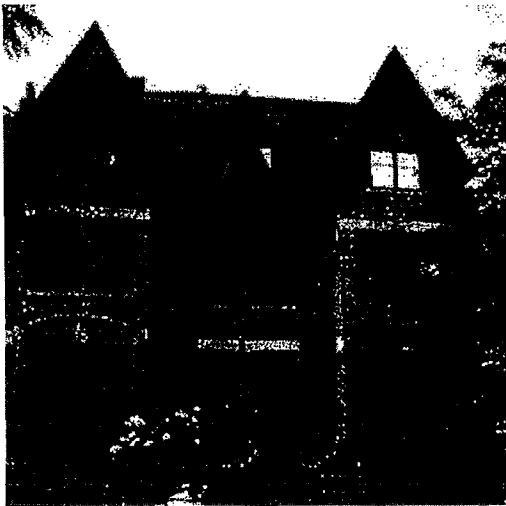
Toronto's public transit system is the second-largest in North America and has the highest per capita ridership rate on the continent. More than 2,400 subway vehicles, buses and streetcars make it easy for more than 1.4 million business riders to travel throughout the city daily.



SECTION D:**THE ROSE AND THISTLE GROUP LTD.****A. EXPERIENCE**

Over the past nine years, The Rose and Thistle Group has owned, managed and developed a total of \$85 million worth of properties, of which \$50 million remain under management and development.

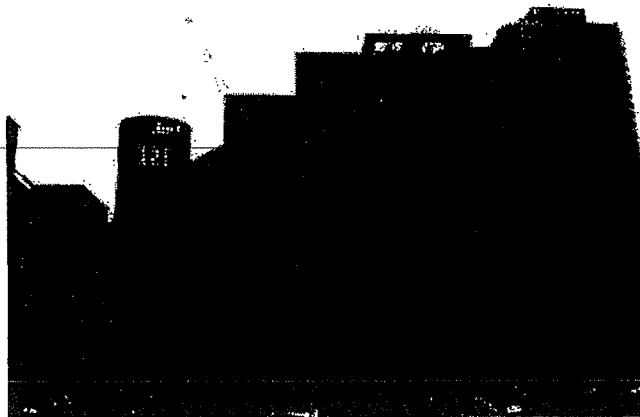
Rose and Thistle is seeking out properties similar to the properties with which it has had success in the past. Since 2001, Rose and Thistle has owned, managed and developed the following properties, thirteen of which it continues to own and two of which it has under contract to purchase.

Our heritage commercial buildings:**30 Hazelton Avenue**

A heritage building in Yorkville with high-end luxury office and retail tenancies

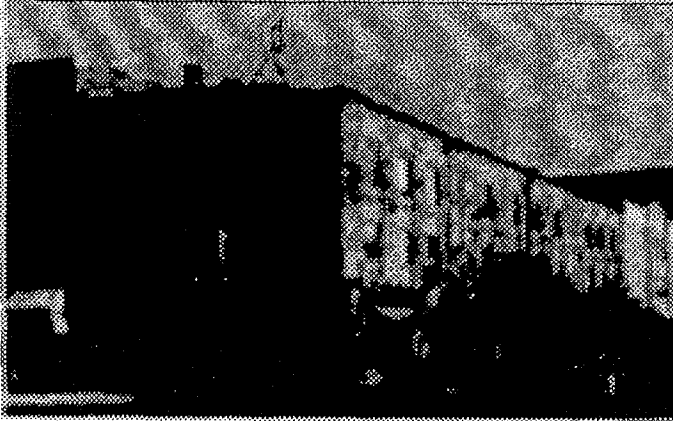
Head office of The Rose and Thistle Group Ltd.

Severed one lot into two and renovated the heritage designated building into four luxury suites

**30A Hazelton Avenue**

A commercial building in Yorkville with high-end luxury office tenancies

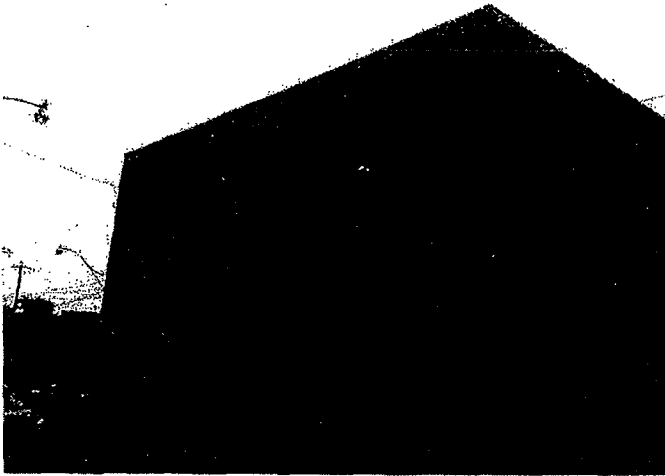
Severed one lot into two and renovated the building into four luxury suites



65 Front Street East

A heritage corner building in Old Town built in the mid-1800s that has loft commercial office space

Renovated this heritage listed commercial loft building; improved the tenant mix, reduced costs, and increased profitability. Obtained approval to add a fourth storey to the building

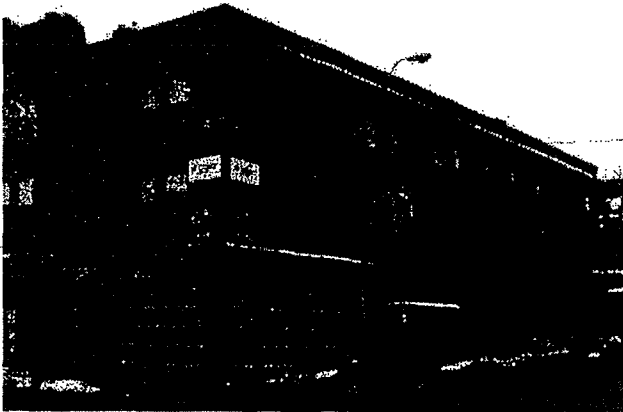


86 Parliament Street

The Old Telegram Building

A heritage corner building built in 1887 that used to house The Toronto Telegram, located in Cabbagetown, with retail and commercial space.

Gutted and renovated the property. Opened Urban Amish Interiors Furniture Gallery on floors one and two, and leased floors three and four to Sun Edison.

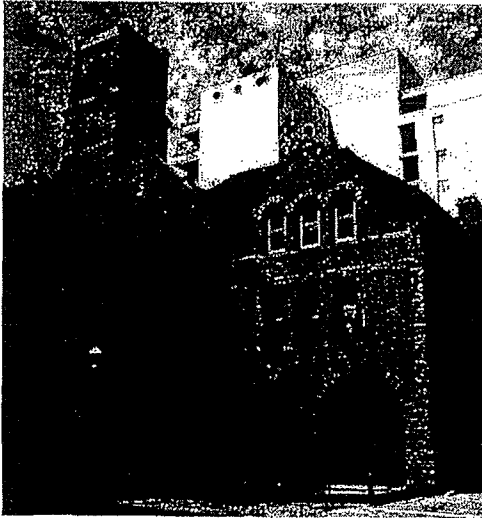


252 Carlton / 478 Parliament

A heritage corner building in Cabbagetown that has retail and commercial space.

Home to Ginger and Johnny G's restaurants

Currently gutting and renovating the second and third floors to house two new full floor tenants in September 2010.

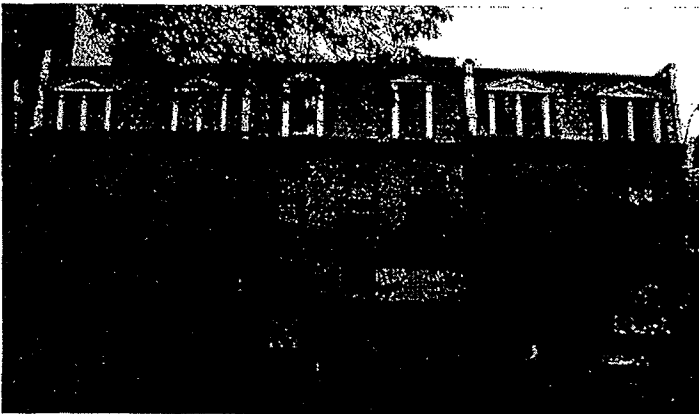


110 Lombard Street

The Old Firehall

Toronto's first fire hall, built in 1886. The former home of Second City which launched the careers of Dan Ackroyd, John Candy, Mike Myers, Gilda Radner, Martin Short, etc.

Currently leased to Gilda's Club



66 Gerrard Street East

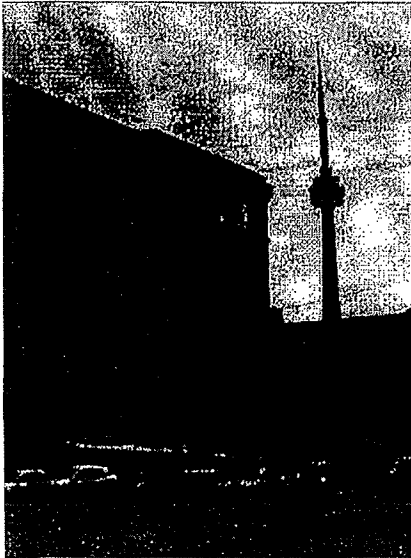
Toronto's original apothecary, built in the 1880s, this beautiful building kitty corner Ryerson is currently under renovation by us to accommodate Starbucks as our anchor corner retail tenant. We are also installing an elevator and renovating the building generally while

accommodating our existing tenants.



24 Cecil Street

A stunning corner property south of the University of Toronto that we have under contract to purchase and renovate



241 Spadina Avenue

We have recently purchased this beautiful heritage building, originally built in 1910 for The Consolidated Plate Glass Company of Toronto. We will be extensively renovating it and leasing it to commercial tenants over the next three years.

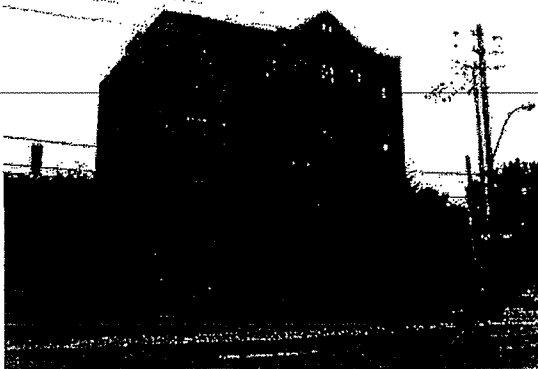
Our commercial buildings:



185 Davenport Road

Fully converted an office building into five mixed use residential and commercial condominium suites and sold them.

355 Eglinton Avenue East



Commercial building, renovated for re-sale.



1246 Yonge Street

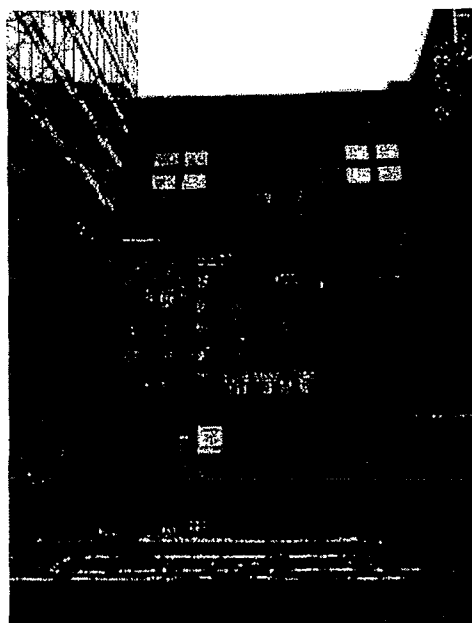
Commercial building converted to condominiums

Converted this office building into 28 mixed use condominiums, plus expanded the underground parking garage and then sold all 28 units.

17 Yorkville Avenue

Commercial building converted to condominiums

Converted this office building into six mixed use luxury condominiums then sold all six units



10-12 Bruce Park

Mixed-use building

Entered into an agreement to purchase this building then sold that right to another purchaser for a profit.

Our residential apartment buildings:



19 Tennis Crescent

An 8-plex in Riverdale

Renovated five of the suites and significantly increased annual revenues when they were re-leased. Are renovating other suites as they become available

646 Broadview Avenue

A 13-plex in Riverdale

Fully converted a heritage-designated mansion into thirteen residential rental units.



648 Broadview Avenue:

A 10-plex in Riverdale

Renovated five of the suites and significantly increased annual revenues when they were re-leased. Are renovating other suites as they become available

Our infill residential housing:**78 Tisdale**

Bought a vacant 1.5 acre parcel of land in North York; are completing all steps required to permit the construction of 40 townhouses which we will then build.

3771 and 3775 St. Clair Ave. E.

17 luxury townhouses

Bought a vacant 2/3 acre lot and completed all planning and development steps required to obtain approval to build 17 luxury townhouses on the site, then constructed and sold all seventeen to individual purchasers

**346 Jarvis**

6 luxury townhouses

Bought six partially completed townhouses and completed all planning and development steps required to sever and construct for sale; two remaining for sale



232-234 Galloway Road

Bought vacant land and are building sixteen townhouses for sale.

247 and 251 Ranee Avenue 7 luxury townhouses

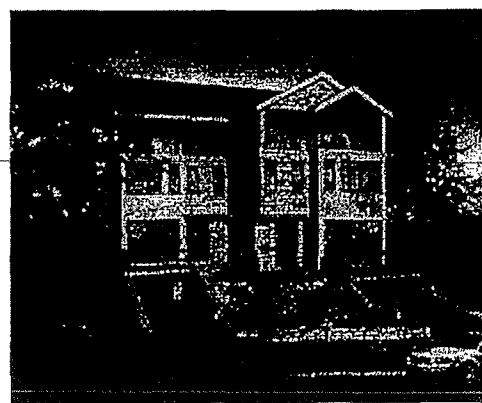
Bought a vacant 2/3 acre lot and obtained approval to build seven houses on the site before selling the site to Toronto Community Housing Corporation.

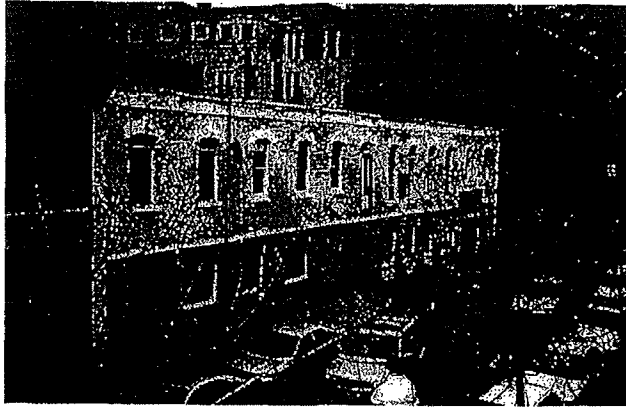


14 and 16 Montcrest Blvd.

2 luxury detached houses

Severed off two lots from our 646 Broadview property, and built two luxury detached houses and sold both. They have phenomenal views of the Toronto skyline, being just north of Riverdale park.





10-12 Market Street

Redevelopment site

Obtained approval to build a 10-storey luxury residential and retail condominium building on the site of the original Toronto fish market, a heritage site, before selling this site to another developer



9 Post Road

Infill housing site

Severed one lot into two and obtained approval and a building permit to construct a luxury mansion in the Bridle Path neighbourhood in Toronto, before selling the site to a builder



2 Park Lane

Infill housing site

Severed one lot into two and renovated the house on the property before selling the site to a builder

118 and 120 Isabella

Mixed use houses

Renovated two houses for profitable resale



2. HISTORIC RETURN ON INVESTMENT

Since 2001, the Rose and Thistle Group Ltd. has achieved impressive compounded annual returns.

Average Return by property		
Property	Compounded annual return	Timeline
Properties in Portfolio	26.11%	7 years

* Based on annual return based on the 26.11% compounded annually.

The properties are listed from our highest compounded annual return to our lowest. We have thus far never lost money on a project.

Property	Compounded annual return	Timeline
10-12 Bruce Park	785.00%	2 months
19 Tennis Crescent	404.00%	6 months
118 and 120 Isabella	84.75%	1 year
185 Davenport Road	36.36%	6 years
30A Hazelton Avenue	33.51%	7 years
646 Broadview Avenue	26.40%	4 years
30 Hazelton Avenue	25.16%	7 years
65 Front Street East	21.90%	2 years
155 Eglinton Avenue East	18.00%	9 months
1246 Yonge Street	16.87%	3 years
17 Yorkville Avenue	13.50%	3 years
247 and 251 Ranee Avenue	10.00%	5 years
14 and 16 Moncrest Blvd	8.00%	4.5 years
9 Post Road	7.00%	3 years
2 Park Lane	7.00%	3 years
3771 & 3775 St. Clair Ave. E	4.50%	5 years
10-12 Market Street	2.11%	2 years

3. MISSION STATEMENT

The mission of Rose and Thistle Investments is to identify, acquire, manage and develop under-utilized commercial, residential and mixed-use buildings and vacant land that have the potential, when the requisite amount of time, skill and capital are applied, to achieve an above average return and provide our tenants and purchasers with homes or offices of which they are proud.

4. INVESTMENT CRITERIA AND STRATEGY

Rose and Thistle reviews potential acquisitions using an investment criteria which focuses primarily on return on equity, security of cash flow, potential for capital appreciation and the potential to increase value by more efficient management, including accessing capital for expansion and development.

We are “sticking to our knitting” by seeking opportunities similar to the properties with which we have had success in the past, namely the following three types of investments:

1. Medium-size commercial and mixed-use buildings that are well-located and well built where there is the possibility to:
 - a. sever off a portion of the land for redevelopment or to create multiple parcels where there is currently one;
 - b. subdivide the building into condominiums;
 - c. add onto or renovate the existing building; and/or
 - d. change the tenant mix and create operating efficiencies;
2. Medium-size apartment buildings that are well-located and well-built where there is the potential to:
 - a. sever off a portion of the land for redevelopment;
 - b. add onto the existing building; and/or
 - c. update the suites, improve the building, and thus change the tenant mix and increase rents; and
3. Medium size residential housing and development sites where the land is well-located.

We are prudent investors who apply rigorous criteria when evaluating each potential real estate opportunity.

5. SERVICES

i. Real estate acquisition, disposition and financing

- Acquisition and syndication of residential, commercial, and retail real estate
- Assistance with property ownership transition that capitalizes on value created
- Research, investment analysis, due diligence, market and value assessment
- Financing and re-financing
- Access to capital through our network of contacts

ii. Construction and development

- Project management of re-developments, renovations and new developments for residential, commercial, and retail properties in urban and suburban markets
- Expertise in planning, obtaining zoning approvals, construction management, and operation start-up
- Experience working with government and regulatory agencies, business community leaders and investors to enhance project success
- Tarion-registered new home builder

iii. Property management

- Operations and management of multi-unit small to medium commercial, residential and retail properties
- Short-term and long-term strategy to maximize return on investment
- Tenant relationship management through ongoing communications and reporting
- Tenant retention strategy and effectiveness measurement
- Administration of leases to optimize results
- Market research for competitive pricing and positioning
- Maintenance and management of the property
- Twenty four hour on-call emergency repair
- Rent collection and lease enforcement
- On-site staffing, if needed, according to owner approved budget
- Maintenance and capital improvement planning
- Regular property inspections

iv. Leasing Services

- Obtaining tenants
- In-house leasing team with extensive industry contacts
- Advertising vacancies
- Negotiating new and renewal leases
- Marketing strategy to promote properties to prospective tenants and brokers through our network of contacts, Web sites, printed media and other channels of communication

v. Legal and Accounting Support

- Drafting and filing legal documents
- Litigation
- The conversion of commercial rental units to commercial and/or residential condominium properties and the implementation of condominium sales programs
- Zoning, by-law and legislative compliance
- Severance and variance applications
- Representation at municipal zoning, fire, building and by-law hearings
- Insurance management and advice on appropriate coverage
- Centralized accounting and finance functions, including financial statements and audit, accounts receivable, accounts payable, payroll, cash and tax management
- Weekly, monthly or quarterly occupancy and collection reporting
- Weekly, monthly or quarterly financial report
- Annual budget preparation
- Unit turnover costs
- Capital expenditures
- Operating and labour costs
- Revenue
- Partnership distributions as directed

6. MANAGEMENT TEAM



Norma Walton, B.A., J.D., M.B.A.

Norma is a co-founder of The Rose and Thistle Group Ltd. She has considerable experience in all aspects of residential and commercial real estate, including acquisition, development, property management and financing.

Norma has a Bachelors Degree in French, a Bachelor of Laws Degree and an executive Master of Business Administration Degree all from the University of Western Ontario. She is a member in good standing of the Law Society of Upper Canada and is a licensed mortgage broker in the Province of Ontario. She is a published author and a sought after speaker having given in excess of two hundred speeches and has appeared on both television and radio.



Ronauld G. Walton, CPIM, J.D., LL.M., M.B.A.

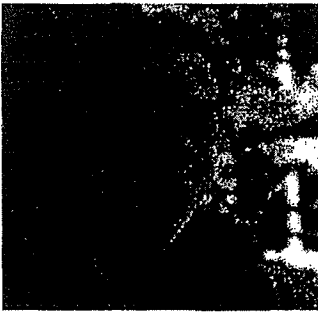
Ron is a co-founder of The Rose and Thistle Group Ltd. He has a Bachelor of Laws Degree from the University of Western Ontario, a Master of Intellectual Property Laws Degree from York University, a Master of Business Administration Degree from the University of Liverpool, a Diploma in Marketing Management from Centennial College and is Certified in Production and Inventory Management by the American Production and Inventory Control Society.

Ron is a member of the Institute of Corporate Directors and the Law Society of Upper Canada. Ron is a registered trade-mark agent with the Government of Canada and a licensed mortgage broker in the Province of Ontario. He has been nominated for the Premiers Award given by Province of Ontario for social and economic contributions.



Carlos Carreiro, Director of Construction and Maintenance

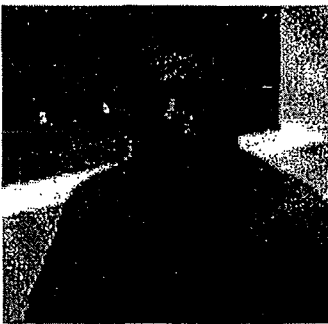
Carlos has an extensive twenty-year background in real estate. He has been a real estate agent, a land developer, and a residential and commercial property renovator and builder. He is adept at interior design and renovation having studied architectural technology at Ryerson. He has an extensive network of industry contacts to call upon as the need arises. He is an exceptional manager of both construction sites and commercial buildings.



Chief Financial Officer --- Mario R. Bucci, B.BM., C.M.A.

Mario provides leadership and co-ordination in the administrative, accounting and budgeting efforts of The Rose and Thistle Group. He creates and evaluates the financial programs and supporting information and control systems of the company in order to preserve company assets and report accurate and timely financial results.

Mario has over 25 years experience in finance. He has a Bachelor of Business Management Degree from Ryerson University and is a member of the Certified Management Accountants of Ontario.



Vice President of Operations --- Steve Williams

Steve has more than a decade of both project management and overall management experience. He is responsible for ensuring that cost effective operations and infrastructure are in place to support all of The Rose and Thistle's active real estate projects and oversees the operational budget for each project. He contracts and coordinates outside contractors to resolve operating difficulties and ensure project deadlines are completed on time.



John Geikins, C.M.A., Senior Accounting Manager

John manages Rose and Thistle's finance staff and oversees the maintenance and accuracy of all financial records for The Rose and Thistle Group Ltd. and related companies. He has an Accounting and Finance Diploma from Seneca College and is a Certified Management Accountant with over twenty five years experience in accounting and income tax compliance. Prior to joining the Rose and Thistle Group, John was in upper management discharging considerable financial responsibility with one of Canada's largest corporations.



John Rawlings, Vice President of Operations

John, an engineer by training, had thirty years experience with the Ford Motor Company in a variety of management positions. He has been on contract to The Rose and Thistle Group Ltd. for ten years. John has supervised seventeen hundred individuals including architects, engineers, electricians, plumbers, contractors and maintenance and repair workers. While on contract to Ford, John's most recent responsibilities included being in charge of the construction of two twenty million dollar facilities and a one hundred and fifty million dollar plant expansion at the Ford facilities in Oakville and St. Thomas. He has a vast array of cost consultants, appraisers, construction and maintenance personnel upon whom he can call.



Property and Leasing Manager --- Samantha Slemko, B.GS

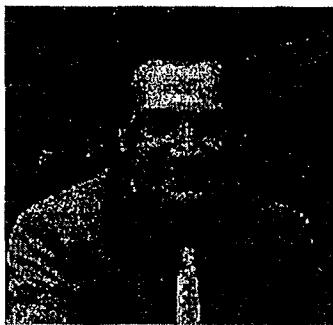
Samantha joined us in 2006 as a project manager for our subsidiary company, CCI. In that capacity she managed some of CCI's largest technology projects and was responsible for meeting client goals, deadlines and budgets. She currently oversees the rental of all Rose and Thistle properties, tenant relations, lease negotiations, building repair and maintenance all with the goal of increasing asset value.

Samantha comes from a project management background in health information. She has a diploma in Health Information Technology as well as a Bachelors Degree in General Studies from the University of North Dakota.



Jackie McKinlay, Associate

Jackie has over a decade of real estate law experience and is the hub through which all of our residential and commercial real estate deals flow. She co-ordinates condominium registration documents, real estate financings, interacts with lawyers, clients, architects, surveyors, conveyancers and City personnel, she co-ordinates the preparation and receipt of R plans, site plans, surveys and landscape surveys and all of the real estate acquisitions, sales and re-financings. Jackie is a graduate of The Ontario Law Clerks Association and is a registered mortgage agent.



Tom Trklja, B.A. in Law, F.Inst.L.C.O., Associate

Tom obtained his Law Degree from the University of Belgrade in 1987 after which he practiced law in Belgrade for several years. Subsequently he graduated on the President's Honour List from the Legal Assistant Program at Seneca College of Applied Arts and Technology in 1999. Through his legal training and practical experience Tom has been in the legal field for more than twenty three years. He has played a key role in multi-million dollar mergers and acquisitions, a variety of complex contract negotiations and all aspects of corporate law. He is also skilled in real estate development law and real estate financing. He is a member of the Institute of Law Clerks of Ontario.



Senior Accountant --- Kendra Henry-Curtis

Kendra studied accounting, information systems and computer programming and is an honours graduate of Centennial College with an Accountant/Programmer Analyst diploma. At present, she is completing the Certified General Accountant program and will soon have her CGA designation. She assists in the maintenance and preparation of financial records and statements.

SECTION E:**THE FINANCIAL PROJECTIONS****ASSUMPTIONS**

The financial assumptions used to generate the closing costs, renovation costs, projected rent roll and building valuation were specifically designed to be conservative in their estimates to mitigate identified potential risks. The key assumptions are as follows:

Closing Costs	Rose and Thistle has vast experience in estimating closing costs. The largest component is the Ontario land transfer tax and the Toronto land transfer tax, which together total approximately 3% of the purchase price. The second largest is the fee of 2% of face value for arranging a mortgage to cover acquisition and construction.
Demolition Costs	Rose and Thistle is obtaining quotes from demolition and salvage companies to find the most cost effective method of demolishing the building.
Site valuation	Condominium developers pay a minimum of \$30 per buildable foot for approved density. Townhouses are worth more because they cost less to build and sell for more. We are using \$30 for the entire site, anticipating that we may do better when it is actually sold.

RETURN ON INVESTMENT

Using the above assumptions, the following pre-tax returns have been calculated:

Compounded annual return	23%
Straight-line return	53%

RISKS

Inherent with any investment there are associated risks. Rose and Thistle through their industry experience is aware of and has taken appropriate measures to mitigate the risk exposure to the investor. However, it is essential the investor be aware of some of the key risks involved in the project and more importantly, how these risks have been considered by Rose and Thistle.

Risk	Discussion
Market condition for condominium developers	<p>- Rose and Thistle cannot control the economic environment in Toronto. We are encouraged by the net migration of approximately 100,000 people a year to the area, which historically has kept real estate vibrant over the past two decades. Nonetheless, there is a continual supply of residential condominium product coming to market and prices for buildable density may vary significantly year over year depending on interest rates and demand. Rose and Thistle is thus using the minimum price of \$30 per buildable foot given this reality.</p>
Interest Rate Increases	<p>- Rose and Thistle will lock in the rates for the mortgage and construction loan for the 24 month term</p>
General Investment Risk	<p>- All investments with the exception of sovereign bonds of major industrial nations (eg. US treasury bills, Canada savings bonds) carry with them inherent risk. There are no guarantees in life. The best one can do, as Rose and Thistle believes it has, is to acquire desirable assets, at a reasonable price at a favourable time. Investors in this real estate transaction must be aware that it is riskier than acquiring savings bonds. Investors must be comfortable that the return is not guaranteed, unlike the return of such a bond.</p>

SECTION F: TABLES -- TABLE 1: CAPITAL COSTS AND STRUCTURE

1185 Eglinton Ave. E. CAPITAL REQUIRED			
Purchase Costs			
Purchase Price	8,500,000		
Mortgage fee	164,000		
Lender's legal fee	15,000		
Ontario Land Transfer Tax	127,500		
Municipal Land Transfer Tax	127,500		
Other fees and disbursements for appraisal, reliance letters for environmental reports, municipal enquiries and fees, etc.	15,000		
Total Purchase Price			\$ 8,949,000
Demolition of 1185 Eglinton Ave. E.			
Demolition	\$ 777,200		
Construction Management Fee:	\$ 77,720		
		\$ 854,920	
Development of two condominium towers on site:			
Architectural plans	\$ 500,000		
Engineering fees	\$ 150,000		
Interior design fees	\$ 150,000		
Cost consultant fees	\$ 100,000		
Surveyor's fees	\$ 100,000		
City development fees	\$ 600,000		
Project Management Fee:	\$ 160,000		
		\$ 1,760,000	
Total Demolition and Development Charges			\$ 2,614,920
Carrying Costs			
Property tax	\$ 300,000		
Interest on mortgage	\$ 1,339,880		
Insurance	\$ -		
Total Carrying Costs			\$ 1,639,880
Total Capital Required			\$ 13,203,800
Mortgage	62.10%	8.17%	\$ 8,200,000
Rose and Thistle equity	18.97%		\$ 2,501,900
50% equity available for sale	18.97%		\$ 2,501,900

TABLE 2: PROJECTED SITE VALUATION

PROJECTED SITE VALUATION			
Item	Quantity	Unit Price	Total Value
1. Land	100,000	\$1.00	\$100,000.00
2. Buildings	10,000	\$10.00	\$100,000.00
3. Equipment	5,000	\$2.00	\$10,000.00
4. Inventory	1,000	\$5.00	\$5,000.00
5. Other Assets	1,000	\$1.00	\$1,000.00
6. Liabilities	1,000	\$1.00	\$1,000.00
7. Total			\$216,000.00
8. Less: Debt			\$100,000.00
9. Net Value			\$116,000.00
10. Per Share Value			\$11.60

Forecasted Profit	
Forecasted Operating Profit	\$ 15,231,775
Less: Project Cost	\$ 11,200,000
Forecasted Profit	\$ 4,031,775

36

TABLE 4: SENSITIVITY ANALYSIS

Sensitivity Analysis	
VARIABLES:	
1. The project is sold one year later than anticipated	
Financing costs rise, increasing project cost to:	\$13,973,740
Profit becomes:	\$1,884,035
2. The project is sold one year earlier than anticipated	
Financing costs decrease, decreasing project cost to:	\$12,433,860
Profit becomes:	\$3,423,915
3. The condominium is approved, but at 4-times coverage instead of 4.5 times coverage	
Value of condominium site:	\$14,022,000
Profit becomes:	\$818,200
4. The condominium is approved at 5 times coverage instead of 4.5 times coverage	
Value of the condominium site:	\$17,527,500
Profit becomes:	\$4,323,700
5. The construction costs are 20% higher than anticipated	
Project cost becomes:	\$13,726,784
Profit becomes:	\$2,130,991
6. The construction costs are 10% lower than anticipated	
Project cost becomes:	\$12,942,308
Profit becomes:	\$2,915,467
7. The selling price is \$35 instead of \$30 per square foot:	
Value of condominium site:	\$18,403,875
Profit becomes:	\$5,200,075
8. The selling price is \$40 instead of \$30 per square foot:	
Value of condominium site:	\$21,033,000
Profit becomes:	\$7,829,200
There are numerous other potential outcomes. Rose and Thistle is not able to provide sensitivity analysis on all of those potential outcomes. Rose and Thistle believes the above assumptions are the most likely to be relevant to this project.	

AGREEMENT

Between:

A new company to be incorporated

"Bernstein"

- and -

Ron and Norma Walton

"Walton"

- and -

Riverdale Mansion Ltd.

the "Company"

WHEREAS Bernstein and Walton intend to purchase 450 Pape Avenue, Toronto, Ontario (the "Property") on or about July 4, 2011 and put ownership of the Property in the Company's name;

AND WHEREAS Bernstein and Walton, or whomever Bernstein and Walton may direct in accordance with the provisions of paragraph 5 herein, will each hold 470,473 shares in the Company;

AND WHEREAS Bernstein and Walton will each provide the sum of \$470,473 to the Company for the purposes of purchasing the property, renovating the mansion, constructing the townhouses, and obtaining city approvals to sever and sell off the mansion and the townhouses to separate purchasers (the "Project");

AND WHEREAS Walton will manage and supervise the Project and ensure it is completed according to the excel spreadsheet attached as Exhibit "A" to this Agreement;

THEREFORE the parties agree as follows:

1. Walton has contracted to purchase the Property and the purchase is scheduled to close on July 4, 2011.
2. Walton has commenced discussions with the city and the councilor to obtain their approval for the plan for the property; with trades to complete construction of the townhouses; with trades to complete the renovations on the mansion; and with planning and other consultants to arrange to sever off and sell the different components to separate purchasers.

3. Walton intends to renovate and sell the mansion and convert the newer section of the building into six separate townhouses, each with condominium title, to be sold to six separate purchasers between now and June 30, 2013 in accordance with Exhibit "A".
4. Bernstein wishes to own 50% of the shares in the Company in exchange for providing 50% of the equity required to complete the Project. The Company will issue sufficient shares such that Bernstein has 470,473 and Walton has 470,473 voting shares of the same class.
5. The ownership of the Company will be as follows:
 - a. 50% to Bernstein; and
 - b. 50% to Ron and Norma Walton as they may direct between each other or alternatively to be held by a completely Walton-owned and controlled company, provided that all covenants and agreements of Walton herein shall continue in full force and effect and such company executes an agreement to be bound by the provisions of the within Agreement.
6. Walton will be managing, supervising and completing the Project in accordance with the attached Exhibit "A".
7. Walton has provided the \$75,000 deposit to purchase the Property, which amount will form part of Walton's equity contributions.
8. The balance of equity in the amount of \$865,946 will be paid as follows:
 - a. Bernstein will provide to the Company the sum of \$470,473 on or before July 4, 2011; and
 - b. Walton will provide the sum of \$395,473 to the Company in a timely manner as required as the Project is completed.
9. Walton and Bernstein will each provide 50% of whatever additional capital over and above the \$470,473 each that is required to complete the Project, if any, in a timely manner.
10. In addition to managing, supervising and completing the Project, Walton will be responsible for supervising the renovations of the building on the Property, hiring of all consultants, designers, architects and engineers to complete the Project, ~~finance, bookkeeping, office administration, accounting, information technology~~ provision, filing tax returns for the Company, and fulfilling all active roles required to complete the Project in accordance with Exhibit "A".
11. Bernstein will not be required to play an active role in completing the Project. Notwithstanding that, any decisions concerning the selling or the refinancing of the Property will require his approval; any decisions requiring an increase in the total amount of equity required to complete the Project will require his approval;

and any significant decisions that vary from the Project plan described in Exhibit "A" will require his approval.

12. Walton will provide to Bernstein ongoing reports at minimum monthly detailing all items related to the Property including the progress in moving the plan forward.
13. Walton will provide a written report to Bernstein each month detailing the following:
 - a. copies of invoices for work completed;
 - b. the bank statement for that month; and
 - c. if the bank statement does not have a copy of cancelled cheques, then Walton will also provide a complete listing of all cheques written, including payees, dates and amounts.

At Bernstein's request, Walton will provide whatever other back-up information he requests. Any cheque or transfer over \$50,000 will require Bernstein's signature or written approval before being processed.

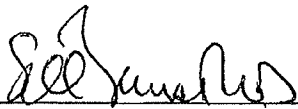
14. Once the Project is substantially completed to the point that all of the Property has been sold, both parties will be paid out their capital plus profits and Walton will retain the Company for potential future use.
15. The Board of Directors of the Company will be composed of two directors, being Bernstein and Norma Walton. The only shares to be issued in the Company will be as set out above, and neither party may transfer his or her shares to another party without the consent of all the other parties, which consent may be unreasonably withheld. Bernstein shall have the option of being paid out his share of capital and profits from the Project and once he has been paid out in full, he will surrender his share certificate, he will concurrently resign from the Board of Directors and Norma Walton and the Company will accept such resignation. At such time Bernstein shall be released of all obligations and liability related to the Company and shall be indemnified by Walton with respect to all liabilities, claims and obligations whatsoever of the Company up to the date at which Bernstein has been paid out his capital and profits from the Project.
16. The Company will only be used to purchase, renovate and construct, and sell the property at 450 Pape Avenue, Toronto, Ontario or such other matters solely relating to the Project and the Property.
17. If the parties disagree on how to manage, supervise and complete the Project in accordance with Exhibit "A" and cannot reach agreement amongst themselves, each of them undertakes to attend a minimum of four hours of mediation in pursuit of reaching an agreement. After mediation, if there are any remaining issues to be determined, those issues in dispute shall be determined by a single arbitrator in as cost-effective a manner as possible, with no right of appeal. All

costs of such mediation and/or arbitration will be borne equally by Bernstein and Walton.


18. Notwithstanding anything to the contrary contained in the within Agreement, in consideration of the sum of \$10.00 and other good and valuable consideration paid to Walton and the Company (the receipt and sufficiency of which is hereby acknowledged), Walton and the Company hereby acknowledge, agree and confirm that Bernstein shall not be liable, responsible for or obligated with respect to any amounts or extent whatsoever with respect to the compliance, performance or observance of any terms or provisions with respect to any Charges / Mortgage of Land (and any agreements or documentation given as additional security therefor) registered against title to the Property or any part thereof in favour of 368230 Ontario Limited including, without limiting the generality of the foregoing, the payment of any principal, interest, costs or any other monies thereunder and Walton and the Company hereby further agree and covenant to indemnify and save Bernstein harmless with respect to any losses, damages or costs suffered or incurred by Bernstein with respect to such Charge / Mortgage of Land.

19. The above represents all deal terms between the parties.


Dated at Toronto, Ontario this 27 day of JUNE 2011



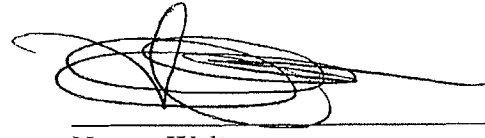
Bernstein company to be incorporated
Per A.S.O.



Riverdale Mansion Ltd.
Per A.S.O.



Ron Walton



Norma Walton

AGREEMENT

Between:

DBDC Global Mills Ltd.

"Bernstein"

- and -

Ron and Norma Walton

"Walton"

- and -

Global Mills Inc.

the "Company"

WHEREAS Bernstein and Walton intend to purchase 1450 Don Mills Road, Toronto, Ontario (the "Property") on or about October 12, 2012 and put ownership of the Property in the Company's name;

AND WHEREAS Bernstein and Walton, or whomever Bernstein and Walton may direct in accordance with the provisions of paragraph 5 herein, will each hold 6,510,313 shares in the Company;


AND WHEREAS Bernstein and Walton will each provide the sum of \$6,510,313 to the Company for the purposes of purchasing, renovating and build out space for tenants (the "Project");

AND WHEREAS Walton will manage and supervise the Project and ensure it is completed according to the excel spreadsheet attached as Exhibit "A" to this Agreement;

THEREFORE the parties agree as follows:

1. Walton has contracted to purchase the Property and the purchase is scheduled to close on October 12, 2012.
2. Walton has commenced discussions with the city to obtain their approval for the plan for the property; with trades to complete the renovations.
3. Walton intends to renovate and improve the building in accordance with Exhibit "A".

4. Bernstein wishes to own 50% of the shares in the Company in exchange for providing 50% of the equity required to complete the Project. The Company will issue sufficient shares such that Bernstein has 6,510,313 and Walton has 6,510,313 voting shares of the same class.
5. The ownership of the Company will be as follows:
 - a. 50% to Bernstein; and
 - b. 50% to Ron and Norma Walton as they may direct between each other or alternatively to be held by a completely Walton-owned and controlled company, provided that all covenants and agreements of Walton herein shall continue in full force and effect and such company executes an agreement to be bound by the provisions of the within Agreement.
6. Walton will be managing, supervising and completing the Project in accordance with the attached Exhibit "A".
7. Each party has provided the sum of \$982,500 towards deposits and due diligence expenses, which amounts will form part of each party's equity contributions.
8. The balance of equity in the amount of \$11,055,626 will be paid as follows:
 - a. Bernstein will provide to the Company the sum of \$5,527,813 on or before October 12, 2012; and
 - b. Walton will provide the sum of \$5,527,813 to the Company in a timely manner as required as the Project is completed.
9. Walton and Bernstein will each provide 50% of whatever additional capital over and above the \$6,510,313 each that is required to complete the Project, if any, in a timely manner.
10. In addition to managing, supervising and completing the Project, Walton will be responsible for supervising the tenancy of the building, hiring of all consultants, designers, architects and engineers to complete the Project, finance, bookkeeping, office administration, accounting, information technology provision, filing tax returns for the Company, and fulfilling all active roles required to complete the Project in accordance with Exhibit "A".
11. Bernstein will not be required to play an active role in completing the Project. Notwithstanding that, any decisions concerning the selling or the refinancing of the Property will require his approval; any decisions requiring an increase in the total amount of equity required to complete the Project will require his approval; and any significant decisions that vary from the Project plan described in Exhibit "A" will require his approval.
12. Walton will provide to Bernstein ongoing reports at minimum monthly detailing all items related to the Property including the progress in moving the plan forward.



13. Walton will provide a written report to Bernstein each month detailing the following:

- a. copies of invoices for work completed;
- b. the bank statement for that month; and
- c. if the bank statement does not have a copy of cancelled cheques, then Walton will also provide a complete listing of all cheques written, including payees, dates and amounts.

At Bernstein's request, Walton will provide whatever other back-up information he requests. Any cheque or transfer over \$50,000 will require Bernstein's signature or written approval before being processed.

14. Once the Project is substantially completed to the point that all of the Property has been sold, both parties will be paid out their capital plus profits and Walton will retain the Company for potential future use.

15. The Board of Directors of the Company will be composed of two directors, being Bernstein and Norma Walton. The only shares to be issued in the Company will be as set out above, and neither party may transfer his or her shares to another party without the consent of all the other parties, which consent may be unreasonably withheld. Bernstein shall have the option of being paid out his share of capital and profits from the Project and once he has been paid out in full, he will surrender his share certificate, he will concurrently resign from the Board of Directors and Norma Walton and the Company will accept such resignation. At such time Bernstein shall be released of all obligations and liability related to the Company and shall be indemnified by Walton with respect to all liabilities, claims and obligations whatsoever of the Company up to the date at which Bernstein has been paid out his capital and profits from the Project.

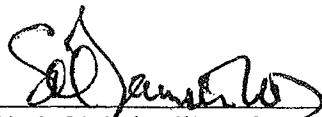
16. The Company will only be used to purchase, renovate and sell the property at 1450 Don Mills Road, Toronto, Ontario or such other matters solely relating to the Project and the Property.

17. If the parties disagree on how to manage, supervise and complete the Project in accordance with Exhibit "A" and cannot reach agreement amongst themselves, each of them undertakes to attend a minimum of four hours of mediation in pursuit of reaching an agreement. After mediation, if there are any remaining issues to be determined, those issues in dispute shall be determined by a single arbitrator in as cost-effective a manner as possible, with no right of appeal. All costs of such mediation and/or arbitration will be borne equally by Bernstein and Walton.

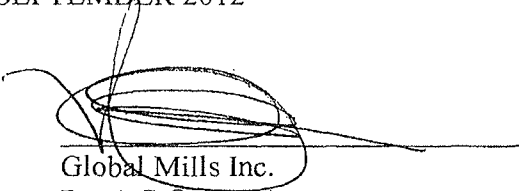


18. The above represents all deal terms between the parties.

Dated at Toronto, Ontario this 4th day of SEPTEMBER 2012



DBDC Global Mills Ltd.
Per A.S.O.



Global Mills Inc.
Per A.S.O.



Ron Walton



Norma Walton

Anticipated Profit		
Building Value:	\$	35,538,462
Plus payment from Liberty Group for right of way to access Don Mills Road	\$	2,000,000
Less Project Cost:	\$	31,020,625
Projected Profit:	\$	6,517,837

**1450 Don Mills Road
CAPITAL REQUIRED**

Purchase Costs

Purchase Price	24,000,000
Mortgage fee	270,000
Lender's legal fee	30,000
Ontario Land Transfer Tax	420,000
Municipal Land Transfer Tax	420,000
Other fees and disbursements for appraisal, reliance letters for environmental reports, municipal enquiries and fees, etc.	50,000

Total Purchase Price**\$ 25,190,000****New tenant improvement costs**

Assume \$25 PSF x 165,000 SF	\$ 4,125,000
Project management fee	\$ 412,500

Total Tenant Improvement Costs:**\$ 4,537,500****Tenant Rent, months 1 to 18**

Net Rent	\$ (3,316,875)
Mortgage carrying costs	\$ 2,380,000

Carrying Costs, months 19 to 30

Property tax	\$ 310,000
Interest on mortgage	\$ 1,530,000
Utilities and maintenance	\$ 330,000
Insurance	\$ 60,000

Total Net Carrying Costs:**\$ 1,293,125****Total Capital Required****\$ 31,020,625**

Mortgage, Trez Capital:	58.03%	8.50%	\$ 18,000,000
Dr. Bernstein:	20.99%		\$ 6,510,313
Ron and Norma Walton:	20.99%		\$ 6,510,313

Projected Net Income	
Expected net revenues:	
New tenant, 165,000 SF x \$14 net	\$2,310,000
Parking included	\$0
Projected net income:	\$2,310,000
Projected Building Value	
6.5% capitalization rate:	\$35,538,462

	Projected Investor Return Formula for Profit Division
Dr. Bernstein's investment: Ron and Norma Walton's investment:	\$6,510,312.50 \$6,510,312.50
Refinance date	On or before April 30, 2015
Projected profits:	\$6,517,836.54
Refinance property once fully tenanted:	
First mortgage of 75% of end value:	\$26,653,846.15
Plus proceeds of sale from right of way	\$2,000,000.00
Less Trez mortgage:	<u>\$18,000,000.00</u>
Total monies available:	\$10,653,846.15
To partially reimburse Bernstein capital:	\$5,326,923.08
To partially reimburse Walton capital:	\$5,326,923.08
Capital remaining invested as equity in property after refinancing:	
Bernstein:	\$1,183,389.42
Waltons:	\$1,183,389.42
Percentage total return on investment from October 12, 2012 to April 30, 2015:	
Dr. Bernstein:	50.06%
Ron and Norma Walton:	50.06%
Total investment period:	30 months
An investment of \$100,000 on October 12, 2012 is projected to be worth \$150,060 on April 30, 2015	

Handwritten signature and initials, possibly 'S' or 'SS', in a circle.

AGREEMENT

Between:

DBDC Donalda Developments Ltd.

"Bernstein"

- and -

Ron and Norma Walton

"Walton"

- and -

Donalda Developments Ltd.

the "Company"

WHEREAS Bernstein and Walton intend to purchase 1500 Don Mills Road, Toronto, Ontario (the "Property") on or about October 9, 2012 and put ownership of the Property in the Company's name;

AND WHEREAS Bernstein and Walton, or whomever Bernstein and Walton may direct in accordance with the provisions of paragraph 5 herein, will each hold 11,211,954 shares in the Company;

AND WHEREAS Bernstein and Walton will each provide the sum of \$11,211,954 to the Company for the purposes of purchasing, renovating and build out space for tenants (the "Project");

AND WHEREAS Walton will manage and supervise the Project and ensure it is completed according to the excel spreadsheet attached as Exhibit "A" to this Agreement;

THEREFORE the parties agree as follows:

1. Walton has contracted to purchase the Property and the purchase is scheduled to close on October 9, 2012.
2. Walton has met with neighbours and consultants with the objective of rezoning the property from Employment Zone to Mixed Use to facilitate increased density on the site over time.
3. Walton intends to renovate and improve the building and the site in accordance with Exhibit "A".



4. Bernstein wishes to own 50% of the shares in the Company in exchange for providing 50% of the equity required to complete the Project. The Company will issue sufficient shares such that Bernstein has 11,211,954 and Walton has 11,211,954 voting shares of the same class.
5. The ownership of the Company will be as follows:
 - a. 50% to Bernstein; and
 - b. 50% to Ron and Norma Walton as they may direct between each other or alternatively to be held by a completely Walton-owned and controlled company, provided that all covenants and agreements of Walton herein shall continue in full force and effect and such company executes an agreement to be bound by the provisions of the within Agreement.
6. Walton will be managing, supervising and completing the Project in accordance with the attached Exhibit "A".
7. Each party has provided the sum of \$1,926,000 towards the deposits and due diligence expenses required, which amounts will form part of each of their equity contributions.
8. The balance of equity in the amount of \$18,571,908 will be paid as follows:
 - a. Bernstein will provide to the Company the sum of \$9,285,954 on or before October 9, 2012; and
 - b. Walton will provide the sum of \$9,285,954 to the Company in a timely manner as required as the Project is completed.
9. Walton and Bernstein will each provide 50% of whatever additional capital over and above the \$11,211,954 each that is required to complete the Project, if any, in a timely manner.
10. In addition to managing, supervising and completing the Project, Walton will be responsible for supervising the tenancy of the building, hiring of all consultants, designers, architects and engineers to complete the Project, finance, bookkeeping, office administration, accounting, information technology provision, filing tax returns for the Company, and fulfilling all active roles required to complete the Project in accordance with Exhibit "A".
11. Bernstein will not be required to play an active role in completing the Project. Notwithstanding that, any decisions concerning the selling or the refinancing of the Property will require his approval; any decisions requiring an increase in the total amount of equity required to complete the Project will require his approval; and any significant decisions that vary from the Project plan described in Exhibit "A" will require his approval.

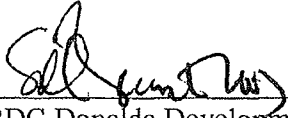


12. Walton will provide to Bernstein ongoing reports at minimum monthly detailing all items related to the Property including the progress in moving the plan forward.
13. Walton will provide a written report to Bernstein each month detailing the following:
 - a. copies of invoices for work completed;
 - b. the bank statement for that month; and
 - c. if the bank statement does not have a copy of cancelled cheques, then Walton will also provide a complete listing of all cheques written, including payees, dates and amounts.At Bernstein's request, Walton will provide whatever other back-up information he requests. Any cheque or transfer over \$50,000 will require Bernstein's signature or written approval before being processed.
14. Once the Project is substantially completed to the point that all of the Property has been sold, both parties will be paid out their capital plus profits and Walton will retain the Company for potential future use.
15. The Board of Directors of the Company will be composed of two directors, being Bernstein and Norma Walton. The only shares to be issued in the Company will be as set out above, and neither party may transfer his or her shares to another party without the consent of all the other parties, which consent may be unreasonably withheld. Bernstein shall have the option of being paid out his share of capital and profits from the Project and once he has been paid out in full, he will surrender his share certificate, he will concurrently resign from the Board of Directors and Norma Walton and the Company will accept such resignation. At such time Bernstein shall be released of all obligations and liability related to the Company and shall be indemnified by Walton with respect to all liabilities, claims and obligations whatsoever of the Company up to the date at which Bernstein has been paid out his capital and profits from the Project.
16. The Company will only be used to purchase, renovate and sell the property at 1500 Don Mills Road, Toronto, Ontario or such other matters solely relating to the Project and the Property.
17. If the parties disagree on how to manage, supervise and complete the Project in accordance with Exhibit "A" and cannot reach agreement amongst themselves, each of them undertakes to attend a minimum of four hours of mediation in pursuit of reaching an agreement. After mediation, if there are any remaining issues to be determined, those issues in dispute shall be determined by a single arbitrator in as cost-effective a manner as possible, with no right of appeal. All costs of such mediation and/or arbitration will be borne equally by Bernstein and Walton.

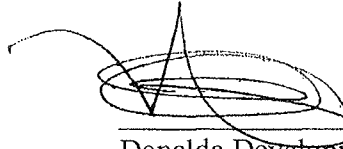


18. The above represents all deal terms between the parties.

Dated at Toronto, Ontario this 4th day of SEPTEMBER 2012



DBDC Donalda Developments Ltd.
Per A.S.O.



Donalda Developments Ltd.
Per A.S.O.



Ron Walton



Norma Walton



	Anticipated Profit	
Building Value:	\$	56,923,077
Plus payment from developer for part of land (\$30 per buildable foot x 500,000 SF)	\$	15,000,000
Less Project Cost:	\$	56,823,908
Projected Profit:	\$	15,099,169

**1500 Don Mills Road
CAPITAL REQUIRED**

Purchase Costs

Purchase Price	43,000,000
Mortgage fee	602,000
Lender's legal fee	40,000
Ontario Land Transfer Tax	0
Municipal Land Transfer Tax	0
Other fees and disbursements for appraisal, reliance letters for environmental reports, municipal enquiries and fees, etc.	60,000

Total Purchase Price**\$ 43,702,000****Capital improvements to building years 1 to 4**

Assume \$20 PSF x 235,000 SF	\$ 4,700,000
Parking garage construction	\$ 6,000,000
Project management fee	\$ 1,070,000

Total Capital Improvement Costs:**\$ 11,770,000****Development Approval Costs**

Change zoning from employment lands to mixed use	
Planning reports, consultant's fees, lobbying costs	
Severance and sale of part of land to developer	\$ 1,500,000

Total Development Approval Costs**\$ 1,500,000****Tenant Rent Receipts**

Net Rent	\$ (2,761,328)
First mortgage carrying costs	\$ 2,204,736
Second mortgage carrying costs	\$ 408,500

Total Net Carrying Costs:**\$ (148,092)****Total Capital Required****\$ 56,823,908**

Mortgage, OTERA	52.97%	5.50%	\$ 30,100,000
Mortgage, ELAD	7.57%	9.50%	\$ 4,300,000
Dr. Bernstein:	19.73%		\$ 11,211,954
Ron and Norma Walton:	19.73%		\$ 11,211,954



Projected Net Income	
Expected net revenues:	
Contracted rental revenues in year 4	\$3,350,000
Parking revenues	\$350,000
Projected net income:	\$3,700,000
Projected Building Value	
6.5% capitalization rate:	\$56,923,077

Projected Investor Return Formula for Profit Division	
Dr. Bernstein's investment: Ron and Norma Walton's investment:	\$11,211,954.00 \$11,211,954.00
Sale of part of property:	On or before October 30, 2016
Projected profits:	\$15,099,168.92
Refinance property once severed portion sold:	
First mortgage of 75% of end value:	\$42,692,307.69
Plus proceeds of sale from severance	\$15,000,000.00
	<u>\$57,692,307.69</u>
Less OTERA mortgage:	\$30,100,000.00
Less ELAD mortgage:	\$4,300,000.00
	<u>\$34,400,000.00</u>
Total monies available:	\$23,292,307.69
To fully reimburse Bernstein capital:	\$11,211,954.00
To fully reimburse Walton capital:	\$11,211,954.00
Surplus cash after refinancing and sale:	\$868,399.69
Bernstein:	\$434,199.85
Waltons:	\$434,199.85
Value of equity remaining in property after refinancing and sale:	
Bernstein:	\$7,115,384.62
Waltons:	\$7,115,384.62
Percentage total return on investment from October 12, 2012 to October 31, 2016:	
Dr. Bernstein:	67.34%

Ron and Norma Walton:	67.34%
Total investment period:	4 years
An investment of \$100,000 on October 12, 2012 is projected to be worth \$167,340 on October 31, 2016	

AGREEMENT

Between:

DBDC Richmond Row Holdings Ltd.

"Bernstein"

- and -

Ron and Norma Walton

"Walton"

- and -

Richmond Row Holdings Ltd.

the "Company"

WHEREAS Bernstein and Walton intend to purchase 620-624 Richmond Street West /165 Bathurst Street, Toronto, Ontario (the "Property") on or about June 27, 2013 and put ownership of the Property in the Company's name;

AND WHEREAS Bernstein and Walton, or whoever Bernstein and Walton may direct will each hold 100 shares in the Company;

AND WHEREAS Bernstein and Walton will each provide the sum of \$5,820,388 to the Company for the purposes of purchasing, renovating, leasing and then refinancing the property (the "Project");

AND WHEREAS Walton will manage and supervise the Project and ensure it is completed according to the excel spreadsheet attached as Exhibit "A" to this Agreement;


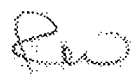
THEREFORE the parties agree as follows:

1. Walton has contracted to purchase the Property and the purchase is scheduled to close on June 27, 2013.
2. Walton has commenced pre-planning for the securing of new retail tenants; the securing of commercial tenants; the renovation of the common areas and creation of a model suite to attract those commercial tenants; vacating of the live-work tenants; renovation of the property to design-build for the new commercial and retail tenants; followed by refinancing of the property once the new tenants are in occupancy.
3. Walton intends to purchase, renovate, lease and refinance the Property in accordance with Exhibit "A".

See (31)

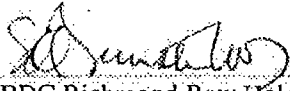
4. Walton anticipates that each party will need to provide the sum of \$5,820,388 in shareholders loans to the Company to complete the project. Shareholders loans will attract interest of 10% compounded monthly. Shareholders loans will be paid back at the time of project refinancing, sale or completion, before any profits are distributed.
5. Bernstein wishes to own 50% of the shares in the Company in exchange for providing 50% of the equity and his portion of the shareholder's loan required to complete the Project. The Company will issue sufficient shares such that Bernstein has 100 and Walton has 100 voting shares of the same class, and Bernstein and Walton will each pay \$100 for those 100 shares.
6. The ownership of the Company will be as follows:
 - a. 50% to Bernstein; and
 - b. 50% to Ron and Norma Walton as they may direct between each other or alternatively to be held by a completely Walton-owned and controlled company, provided that all covenants and agreements of Walton herein shall continue in full force and effect and such company executes an agreement to be bound by the provisions of the within Agreement.
7. Walton will be managing, supervising and completing the Project in accordance with the attached Exhibit "A".
8. Bernstein has provided the sum of \$650,000 cover the deposit costs, mortgage fees, and due diligence expenses to purchase the Property. This amount is a shareholders loan. Bernstein will provide on June 27, 2013 the sum of \$3,200,000 as a further shareholders loan, which loan will also attract interest of 10% calculated ~~semi-annually~~ MONTHLY. (S)
9. Bernstein will provide the remaining sum of \$1,970,388 as a shareholders loan once a commercial tenant has been secured or once the building renovations begin.
10. Walton will provide the sum of \$5,820,388 in shareholders loans thereafter as the project requires.
11. Walton and Bernstein will each provide 50% of whatever additional shareholder loans over and above the \$5,820,388 each that is required to complete the Project, if any, in a timely manner.
12. In addition to managing, supervising and completing the Project, Walton will be responsible for supervising the renovations of the building on the Property, hiring of all consultants, designers, architects and engineers to complete the Project, finance, bookkeeping, office administration, accounting, information technology provision, filing tax returns for the Company, and fulfilling all active roles required to complete the Project in accordance with Exhibit "A".

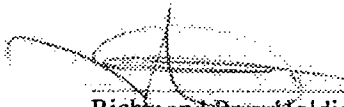
13. Bernstein will not be required to play an active role in completing the Project. Notwithstanding that, any decisions concerning the selling or the refinancing of the Property will require his approval; any decisions requiring an increase in the total amount of equity required to complete the Project will require his approval; and any significant decisions that vary from the Project plan described in Exhibit "A" will require his approval.
14. Walton will provide to Bernstein ongoing reports at minimum monthly detailing all items related to the Property including the progress in moving the plan forward.
15. Walton will provide a written report to Bernstein each month detailing the following:
 - a. copies of invoices for work completed;
 - b. the bank statement for that month; and
 - c. if the bank statement does not have a copy of cancelled cheques, then Walton will also provide a complete listing of all cheques written, including payees, dates and amounts.At Bernstein's request, Walton will provide whatever other back-up information he requests. Any cheque or transfer over \$50,000 will require Bernstein's signature or written approval before being processed.
16. Once the Project is substantially completed to the point that all of the Property has been leased and refinanced and/or sold, both parties will be paid out their shareholders loan capital plus interest then profits will be distributed in accordance with ownership. Once the property is sold, Walton will retain the Company for potential future use.
17. The Board of Directors of the Company will be composed of two directors, being Bernstein and Norma Walton, provided that initially the two directors will be Norma and Ron Walton until the financing is in place and the purchase has closed. The only shares to be issued in the Company will be as set out above, and neither party may transfer his or her shares to another party without the consent of all the other parties, which consent may be unreasonably withheld. Bernstein shall have the option of being paid out his share of capital and profits from the Project and once he has been paid out in full, he will surrender his share certificate, he will concurrently resign from the Board of Directors and Norma Walton and the Company will accept such resignation. At such time Bernstein shall be released of all obligations and liability related to the Company and shall be indemnified by Walton with respect to all liabilities, claims and obligations whatsoever of the Company up to the date at which Bernstein has been paid out his capital and profits from the Project.

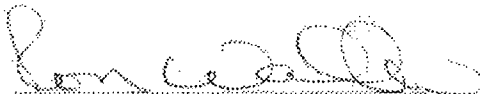




18. The Company will only be used to purchase, renovate, lease and refinance the property at 620-624 Richmond Street West /165 Bathurst Street, Toronto, Ontario or such other matters solely relating to the Project and the Property.
19. If the parties disagree on how to manage, supervise and complete the Project in accordance with Exhibit "A" and cannot reach agreement amongst themselves, each of them undertakes to attend a minimum of four hours of mediation in pursuit of reaching an agreement. After mediation, if there are any remaining issues to be determined, those issues in dispute shall be determined by a single arbitrator in as cost-effective a manner as possible, with no right of appeal. All costs of such mediation and/or arbitration will be borne equally by Bernstein and Walton.
20. The above represents all deal terms between the parties.

Dated at Toronto, Ontario this 27 day of JUNE 2013


DBDC Richmond Row Holdings Ltd.
Per A.S.O.


Richmond Row Holdings Ltd.
Per A.S.O.


Ron Walton


Norma Walton

	Anticipated Profit	
Building Value:	\$	27,838,333
Less Project Cost:	\$	22,515,776
Projected Profit:	\$	5,322,557

**620 Richmond Street West / 165 Bathurst Street
CAPITAL REQUIRED**

Purchase Costs

Purchase Price	14,500,000
Mortgage fee	30,000
Broker's fee	120,000
Lender's legal fee	25,000
Ontario Land Transfer Tax	253,750
Municipal Land Transfer Tax	253,750
Other fees and disbursements for appraisal, reliance letters for environmental reports, municipal enquiries and fees, etc.	25,000

Total Purchase Price**\$ 15,207,500****Renovation Costs**

60,000 SF @ \$100 PSF to design build	\$ 6,000,000
Project management fee	\$ 600,000

Total Renovation Costs:**\$ 6,600,000****Professional Fees**

Architectural plans	\$ 80,000
Engineering fees	\$ 35,000
Interior design fees	\$ 15,000
Surveyor's fees	\$ 15,000
Permit fees	\$ 20,000

Total Professional Fees:**\$ 165,000****Carrying Costs**

Annual rent for two years	\$ (1,350,000)
Interest on first mortgage for three years	\$ 752,076
Interest on second mortgage for three years	\$ 466,200
Utilities and maintenance for three years	\$ 630,000
Insurance for three years	\$ 45,000

Total Carrying Costs:**\$ 543,276****Total Capital Required****\$ 22,515,776**

First Mortgage - First National:	19.54%	2.97%	\$ 4,400,000
Second Mortgage - VTB	28.76%	4.00%	\$ 6,475,000
Dr. Bernstein:	25.85%		\$ 5,820,388
Ron and Norma Walton:	25.85%		\$ 5,820,388

Expected net revenues: Retail level - 11,580 SF @ \$35 NET Second to sixth floors - 10,000 SF per floor @ \$25 NET Bell Mobility lease for antenna on roof	Projected Net Income	
	\$405,300 \$1,250,000 \$15,000	
	Projected net income:	\$1,670,300
6% capitalization rate:	Projected Building Value	
		\$27,838,333

Projected Income and Expense Statement	
Revenues:	
Total Revenues:	\$2,286,100
Expenses before interest payments:	
Property taxes:	\$299,356
Utilities:	\$120,000
Property management fees:	\$91,444
Repairs and maintenance:	\$90,000
Insurance:	\$15,000
Total Expenses before interest payments:	<u>\$615,800</u>
Net Income before interest:	\$1,670,300

	Projected Investor Return Formula for Profit Division
Dr. Bernstein's investment: Ron and Norma Walton's investment:	\$5,820,388.00 \$5,820,388.00
Cash out date:	On or before June 17, 2016
Projected profits:	\$5,322,557.33
Refinance property once commercially tenanted:	
First mortgage of 75% of end value:	\$20,878,750.00
Less First National mortgage:	\$4,400,000.00
Less VTB mortgage:	\$6,785,800.00
Total monies available:	\$9,692,950.00
To partially reimburse Bernstein capital:	\$4,846,475.00
To partially reimburse Walton capital:	\$4,846,475.00
Capital remaining invested as equity in property after refinancing:	
Bernstein:	\$973,913.00
Waltons:	\$973,913.00
Percentage total return on investment from June 17, 2013 to June 17, 2016:	
Dr. Bernstein:	45.72%
Ron and Norma Walton:	45.72%
Total investment period:	3 years
An investment of \$100,000 on June 17, 2013 is projected to be worth \$145,720 on June 17, 2016	

Tab B

This is Exhibit "B" referred to in the Affidavit of James Reitan
sworn before me this 1st day of October, 2013

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the left.

A Commissioner for Taking Affidavits

Lorna Groves

From: Jim Reitan <Jim@drbdiet.com>
Sent: Friday, June 07, 2013 12:04 PM
To: Norma Walton
Cc: Mario Bucci; Dr. Stanley Bernstein
Subject: RE: Meeting
Attachments: Bernstein-Walton Review Letter 2011 130607.pdf

It was my intention to deliver this information in person so that we could walk through our concerns and recommendations in an interactive format. Being we are unable to organize a meeting until next Friday, we thought it best to make you aware of our concerns in writing.

Please review the letter and join us in setting resolution of the issues raised herein the highest priority so that we insure a suitable approach for all going forward. I am confident that sorting this out now by leveraging our strengths will reap long term benefits for both parties.

We look forward to hearing from you.

Best regards,
Jim

Jim Reitan
Director of Accounting & Finance
Dr. Bernstein Diet & Health Clinics
21 Kern Rd., Toronto, ON, M3B 1S9
ph: 416-447-3438 ext. 228
fax: 416-447-0750
email: jim@drbdiet.com

"Be like a knight and do it right!"

Mike the Knight

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From: Jim Reitan
Sent: Thursday, June 06, 2013 2:38 PM
To: 'Norma Walton'
Cc: Mario Bucci; Dr. Stanley Bernstein
Subject: RE: Meeting

Hi Norma,

Hope all is well. I can understand the challenges your new "employee" brings. We understood you would be in the office tomorrow catching up.

Unfortunately, it is important for us to get together without delay so that we can discuss our concerns and bring forward resolutions which will enable us all to continue in a positive manner. I can tell you, in such cases sooner is always better than later.

We would like you to find a way to accommodate our meeting tomorrow. We surely can come to your offices. Please call my cell phone at 416-845-8603.

Best regards,
Jim

Jim Reitan
Director of Accounting & Finance
Dr. Bernstein Diet & Health Clinics
21 Kern Rd., Toronto, ON, M3B 1S9
ph: 416-447-3438 ext. 228
fax: 416-447-0750
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From: Norma Walton [<mailto:nwalton@roseandthistle.ca>]
Sent: Thursday, June 06, 2013 1:33 PM
To: Dr. Stanley Bernstein; Jim Reitan
Cc: Mario Bucci; Katie Brooks
Subject: Meeting

Dear Stan and Jim,

I cannot meet tomorrow unfortunately as I don't have child care in the office tomorrow. I am available between 10:30 am and 1:30 pm next Friday if that suits? Let me know.

Thanks,
Norma

Dr. BERNSTEIN

Diet & Health Clinics



June 7, 2013

Norma Walton
The Rose and Thistle Group LTD.
30 Hazelton Avenue
Toronto, ON
M5R 2E2

RE: Bernstein/Walton Projects

Norma:

Dr. Bernstein (Bernstein) requested I undertake a review of the activities of equity investments (the "Projects") that are owned jointly with Norman and Ron Walton ("Walton"). The Projects are owned and operated by numerous corporations that are each jointly owned by Bernstein and Walton. My review was limited to the Projects up to December 31, 2011, the latest date for which financial records for the Projects have been made available to me by Walton. This is a compilation of findings, conclusions, and recommendations resulting from that review.

Bernstein has relied on Walton's knowledge and representations of the Projects when considering investment terms. There is a general understanding that the Bernstein investments are secured by sound assets that will in time be sold at a profit. This review focused on the various agreements (the "Agreements") and historical information for 2011 financial statement purposes. There has been no attempt to confirm market values or anticipated revenues, nor did I undertake an audit of the Projects, both of which would have been outside the scope of my review. Nevertheless, I believe my review indicates significant cause for concern and action on Bernstein's part to protect his investments, which at the time of this letter, total approximately \$110 million on a cash basis.

Summary

The following is a summary of conclusions:

- 1) Walton is not making her own equity investments in the Projects in equal proportion to Bernstein despite an understanding that she was to do so.
- 2) Walton is taking on third party investors, which is expressly prohibited in the Agreements.
- 3) Walton has significant related party transactions with the Projects, the magnitude of which Bernstein had not been made aware of.
- 4) Project expenditures have not been presented for approval by Bernstein, as required in the Agreements.
- 5) Lack of reporting has limited the ability to assess historical information in an effort to improve our understanding of same and affect Project outcomes.
- 6) Project properties were sold without the required pay down of associated mortgages.

There is interrelated support for this in the following areas:

- 1) Equity
- 2) Mortgages
- 3) Fees
- 4) Business Plan
- 5) Reporting & Control

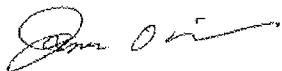
It is my recommendation that:

- 1) Walton responds to the satisfaction of Bernstein to concerns herein.
- 2) Equity and mortgage deficiencies are rectified.
- 3) Responsibility for Financial and Corporation Administration for the projects is moved to Bernstein.
- 4) Projects are jointly managed by Walton and Bernstein, with Bernstein approval required at any and all steps and for all expenditures.

The next several pages are GENERAL INDICATIONS, DETAILED FINDINGS, and CONCLUSIONS for each area. The last page herein contains detailed RECOMMENDATIONS.

Resolution of the issues and implementation of the recommendations is my highest priority. Please contact me immediately so that we can move forward in an expeditious manner.

Very truly,



James O. Reitan

Director of Accounting and Finance

1) Equity

a. General Indications:

- i. At December 31, 2011, the equity investment split was 79% Bernstein and 21% Walton.

Equity	Company	Bernstein	Walton	Grand Total
1185 Eglinton	Bannockburn Lands Inc.	2,225,000	73,717	2,298,717
18 Wynford	Wynford Professional Centre Ltd.	1,034,830	0	1,034,830
241 Spadina	Twin Dragons Corporation	1,120,500	350,000	1,470,500
32 Atlantic	Liberty Village Lands Inc.	396,736	0	396,736
	Liberty Village Properties Ltd.	1,851,434	839,266	2,690,700
450 Pape	Riverdale Mansion Ltd.	470,473	250,021	720,494
5770/5780 Hwy 7 West	Royal Agincourt Corp	2,257,500	987,800	3,245,300
Grand Total		9,356,473	2,500,803	11,857,276

- b. Detailed Findings – It should be noted that the findings are as based on the Projects' records. If deposit for purchase of property or equity contributions have in some way been made outside Project records, and is not reflected in the Project general ledger, it will not be taken into account in these comments. I am unaware of any such deposits or contributions.

- i. 18 Wynford; Wynford Professional Centre Ltd. ("Wynford")

- The agreement calls for equity contributions from the partners as follows:

7. Walton and Bernstein have each provided ½ of the \$450,000 deposit to purchase the Property.

8. The balance of equity in the amount of \$4,659,180 each will be paid as follows:

- a. Bernstein will provide to the Company the sum of \$1,700,000 on or before February 3, 2011;
b. Walton will provide the sum of \$1,700,000 to the Company in a timely manner as required as the Project is completed; and
c. Bernstein and Walton will provide the remaining sum of \$1,259,180 in a timely manner as required.

- Equity contributions to February 4, 2011 were as follows:

		Bernstein	Walton
Deposit	11/10/10	\$225,000	
Bernstein due 2/3/11; Walton due on a timely basis	02/03/11	1,700,000	
Remaining sum due from each partner at 50%	02/04/11	300,000	
Total Equity Investment		\$2,225,000	\$0

Walton has not made the equity contributions as required. Bernstein is into the third level of funding with no equity investment by Walton.

ii. 241 Spadina; Twin Dragons Corporation

- The agreement calls for equity contributions from the partners as follow:

7. Walton has already provided \$300,000 as a deposit to purchase the Property. Bernstein will provide to the Company the sum of \$1,120,500 on or before October 14, 2010. Walton will provide a further \$820,500 to the Company in a timely manner as required as the Project is completed.
8. Walton and Bernstein will each provide 50% of whatever additional capital over and above the \$1,120,500 each that is required to complete the Project, if any, in a timely manner.

- As of December 31, 2011, equity contributions are as follows:

		Bernstein	Walton
Gideon & Irene Levytam	09/01/10		50,000
Ange Boudle	09/30/10		50,000
Initial Deposit	10/15/10	1,120,500	
Teresa & Joe Memma	10/27/10		100,000
Duncan Coopland	10/29/10		150,000
		<u>1,120,500</u>	<u>350,000</u>

The equity applied to Walton was received from third parties after execution of the agreement. In one instance the memo on the cheque states:

MEMO **IRENE & GIDEON LEVYTAM**
INVESTMENT IN 241 SPADINA

iii. 1185 Eglinton; Bannockburn Lands, Inc./Skyline

- The agreement calls for equity contributions from the partners as follows:

9. Walton and Bernstein have each provided 1/2 of the \$300,000 deposit to purchase the Property.

10. The balance of equity in the amount of \$2,351,900 each will be paid as follows:

- a. Bernstein will provide to the Company the sum of \$1,750,000 on or before December 17, 2010.
- b. Walton will provide the sum of \$1,750,000 to the Company in a timely manner as required as the Project is completed.
- c. If and when the vendor take back mortgage of \$500,000 is required to be paid back prior to the completion of the Project, both Bernstein and Walton will provide a further \$250,000 each as required to pay on the vendor take back mortgage.
- d. If and when the land transfer tax is required to be paid, Bernstein and Walton will each contribute the sum of \$127,500 or whatever amount equals 50% of the total amount due; and
- e. Bernstein and Walton will provide the remaining sum of \$224,400 in a timely manner as required.

- As of December 31, 2011, equity contributions are as follows:

		Bernstein	Walton
Deposit	11/01/2010	\$150,000	
10.a installment	12/17/2010	1,750,000	
Deposit	12/31/2010		\$60,804
10.b installment	08/03/2011	325,000	
Deposit	12/31/2011		12,914
		<u>\$2,225,000</u>	<u>\$73,718</u>

Walton has not completed the equity deposit as required by the agreement. Bernstein is into the third level of funding with no equity investment by Walton.

IV. 32 Atlantic; Liberty Village Lands Inc & Liberty Village Properties Inc.

- The agreement calls for equity contributions from the partners as follows:
 7. Walton originally provided the original deposit and Bernstein has reimbursed Walton such that each party has now provided ½ of the \$300,000 deposit to purchase the Property, which amount will form part of the equity contributions.
 8. The balance of equity in the amount of \$4,196,340 will be paid as follows:
 - a. Bernstein will provide to the Company the sum of \$2,098,170 on or before August 29, 2011; and
 - b. Walton will provide the sum of \$2,098,170 to the Company in a timely manner as required as the Project is completed.
- As of December 31, 2011, equity contributions are as follows:

		Bernstein	Walton
Deposit	01/01/2010		\$100
Deposit	11/10/2010	150,000.00	
Due 8/29/11	08/22/2011	246,736.00	
Due 8/29/11	08/22/2011	1,851,434.00	
Deposit & due on timely basis	12/31/2011		839,165.69
		\$2,248,170	\$839,266

Walton has not completed the equity deposit as required by the agreement on a timely basis.

V. 450 Pape; Riverdale Mansion Ltd.

- The agreement calls for equity contributions from the partners as follows:
 7. Walton has provided the \$75,000 deposit to purchase the Property, which amount will form part of Walton's equity contributions.
 8. The balance of equity in the amount of \$865,946 will be paid as follows:
 - a. Bernstein will provide to the Company the sum of \$470,473 on or before July 4, 2011; and
 - b. Walton will provide the sum of \$395,473 to the Company in a timely manner as required as the Project is completed.
- As of December 31, 2011, equity contributions are as follows:

		Bernstein	Walton
Installment	08/27/2011	\$470,473	
Deposit/timely installment	12/31/2011		\$250,021

Walton has not completed the equity deposit as required by the agreement on a timely basis.

vi. 5770/5780 Hwy 7 West; Royal Agincourt Corp.

- The agreement calls for equity contributions from the partners as follows:

7. Walton and Bernstein each paid \$475,000 towards the deposit and due diligence items.

8. Walton and Bernstein have or will pay as follows:

- a. Bernstein provided to the Company the sum of \$1,782,500 on December 15, 2011; and
- b. Walton will provide the sum of \$1,782,500 in a timely manner as required as the Project is completed.

9. Walton and Bernstein will each provide 50% of whatever additional capital over and above the \$2,257,500 each that is required to complete the Project, if any, in a timely manner.

- Equity ownership is limited to Bernstein & Walton.

5. The ownership of the Company will be as follows:

- a. 50% to Bernstein; and
- b. 50% to Ron and Norma Walton as they may direct between each other or alternatively to be held by a completely Walton-owned and controlled company, provided that all covenants and agreements of Walton herein shall continue in full force and effect and such company executes an agreement to be bound by the provisions of the within Agreement.

- As of December 31, 2011, equity contributions are as follows:

		Bernstein	Walton
Deposit	11/25/11	\$475,000	
Funds due 12/15/11	12/05/11	1,782,500	
Preferred Shares?			
1607544 Ontario Inc. (Ansari)	12/31/11		100,000
1738371 Ontario Inc.	12/31/11		100,000
Barbara Nagle	12/31/11		100,000
Cary Silber	12/31/11		50,000
Grace and Ken Bugg	12/31/11		100,000
Joel & Renee Schachter	12/31/11		175,000
John Rocha and Michele Peng	12/31/11		62,800
Ormsby Investment Limited	12/31/11		100,000
Stockton & Bush P.M.I. Inc.	12/31/11		100,000
Vane Plesse	12/31/11		100,000
		\$2,257,500	\$987,800

Walton's equity appears to be funded by 3rd parties and appear to be made after Bernstein's deposit and 8.a. installment

c. Conclusions

- i. Walton has not made deposit equity contributions as required by the Agreements.
- ii. Walton has not made progress equity contributions as required by the Agreements to be made in a timely manner.
- iii. Walton appears to be funding equity requirements using third party investments directly into the projects in violation of the Agreements.
- iv. The lack of balance between shareholders of funds invested is significant and consistent throughout the group companies.

2) Mortgages

a. General Indications

- i. A sale occurred without mortgage pay off.

b. Detailed Findings

- i. 18 Wynford; Wynford Professional Centre Ltd.

- The mortgage for this property was held by 368230 Ontario Ltd (a Bernstein controlled company).
- A sale in the amount of \$3,100,000 for a number of suites was closed in 2011. The mortgage agreement for this property states the following:

SALE BY CHARGOR:

In the event of the Chargor(s) selling, conveying, transferring or entering into any agreement of sale or transfer of the title of the said lands, or if the Chargor is a corporation, the sale, transfer or assignment of any shares of the corporation, to any purchaser, grantee, transferee, or assignee, all monies hereby secured, together with all accrued interest and prepayment penalty set out above, shall forthwith become due and payable, at the option of the Chargee(s).

- The mortgage became due and payable as a result of the sale.

Equity was returned to Bernstein and credited against Walton's receivable rather than paid down against the mortgage. This is a violation of the mortgage terms.

c. Conclusion

- i. Mortgage terms are not being followed.

3) Fees

a. General Indications

- i. Services for build out and management charges are provided by Walton. The build out charges are billed by type of expense with the exception of Wynford, which was a square foot charge for the project. Charges by company and type are as follows:

Row Labels	Bannockburn Lands	Liberty Village Properties	Riverdale Mansion	Twin Dragons Corporation	Wynford Professiona I Centre	Grand Total
Actual-Sq. Ft.						
Labour					3,550,000	3,550,000
Management Fees					355,000	355,000
Actual-Breakdown						
Labour		537,000	220,777	103,131		860,908
Doors					12,321	12,321
Painting					1,500	1,500
Demolition		350,000				350,000
Electrical		208,500				208,500
Elevator		102,500				102,500
Fire System		262,500				262,500
Flooring		77,500				77,500
Framing		310,000	125,390			435,390
HVAC		198,000				198,000
Plumbing		167,500				167,500
Roofing		97,500	38,500			136,000
Windows Installation		159,000				159,000
Advertising and Promotion			800			800
Brickwork			34,500			34,500
Management Fees	9,177	91,500	114,632	115,000		330,310
Landscaping			7,702			7,702
Materials			275,846			275,846
Professional Fees:Architectural			295,000			295,000
Professional Fees:Consulting Fees	90,300		71,000	2,500		163,800
Grand Total	99,477	2,561,500	1,184,147	220,631	3,918,821	7,984,576

b. Detailed Findings

- i. 18 Wynford; Wynford Professional Centre Ltd.

- Fees charged by Walton to the partnership during the period were:

	<u>Cost of Sale-ON Lung</u>	<u>Capitalized</u>	<u>Total</u>	<u>Plan</u>
Build out	\$313,821	\$3,250,000	\$3,563,821	\$2,525,000
Management	30,000	325,000	355,000	252,500
	\$343,821	\$3,575,000	\$3,918,821	\$2,777,500

- Management fees are billed to the partnership at 10% of build out.

Although the build out fee is at \$50/sf appears reasonable, there are several issues here:

- *Was the arrangement of Walton providing these services approved by Bernstein as required by the Agreements?*
- *What exactly is the role of Walton's company in providing these services?*
- *Who is performing the work, Walton, or sub-contractors?*
- *Are there third party invoices supporting these charges?*
- *What is the method of invoicing, i.e.: cost plus, per sf based on market rates?*
- *Why did management charges increase automatically with the cost of build out?*

c. Conclusions

- i. Significant related party transactions are occurring without proper approval.

4) Business Plan

a. General Indications

- i. Differences between the Business Plans as set forth in the Agreements and the actual results are not explained but they appear to indicate that the original budgets were inflated to maximize Bernstein's investment and eliminate a need for equal investments by Walton.

b. Detailed Findings

i. 18 Wynford; Wynford Professional Centre Ltd.

- The Business Plan summarizes anticipated profits as follows:

Anticipated Profit		
Value of 18 Wynford:	\$	19,904,370
Less Project Cost:	\$	14,709,180
Projected Profit:	\$	\$5,195,190

- The Business Plan details show the following capital requirements:

Purchase	\$9,045,000
Renovation net cost	-
Tenant improvements/inducements/allowances	2,777,500
Total capital required	\$11,822,500
Less: Projected operating income	(\$896,031)
Net capital	\$10,926,469

- The partner equity investment requirements appear to be based on:

Project Costs	\$14,709,180
Less: Existing mortgage	9,600,000
Partner Equity Investment Requirement Total	\$5,109,180
Partner Equity Investment Requirement Split	\$2,554,590

- *The Project costs (\$14,709,180) are significantly in excess of the Total Capital Required (\$11,822,500).*
- *Based on the method of shareholder accounting, the excessive Project cost projection in the plan (\$2,886,680) results in Share Subscription Receivable (unfunded equity investment) from Walton (\$2,554,590).*

ii. 241 Spadina; Twin Dragons Corporation

- The following are results through 12/31/11 compared to plan capital requirements:

	<u>Actual</u>	<u>Plan</u>
Purchase	\$4,722,128	\$4,791,000
Professional fees	inc	160,000
Renovation costs	2,713,989	2,550,000
Carrying costs	-	1,040,000
Total capital required	\$7,436,117	\$8,541,000

- The partner equity investment requirements appear to be based on:

Project Costs	\$8,541,000
Less: Mortgage	6,300,000
Partner Equity Investment Requirement Total	\$2,241,000
Partner Equity Investment Requirement Split	\$1,120,500

The Total Capital Required (\$8,541,000) appears to be excessive in as much as Walton has contributed \$350,000 through the end of 2012.

iii. 1185 Eglinton; Bannockburn Lanks, Inc./Skyline

- The following are results through 12/31/11 compared to plan capital requirements:

	<u>Actual</u>	<u>Plan</u>
Purchase	\$11,833,355	\$8,949,000
Demolition	Inc.	854,920
Development	Inc.	1,760,000
Carrying costs	Inc.	1,639,880
Total capital required	\$11,833,355	\$13,203,800

- The partner equity investment requirements appear to be based on:

Project Costs	\$13,203,800
Less: Mortgage	8,200,000
Partner Equity Investment Requirement Total	\$5,003,800
Partner Equity Investment Requirement Split	\$2,501,900

The Total Capital Required (\$13,203,800) appears to be exaggerated in as much as Walton has contributed \$73,717 through the end of 2012.

iv. 32 Atlantic; Liberty Village Lands Inc & Liberty Village Properties Inc.

- The Business Plan details show the following capital requirements:

	<u>Actual</u>	<u>Plan</u>
Purchase	\$12,350,596	\$9,038,500
Professional Fees	inc	515,000
Development	inc	4,500,000
Carrying costs	inc	1,742,840
Total capital required	\$12,350,596	\$15,796,340

- The partner equity investment requirements appear to be based on:

Project Costs	\$15,796,340
Less: Mortgage	11,300,000
Partner Equity Investment Requirement Total	\$4,496,340
Partner Equity Investment Requirement Split	\$2,248,170

The Total Capital Required (\$15,796,340) appears to be exaggerated in as much as Walton has contributed \$839,266 through the end of 2012.

v. 5770/5780 Hwy 7 West; Royal Agincourt Corp.

- The Business Plan details show the following capital requirements:

	<u>Actual</u>	<u>Plan</u>
Purchase	\$14,983,000	\$14,974,500
Professional fees	Inc.	575,202
Tenant fixtures	Inc.	440,000
Carrying costs 1/1/12 to 4/30/12		125,298
Total Capital Required	\$14,983,000	\$16,115,000

- The partner equity investment requirements appear to be based on:

Project Costs	\$16,115,000
Less: Existing mortgage	11,600,000
Partner Equity Investment Requirement Total	\$4,515,000
Partner Equity Investment Requirement Split	\$2,257,500

The Total Capital Required (\$16,115,000) appears to be exaggerated in as much as Walton has contributed \$1,127,800 through the end of 2012 (assuming you accept "Preferred Share" contributions to be Walton's.

c. **Conclusions**

- There is an appearance of effort to manipulate the equity requirements and business plan representations in the agreements such that Walton capital requirements are minimized. This may be a reason the difference between the business plans and the actual results have not been explained.

5) Reporting & Control

a. General Indications

- i. Reporting is not being performed on a timely basis.
- ii. Bank reconciliations are not being performed on a timely basis.
- iii. Approvals are not being performed.

b. Detailed Findings

- i. The following clause is generally stated in each company's agreement.

15. Walton will provide a written report to Bernstein each month detailing the following:

- a. copies of invoices for work completed;
- b. the bank statement for that month; and
- c. if the bank statement does not have a copy of cancelled cheques, then Walton will also provide a complete listing of all cheques written, including payees, dates and amounts.

At Bernstein's request, Walton will provide whatever other back-up information he requests. Any cheque or transfer over \$50,000 will require Bernstein's signature or written approval before being processed.

There has been no reporting or approvals as required by this clause.

- ii. 241 Spadina; Twin Dragons Corporation.

v. Legal and Accounting Support

- Drafting and filing legal documents
- Litigation
- The conversion of commercial rental units to commercial and/or residential condominium properties and the implementation of condominium sales programs
- Zoning, by-law and legislative compliance
- Severance and variance applications
- Representation at municipal zoning, fire, building and by-law hearings
- Insurance management and advice on appropriate coverage
- Centralized accounting and finance functions, including financial statements and audit, accounts receivable, accounts payable, payroll, cash and tax management
- Weekly, monthly or quarterly occupancy and collection reporting
- Weekly, monthly or quarterly financial report
- Annual budget preparation
- Unit turnover costs
- Capital expenditures
- Operating and labour costs
- Revenue
- Partnership distributions as directed

. With the exception of late, notice to reader Balance Sheets and Statement of Operations, there has been no reporting of the above after what were initially requests, which progressed to demands for same.

c. Conclusions

- i. Lack of reporting and control has resulted in unauthorized payments and no ability to assess historical information in an effort to improve our understanding of and have effect on Project outcomes.

Recommendations

The following recommendations should be put into effect immediately.

- 1) Walton must provide response through clarification and if appropriate, actions to these concerns:
 - a. Clarification of the status of these outside investors.
 - b. Correction of mortgages.
 - c. Rectification of equity in the projects to reflect actual equity invested.
 - d. All related party transactions are documented and approved in advance.
- 2) Leverage the strengths of investors by dividing responsibilities.
 - a. Walton retain responsibility for:
 - i. Business development
 - ii. Project administration
 - iii. Property administration
 - b. Bernstein takes control of:
 - i. Corporate Books
 - ii. Accounting
 - iii. Finance administration
 1. Cheques signed by Dr Bernstein or Warren Bernstein
 - iv. Legal affairs
- 3) Walton makes recommendations, Bernstein retains authority to act.
- 4) Reporting requirements previously imposed on Walton will be imposed on both Walton and Bernstein.
- 5) The terms of agreements should be modified to reflect the above.

Tab C

This is Exhibit "C" referred to in the Affidavit of James Reitan
sworn before me this 1st day of October, 2013

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the left.

A Commissioner for Taking Affidavits

Lorna Groves

From: Norma Walton <nwalton@roseandthistle.ca>
Sent: Thursday, June 13, 2013 2:43 PM
To: Jim Reitan
Cc: Dr. Stanley Bernstein; Warren Bernstein; Mario Bucci
Subject: Response to May 7th letter
Attachments: walton response to bernstein.pdf

Dear Jim,

Attached is our response to your May 7th letter. See you and Warren tomorrow at 10:30 am.

Regards,
Norma

Norma Walton B.A., J.D., M.B.A.
THE ROSE AND THISTLE GROUP LTD.
30 Hazelton Avenue
Toronto, Ontario, Canada M5R 2E2
Tel: (416) 489-9790 Ext. 103
Fax: (416) 489-9973

www.roseandthistlegroup.com

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THE ROSE and THISTLE
GROUP LTD
LAND and INVESTMENTS

June 13, 2013

Mr. Jim Reitan
Director of Accounting and Finance
Dr. Bernstein Diet and Health Clinics
21 Kern Road
Toronto, ON M3B 1S9

Dear Jim,

Re: Joint Bernstein-Walton Portfolio

In reviewing your 13 page litany of complaints provided to us on Friday, June 7, it struck me that you do not appreciate the role we play in this partnership. Your comment that Dr. Bernstein has cause for concern and action on his part to protect his investment is wholly offensive. We own 57 properties in Toronto, of which 32 are jointly owned with Dr. Bernstein. We have approximately 50 full-time staff and another 25 to 40 subcontractors and trades on regular pay to complete the joint project mandates for these projects. We spend every hour of every weekday of every week of every month of every year ensuring that the portfolio is performing at or above pro forma. We challenge you to point to any investment or business in Toronto or Canada or the world for that matter that has returned the 30% plus ROE that this portfolio has thus far returned with its completed projects. Furthermore, those returns are accelerating as evidenced by how our 1 Royal Gate project is tracking. That investment by Dr. Bernstein of \$5 million is tracking to be worth double that inside of twelve months from date of investment. How can you beat that, and how can you complain about our performance given those realities?

The joint portfolio is worth in excess of \$330 million and a number of projects are poised to cash out with stellar returns above the 30% threshold in the next twelve months. Within that context, I would suggest that the issues you raise, even if they were accurate which they largely are not, are minor in nature. Dr. Bernstein has been well served to date by this partnership as have we. We have done an outstanding job of performing our role within this partnership, with the only area where improvement is needed being the area of financial reporting. For you to focus solely on that area without any acknowledgement or appreciation of how phenomenally well we have managed the joint portfolio is blinkered in the extreme.

We are known in the city of Toronto as proven money makers in real estate. The Rose and Thistle Group have a reputation for delivering the best returns in the business over the past three years. We are the envy of the real estate street and as a result we have a queue of investors looking to partner with us to make them money in real estate like we have with Dr. Bernstein. We have declined to engage them because we understand and appreciate Dr. Bernstein's role within our partnership and are loyal to him as a result. We expect the same from him, otherwise this partnership is not going to thrive going forward. We have performed exceptionally well and it would be a tragedy if the tenor and tone taken in your correspondence ruins what should continue to provide outsized returns going forward, particularly given how well it has done to date and the momentum it currently enjoys.

Within the partnership we provide the following services:

1. We find the properties;
2. We negotiate the agreements of purchase and sale;
3. We arrange financing;
4. We personally guarantee financing as required and protect Dr. Bernstein from exposure in this regard;
5. We prepare the project plan;
6. We deal with lawyers to close the purchase;
7. We implement the project plan, which may include:
 - a. Engaging architects, engineers, interior designers, surveyors, cost consultants, planners, and various other consultants;
 - b. Obtaining rezoning, severance, condominium registration, and building permits as required;
 - c. Performing ourselves or supervising construction and renovation of the properties in question;
 - d. Negotiating prices and contracts with and paying all employees and trades engaged in fulfilling the project plan;
 - e. Engaging the city of Toronto for all municipal approvals required, including attending numerous meetings with the city politicians and staff to ensure our project plans are approved;
 - f. Creating marketing material and sales material to attract tenants and purchasers to our projects;
 - g. Meeting with real estate brokers to negotiate deals with prospective tenants and purchasers;
 - h. Fulfilling all conditions to close those deals;
 - i. Arranging refinancing of the properties once the project plan is implemented;
 - j. Repaying debt and equity upon project completion;
8. Managing and maintaining the property going forward;
9. Performing all administration, financial and accounting services required by the joint portfolio;
10. Reporting to Dr. Bernstein on a daily, weekly and monthly basis as to the status of all investments; and
11. Any and everything else required to ensure the portfolio thrives.

We are not prepared to change the contract terms to cede control of accounting and finance as you have suggested. We are prepared, as we've already indicated, to provide you and Anjela and anyone else you wish unfettered access to the accounting records and books related to our joint portfolio as they are updated and checked for accuracy so you can report to Dr. Bernstein as frequently as desired how the portfolio is doing. In that vein, we are looking to change the corporate structure of the joint portfolio to make this task easier and also purchase software to make reporting on a current basis easier.

You have raised a number of allegations, some of which are accurate and some of which are not. Let me address those:

1. We share funds across the joint portfolio to smooth out cash flow. That is in keeping with the joint objective of creating one financial vehicle, whether a private REIT or some other entity, to permit the most efficient tax planning to occur and to simplify and streamline our portfolio's operations to everyone's benefit. In that vein, we are focused on completing our 2012 financial statements and then meeting with your accountant and ours along with legal tax experts to ensure this structure functions effectively. Despite the sharing of funds, we account for each property separately so property performance can be assessed accurately for each joint investment;
2. Dr. Bernstein is contractually obligated to provide his cash first, with our cash to be provided as the project requires. Hence your comment that as of December 31, 2011 we have not put in as much cash as Dr. Bernstein is accurate. That is in keeping with the arrangement we've negotiated. Undoubtedly those numbers will become closer to even in 2012 and beyond because we began to invest together in 2010 and most of our projects have 30 to 36 month timelines. Eglinton is a good example of this. We invest \$150,000 per month to carry Eglinton pending our successfully completing rezoning and sale of that property. Dr. Bernstein has no further obligation to invest in Eglinton so his equity will not increase, whereas ours increases every month;
3. Your comment that we inflate our project pro formas to extract maximum money from Dr. Bernstein up front and thus reduce our financial obligation is both offensive and completely uninformed. You have neither the real estate expertise nor property experience that we have. You have no basis for your views other than your comment that we have beat our pro formas in some of our projects. First of all, all of those projects are not yet completed and secondly, if that is the case, that event should be celebrated, not criticized. We prepare project pro formas at the time we negotiate to purchase the properties. We use our vast real estate expertise to as accurately as possible prepare the pro forma. We never want to have to come back to Dr. Bernstein to increase his equity beyond what we initially forecast, and we take that responsibility very seriously. The fact that unlike most pro formas, we have been able to better some of ours in reality is a fabulous track record and shows our ability to outperform our own expectations. Please don't criticize us in areas where we have far more experience than you and you are merely postulating a premise that is wholly inaccurate and frankly quite offensive;

4. We do not have outside investors in the properties we jointly own with Dr. Bernstein. As Mario explained, before Dr. Bernstein became a 50% owner of Spadina and Highway 7, we had attracted investment from third parties. The moment he became an investor, we shifted all of those responsibilities over to The Rose and Thistle Group Ltd. and that is where they currently remain. We would not dilute ownership in a project with Dr. Bernstein.
5. Your comment about Wynford's mortgage not being properly discharged in the OLA transaction has been explained to you. I don't know if Dr. Bernstein ever signed the Acknowledgements to Discharge, but I am certain that we advised him of our intention to discharge his mortgages and divide the \$3.1 million as equity reimbursement instead of mortgage pay-down and he agreed. We have subsequently refinanced that property and fully paid out Dr. Bernstein for this loan, so I am not sure why you continue to harp on this issue. Further, we now run all such transactions through Devry Smith so that they can fully protect Dr. Bernstein's interests and fully report to him on those transactions, so if this ever was an issue, it has been resolved going forward;
6. Your comment about us using The Rose and Thistle Group Ltd. to provide services to our joint portfolio is 100% accurate and fully disclosed and expected. We are able to perform construction and renovation at wholesale prices. Even after we add a project management fee, we are far under market for these services, to the significant benefit of the joint properties and the pro formas. Further, we always pay to Dr. Bernstein at least fair market value for his mortgage services, being 8% interest on first mortgages with a 2% fee, and 1% on second mortgage with a 2% fee. Hence both The Rose and Thistle Group Ltd. and 3658230 Ontario Limited benefit from the joint portfolio, which is as it should be.
7. We are fully on board with providing Anjela access to the full joint portfolio as evidenced by our actions to date, and in fact we have her doing a lot more than just reviewing. In fact, she is now booking purchases, reconciling property tax, and obtaining access to more and more of the joint portfolio as the books and records are updated.

The only area where we have not been able to comply with our contractual obligations to Dr. Bernstein relates to the provision of accounting records on a monthly basis and the expense approvals set out in the earlier agreements. We are working to rectify this by providing the access he desires and by amending the terms of the agreements to reflect the current reality given the size and scope of our joint portfolio. That is why we changed the wording of that clause in the Dewhurst and Eddystone agreements to better reflect the financial reporting access and expense oversight that was in reality occurring. We are open to your comments on our proposed changes to those clauses, but the original clauses in the agreements are not feasible now given the size of the portfolio.

We thoroughly enjoy being in business with Dr. Bernstein. Together we have had very good fortune in business thus far, and the momentum appears to be only accelerating. We have appreciated your involvement with our business thus far and look forward to together making our financial reporting systems better going forward. We are happy to respond to your queries and questions on an ongoing basis so you and Dr. Bernstein has an accurate an understanding as possible about our joint portfolio. We keep Dr. Bernstein apprised of all goings on with the portfolio on a daily, weekly and monthly basis and we are confident with your and Anjela's involvement, his understanding will only improve and become more fulsome as he layers in detailed financial knowledge of what is happening on the ground.

We would like to hit \$1 billion in joint properties together over the next five years. If that is to occur, each of us needs to respect and appreciate what the other brings to the partnership. We are hopeful that is Dr. Bernstein's desire as well, and if so look forward to many more years of successful partnership and collaboration to mutual benefit.

Yours truly,
THE ROSE AND THISTLE GROUP

A handwritten signature in dark ink, appearing to be 'Norma Walton', with a long horizontal flourish extending to the right.

Norma Walton

Tab D

This is Exhibit "D" referred to in the Affidavit of James Reitan
sworn before me this 1st day of October, 2013



A Commissioner for Taking Affidavits



Ontario ServiceOntario

LAND REGISTRY
REGISTRY
OFFICE 404
* CERTIFIED BY LAND REGISTRY IN ACCORDANCE WITH LAND TITLES ACT *
1011-0393 (17)

PAGE 3 OF 4
PREPARED FOR REGISTRATION
ON 2013/06/14 AT 12:56:44

REG. NO.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CHRG / CRD
AT2494107	2012/06/14	NOT. (GENERAL)		751011 CANADA INC.		C
REMARKS: AT2494107				*** COMPLETELY DELETED *** JPMORGAN CHASE BANK, NATIONAL ASSOCIATION		
AT2103037	2012/06/16	DEED OF CHARGE		*** COMPLETELY DELETED *** FOREMEDIA NETWORK INC.		
REMARKS: AT2494107				*** COMPLETELY DELETED *** RMT TRUST COMPANY OF CANADA		
AT2103038	2012/06/16	CHARGE		*** COMPLETELY DELETED *** FOREMEDIA NETWORK INC.		
REMARKS: AT2494107				*** COMPLETELY DELETED *** RMT TRUST COMPANY OF CANADA		
AT2103049	2012/06/16	FORECLOSURE		*** COMPLETELY DELETED *** FOREMEDIA NETWORK INC.		
REMARKS: AT2494107				*** COMPLETELY DELETED *** RMT TRUST COMPANY OF CANADA		
AT2103032	2012/10/12	TRANSFEE	\$24,000,000	FOREMEDIA NETWORK INC.		C
REMARKS: AT2103032				GLOBAL MILLS INC.		
AT2103032	2012/10/12	CHARGE	\$18,000,000	GLOBAL MILLS INC.		C
REMARKS: AT2103032				GLOBAL MILLS INC.		
AT2103033	2012/10/12	NO ASSIGNMENT		GLOBAL MILLS INC.		C
REMARKS: AT2103033				GLOBAL MILLS INC.		
AT2103034	2012/10/12	NOTICE OF VENDOR	\$2	GLOBAL MILLS INC.		C
REMARKS: AT2103034				GLOBAL MILLS INC.		
AT2103032	2012/10/12	NO CHARGE	\$600,000,000	FOREMEDIA NETWORK INC.		C
REMARKS: AT2103032				FOREMEDIA NETWORK INC.		
AT2103033	2012/10/12	NO CHARGE	\$400,000,000	FOREMEDIA NETWORK INC.		C
REMARKS: AT2103033				FOREMEDIA NETWORK INC.		
AT2103034	2012/10/12	NO CHARGE	\$100,000,000	FOREMEDIA NETWORK INC.		C
REMARKS: AT2103034				FOREMEDIA NETWORK INC.		
AT2103035	2012/10/12	DEED OF CHARGE		*** COMPLETELY DELETED *** COMPTONHILL TRUST COMPANY OF CANADA		C
REMARKS: AT2103035				COMPTONHILL TRUST COMPANY OF CANADA		

NOTE: ALL INSTRUMENTS SHOULD BE INSTRUMENTED TO THE REGISTRY IN ACCORDANCE WITH THE LAND TITLES ACT. IF ANY, ANY DISCREPANCY REPRESENTED FOR THIS INSTRUMENT, WILL ENSURE THAT YOUR INSTRUMENT ENTER THE TOTAL NUMBER OF PAGES AND THAT YOU HAVE CROSSED THEM ALL UP.



LAND REGISTER: REGISTERED FOR PROPERTY IDENTIFIER
 1013-093 (21)
 PREPARED FOR: SUBJECT
 ON 2017/08/13 AT 17:50:44

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	COPY/
001150316	2012/10/12	DISCH OF CHARGE		*** COMPLETION DEFERRED *** SHEPHERD COMPANY OF CANADA		
000000000	2012/10/12	DISCH OF CHARGE		*** COMPLETION DEFERRED *** MONTAG STANLEY CANADA LIMITED		
00336627	2017/07/28	CHARGE	\$31,000,000	REDAK WITH INC. GENERAL MTLA INC.	CONVEYANCE FROM COMPANY OF CANADA CONVEYANCE TRUST COMPANY OF CANADA	2
00336627	2017/07/28	CHARGE		REDAK WITH INC. GENERAL MTLA INC.	CONVEYANCE FROM COMPANY OF CANADA CONVEYANCE TRUST COMPANY OF CANADA	2
001150316	2012/10/12	DISCH OF CHARGE		CONVEYANCE TRUST COMPANY OF CANADA		

NOTE: ANYTHING PROPOSED SHOULD BE IDENTIFIED TO ADEQUATE DEGREE OF PRECISION, IF ANY, WITH RESPECT TO THE PROPERTY.
 NOTE: REMEMBER THAT YOUR PRINTOUT STATES THE TOTAL NUMBER OF PAGES AND THAT YOU HAVE PLOTTED EVERY PAGE.

Request ID: 015622693
 Transaction ID: 51795565
 Category ID: UN/E

Province of Ontario
 Ministry of Government Services

Date Report Produced: 2013/08/14
 Time Report Produced: 16:25:22
 Page: 1

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name	Incorporation Date
2338130	GLOBAL MILLS INC.	2012/07/20
		Jurisdiction
		ONTARIO
Corporation Type	Corporation Status	Former Jurisdiction
ONTARIO BUSINESS CORP.	ACTIVE	NOT APPLICABLE
Registered Office Address	Date Amalgamated	Amalgamation Ind.
30 HAZELTON AVENUE	NOT APPLICABLE	NOT APPLICABLE
	New Amal. Number	Notice Date
TORONTO	NOT APPLICABLE	NOT APPLICABLE
ONTARIO		Letter Date
CANADA M5R 2E2		NOT APPLICABLE
Mailing Address	Revival Date	Continuation Date
30 HAZELTON AVENUE	NOT APPLICABLE	NOT APPLICABLE
	Transferred Out Date	Cancel/inactive Date
TORONTO	NOT APPLICABLE	NOT APPLICABLE
ONTARIO		
CANADA M5R 2E2		
	EP Licence Eff.Date	EP Licence Term.Date
	NOT APPLICABLE	NOT APPLICABLE
	Number of Directors Minimum Maximum	Date Commenced in Ontario
	00001 00015	NOT APPLICABLE
Activity Classification		Date Ceased in Ontario
NOT AVAILABLE		NOT APPLICABLE

Request ID: 015622693
Transaction ID: 51796565
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2013/08/14
Time Report Produced: 16:25:22
Page: 2

CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

2336130

GLOBAL MILLS INC.

Corporate Name History

Effective Date

GLOBAL MILLS INC.

2012/06/08

POST MOBILITY INC.

2012/07/20

Current Business Name(s) Exist:

NO

Expired Business Name(s) Exist:

NO

Administrator:
Name (Individual / Corporation)

Address

RONAULD
WALTON

30 HAZELTON AVENUE

TORONTO
ONTARIO
CANADA M5R 2E2

Date Began

First Director

2012/07/20

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

DIRECTOR

Y

CORPORATION PROFILE REPORT

Ontario Corp Number 2336130
Corporation Name GLOBAL MILLS INC.

Administrator Name (Individual / Corporation) NORMA
WALTON
Address 30 HAZELTON AVENUE
TORONTO
ONTARIO
CANADA M5R 2E2
Date Began 2012/07/20
First Director NOT APPLICABLE
Officer Type
Resident Canadian
DIRECTOR
Designation Y

Administrator Name (Individual / Corporation) NORMA
WALTON
Address 30 HAZELTON AVENUE
TORONTO
ONTARIO
CANADA M5R 2E2
Date Began 2012/07/20
First Director NOT APPLICABLE
Officer Type
Resident Canadian
OFFICER
Designation Y
OFFICER PRESIDENT

CORPORATION PROFILE REPORT

Ontario Corp Number

2336130

Corporation Name

GLOBAL MILLS INC.

Administrator:

Name (Individual / Corporation)

NORMA

WALTON

Date Began

2012/07/20

Designation

OFFICER

SECRETARY

Officer Type

Resident Canadian

Y

Administrator:

Name (Individual / Corporation)

NORMA

WALTON

Date Began

2012/07/20

Designation

OFFICER

TREASURER

Officer Type

Resident Canadian

Y

TORONTO

ONTARIO

CANADA M5R 2E2

30 HAZELTON AVENUE

Address

CORPORATION PROFILE REPORT

Ontario Corp Number
Corporation Name
2336130
GLOBAL MILLS INC.

Last Document Recorded
Act/Code Description

Date	Form	Act/Code Description
2012/08/08	3	BCA ARTICLES OF AMENDMENT

THIS REPORT SETS OUT THE MOST RECENT INFORMATION FILED BY THE CORPORATION ON OR AFTER JUNE 27, 1992, AND RECORDED IN THE ONTARIO BUSINESS INFORMATION SYSTEM AS AT THE DATE AND TIME OF PRINTING. ALL PERSONS WHO ARE RECORDED AS CURRENT DIRECTORS OR OFFICERS ARE INCLUDED IN THE LIST OF ADMINISTRATORS.
ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON MICROFICHE.

The issuance of this report in electronic form is authorized by the Ministry of Government Services.

LRO # 80 Transfer

Registered as AT3150321 on 2012 10 12 at 14:22

The applicant(s) hereby applies to the Land Registrar.

yyyy mm dd Page 1 of 3

Properties

PIN 10117 - 0593 LT **Interest/Estate** Fee Simple
Description PT LT 10 CON 3 EYS TWP OF YORK AS IN T8395970; S/T NY380043; TORONTO (N YORK) . CITY OF TORONTO
Address 1450 DON MILLS ROAD
TORONTO

Consideration

Consideration \$24,000,000.00

Transferor(s)

The transferor(s) hereby transfers the land to the transferee(s).

Name POSTMEDIA NETWORK INC.
Address for Service 1450 Don Mills Road,
Toronto, ON M3B 3R5

I, Doug Lamb, Executive VP and CFO, and I, Jeffrey Haar, Executive VP, Legal & General Counsel, have the authority to bind the corporation.

This document is not authorized under Power of Attorney by this party.

Transferee(s)**Capacity****Share**

Name GLOBAL MILLS INC.
Address for Service c/o The Rose and Thistle Group Ltd.
30 Hazelton Avenue, Toronto, ON
M5R 2E2

STATEMENT OF THE TRANSFEROR (S): The transferor(s) verifies that to the best of the transferor's knowledge and belief, this transfer does not contravene the Planning Act.

STATEMENT OF THE SOLICITOR FOR THE TRANSFEROR (S): I have explained the effect of the Planning Act to the transferor(s) and I have made inquiries of the transferor(s) to determine that this transfer does not contravene that Act and based on the information supplied by the transferor(s), to the best of my knowledge and belief, this transfer does not contravene that Act. I am an Ontario solicitor in good standing.

STATEMENT OF THE SOLICITOR FOR THE TRANSFEE (S): I have investigated the title to this land and to abutting land where relevant and I am satisfied that the title records reveal no contravention as set out in the Planning Act, and to the best of my knowledge and belief this transfer does not contravene the Planning Act. I act independently of the solicitor for the transferor(s) and I am an Ontario solicitor in good standing.

Signed By

Jordan Matthew Louis Saperia

Bay Adelaide Centre 333 Bay
Street Suite 3400
Toronto
M5H 2S7

acting for
Transferor(s)

Signed 2012 10 12

Tel 4169792211

Fax 4169791234

I am the solicitor for the transferor(s) and I am not one and the same as the solicitor for the transferee(s).

I have the authority to sign and register the document on behalf of the Transferor(s).

John Todd Holmes

100-95 Barber Greene Rd.
Toronto
M3C 3E9

acting for
Transferee(s)

Signed 2012 10 12

Tel 4164481400

Fax 4164487071

I am the solicitor for the transferee(s) and I am not one and the same as the solicitor for the transferor(s).

I have the authority to sign and register the document on behalf of the Transferee(s).

Submitted By

DEVRY, SMITH & FRANK

100-95 Barber Greene Rd.
Toronto
M3C 3E9

2012 10 12

LRO # 80 Transfer

Registered as AT3150321 on 2012 10 12 at 14:22

The applicant(s) hereby applies to the Land Registrar:

yyyy mm dd Page 2 of 3

Submitted By

Tel: 4164491400

Fax: 4164497071

Fees/Taxes/Payment

Statutory Registration Fee \$60.00

Provincial Land Transfer Tax \$358,475.00

Municipal Land Transfer Tax \$357,725.00

Total Paid \$716,260.00

File Number

Transferor Client File Number: 120332 TR 1450 DON MILLS (TMM/SNC)

Transferee Client File Number: DSF FILE NO. LESL038

PROVINCIAL AND MUNICIPAL LAND TRANSFER TAX STATEMENTS

In the matter of the conveyance of: 10117 - 0593 PT LT 10 CON 3 EYS TWP OF YORK AS IN T8386970; S/T NY380043;
TORONTO (N YORK), CITY OF TORONTO

BY: POSTMEDIA NETWORK INC.

TO: GLOBAL MILLS INC.

I, NORMA WALTON

I am

- ☐ (a) A person in trust for whom the land conveyed in the above-described conveyance is being conveyed;
- ☐ (b) A trustee named in the above-described conveyance to whom the land is being conveyed;
- ☐ (c) A transferee named in the above-described conveyance;
- ☐ (d) The authorized agent or solicitor acting in this transaction for _____ described in paragraph(s) () above.
- ☒ (e) The President, Vice-President, Manager, Secretary, Director, or Treasurer authorized to act for GLOBAL MILLS INC. described in paragraph(s) (C) above.
- ☐ (f) A transferee described in paragraph(i) and am making these statements on my own behalf and on behalf of _____ who is my spouse described in paragraph() and as such, I have personal knowledge of the facts herein deposed to.

2. I have read and considered the definition of "single family residence" set out in subsection 1(1) of the Act. The land being conveyed herein

does not contain a single family residence or contains more than two single family residences.

3. The total consideration for this transaction is allocated as follows:

(a) Monies paid or to be paid in cash	24,000,000.00
(b) Mortgages (i) assumed (show principal and interest to be credited against purchase price)	0.00
(ii) Given Back to Vendor	0.00
(c) Property transferred in exchange (detail below)	0.00
(d) Fair market value of the land(s)	0.00
(e) Liens, legacies, annuities and maintenance charges to which transfer is subject	0.00
(f) Other valuable consideration subject to land transfer tax (detail below)	0.00
(g) Value of land, building, fixtures and goodwill subject to land transfer tax (total of (a) to (f))	24,000,000.00
(h) VALUE OF ALL CHATTELS - items of tangible personal property	0.00
(i) Other considerations for transaction not included in (g) or (h) above	0.00
(j) Total consideration	24,000,000.00

PROPERTY information Record

A. Nature of Instrument: Transfer
LRO 80 Registration No. AT3150321 Date: 2012/10/12

B. Property(s): PIN 10117 - 0593 Address 1450 DON MILLS ROAD Assessment 1905102 - 18001800
TORONTO Roll No

C. Address for Service: c/o The Rose and Thistle Group Ltd.
30 Hazelton Avenue, Toronto, ON
M5R 2E2

D. (i) Last Conveyance(s): PIN 10117 - 0593 Registration No. NY380043
(ii) Legal Description for Property Conveyed: Same as in last conveyance? Yes ☒ No ☐ Not known ☐

E. Tax Statements Prepared By: John Todd Holmes
160-95 Barber Greene Rd.
Toronto M3C 3E9

LP# 60 Charge/Mortgage
The applicant(s) hereby applies to the Land Registrar.
Registered as AT3150322 on 2012 10 12 at 14:22
Page 1 of 10

Properties			
File	10117 - 0593 LT	Interest/Estate	Fee Simple
Description	PT LT 10 CON 3 EYS TWP OF YORK AS IN T5359370; ST NY380043; TORONTO (N YORK), CITY OF TORONTO		
Address	1450 DON MILLS ROAD TORONTO		

Charge(s)

The charge(s) hereby charges the land to the chargee(s). The charge(s) acknowledges the receipt of the charge and the standard charge terms, if any.

Name
GLOBAL MILLS INC.
Address for Service
c/o The Rose and Thistle Group Ltd.
30 Hazelton Avenue
Toronto, Ontario M5R 2E2

I, Norma Walton, President, have the authority to bind the corporation.
This document is not authorized under Power of Attorney by this party.

Chargee(s)

Capacity
Share

Name
COMPUTERSHARE TRUST COMPANY OF CANADA
Address for Service
100 University Avenue, 9th Floor
Toronto, Ontario
M5J 2Y1

Provisions

Principal \$18,000,000.00 Currency CON

Calculation Period See Schedule
Balance Due Date 2014/08/05
Interest Rate See Schedule

Payments
Interest Adjustment Note 2012 11 05
Payment Date 5th monthly
First Payment Date 2012 12 05
Last Payment Date 2014 06 05

Standard Charge Terms 200033
Insurance Account
Full Insurable value

Additional Provisions

See Schedules

Signed By

Rafaela Pave
100-95 Barber Greene Rd.
acting for Chargeor Signed 2012 10 12
Toronto
M3C 3E9

Tel 4164491400
Fax 4164497071

I have the authority to sign and register the document on behalf of the Chargeor(s).

Submitted By

DEERY, SMITH & FRANK
100-95 Barber Greene Rd.
Toronto
M3C 3E9

Tel 4164491400

LRO # 59 Change/Mortgage
The applicant(s) hereby applies to the Land Registrar
Registered as AT3150322 on 2012 10 12 at 14:22
Page 2 of 10

Submitted By

Fax 4164497071

Fees/Taxes/Payment

Statutory Registration Fee \$50.00
Total Paid \$50.00

File Number

Changeo Client File Number 0092260096

This is a Schedule attached to a Charge/Mortgage
between GLOBAL MILLS INC. (the "Chargor")
and COMPUTERSHARE TRUST COMPANY OF CANADA (the "Chargee")
as guaranteed by Norma Walton and Ronald Walton (collectively, the "Covenantors")
relating to 1450 Don Mills Road, Toronto, Ontario (the "Premises")

NON-MERGER

The Chargor and the Covenantors by way of a separate Guarantee and Postponement of Claims, hereby acknowledge the terms, conditions, obligations, liabilities, warranties and representations contained in the Commitment Letter issued by TREZ CAPITAL LIMITED PARTNERSHIP on behalf of the Chargee, entered into with the Chargor and the Covenantors dated September 21, 2012, as may be amended from time to time (hereinafter referred to as the "Mortgage Commitment") shall not merge on the closing and registration or delivery of the mortgage loan security, including, but not limited to the Charge on the Premises, but shall remain in full force and effect, notwithstanding the delivery and registration of the said security.

In the event of any inconsistency or conflict between any of the provisions of the Mortgage Commitment and any of the provisions of the Charge, the provisions of the Mortgage Commitment shall prevail.

INTEREST RATE

Interest shall be charged at the greater of 8.50% per annum (the "Minimum Rate") and a variable rate per annum (in either case, both before and after maturity, default and judgment) equal to the rate established by HSBC Bank Canada ("HSBC") from time to time as HSBC's prime lending rate for Canadian dollar loans ("Prime Rate") plus five and a half per cent (5.50%) on the outstanding balance of the principal sum owing from time to time for the first 18 months of the Term and 25.0% per annum, thereafter. Interest shall be calculated daily and compounded and payable monthly. Overdue interest shall bear interest at the same rate as principal.

Such interest rate shall be set with respect to amounts advanced on the day of each advance and thereafter monthly on the first day of each month. Interest shall be calculated daily on the daily balance outstanding from time to time, before as well as after maturity, default or judgment, from the date of each advance. Such Interest Rate shall be determined upon the basis of a three hundred and sixty-six (366) day year, shall be calculated in accordance with the Chargee's usual practice (as to times and methods of calculation) and shall be adjusted automatically without notice to the Chargor.

All interest rates specified are nominal annual rates. The effective annual rate in any case will vary with payment frequency. All interest payable hereunder bears interest as well after as before maturity, default and judgment with interest on overdue interest at the applicable rate payable hereunder. All interest payable hereunder bears interest from the date of advance of any portion of the loan to the Chargee's solicitor, whether or not such advance of the loan is released to the Chargor or the Chargor's solicitor.

In all other respects, interest shall be paid in accordance with the provisions of the Mortgage Commitment.

FINANCIAL STATEMENTS

The Chargor shall provide the Chargee, within 120 days after the end of each fiscal year of the Chargor, or more often if requested by the Chargee, a detailed financial statement of the Chargor including a separate income and expense statement for the Premises, an operating statement and updated rent roll containing relevant lease terms for the Premises, all satisfactory to the Chargee in form and content. The financial statement is to be prepared by an accountant licensed under the *Public Accounting Act*.

The Chargor authorizes the Chargee to obtain such additional financial information as the Chargee may require.

RENEWAL OPTION

The Chargor shall have the option to renew the loan for an additional seven (7) months (the "Renewal Term"), commencing on the fifth day of the 19th month of the Loan Term, subject to those terms as provided for in the Mortgage Commitment.

Interest for the Renewal Term shall be charged at the greater of 8.50% per annum and a variable rate per annum equal to HSBC's Prime Rate plus 5.50% on the outstanding balance of the principal sum owing from time to time for the first 6 months of the Renewal Term, and 25% per annum thereafter.

PREPAYMENT

The Chargor, when not in default, may at any time, after a minimum of \$722,500.00 interest has been earned by the Chargee and paid to the Chargee and after the provision of no less than 30 days written notice, which notice must contain evidence satisfactory to the Chargee, of the source of funds to be used for repayment and must contain a date certain for the repayment ("Date Certain"), repay the whole of the obligations hereby secured hereunder to the Date Certain. Should the repayment be delayed past the Date Certain, a new minimum 30 day written notice must be provided as set out herein. If prepayment occurs prior to the Date Certain, interest must be paid to Date Certain. The Date Certain must be a business day that banks in the Province of British Columbia are open for business.

PARTIAL DISCHARGES

In accordance with the provisions of the Mortgage Commitment, no partial discharges are permitted.

The Premises may be subdivided or condominiumized only with the prior written consent of the Lender, which consent may be withheld by the lender in its sole, unfettered and absolute discretion.

INSURANCE

Insurance shall be provided to the Chargee in accordance with the provisions of Paragraph 16 of Standard Charge Terms 200033 and in accordance with the provisions of the Mortgage Commitment and shall be subject to the review and approval of the Insurance Consultant of the Chargee as contemplated in the Mortgage Commitment.

DUE ON SALE

Section 14 of Standard Charge Terms No. 200033 is hereby deleted and replaced with the following:

- (a) "The Chargor covenants and agrees with the Chargee that in the event of the Chargor selling, conveying, transferring or entering into an agreement for sale or transfer of title of the Premises hereby mortgaged to a purchaser or transferee not approved, in writing, by the Chargee, which approval shall not unreasonably be withheld, all monies hereby secured with accrued interest thereon shall at the option of the Chargee forthwith become due and payable."
- (b) "The Chargor Acknowledges and agrees that in the event there is any transfer or sale of the shares of or reconstituting of the Chargor which would result in a change of voting control or beneficial ownership thereof, such change shall be subject to the Chargee's prior written consent."

PROPERTY MANAGEMENT

The Chargor shall maintain at all times a property manager for the Premises satisfactory to the Chargee and on terms satisfactory to the Chargee. A change in the property manager without the Chargee's approval shall constitute an Event of Default as defined in the Mortgage Commitment.

RECEIVERSHIP

At the option of the Chargee, it shall constitute a default hereunder if the Chargor or the Covenantors shall become insolvent or be the subject of any bankruptcy, arrangement with creditors, proposal, amalgamation or any transaction or series of transactions which results in a

change in control of the Chargor, re-organization, or any liquidation, winding-up, dissolution, or receivership or without the Chargee's consent, seeks continuation under the laws of any other jurisdiction. In the event of a default by the Chargor under this Charge, or if the Chargor or the Covenantors seeks relief under the *Companies' Creditors Arrangement Act* or other debtor relief legislation, the Chargor will, if requested by the Chargee establish a separate project bank account for the Premises.

Provided and without in any way limiting anything herein contained, in the event that:

- (a) The Chargor makes default in the payment of any principal or interest or any other monies required to be paid by the Chargor hereunder;
- (b) The Chargor fails to observe or perform any other covenant or agreement herein contained;
- (c) Any representation or warranty made herein by the Chargor is at any time while this Charge is outstanding not true;
- (d) Any construction lien is registered against any part of the Premises and is not removed within thirty-five days;
- (e) An order is made or a resolution passed for the winding up of the Chargor, or if a petition is filed for the winding up of the Chargor;
- (f) The Chargor becomes insolvent or makes an unauthorized assignment or bulk sale of the Chargor's assets or if a bankruptcy petition is filed or presented against the Chargor;
- (g) Any proceedings with respect to the Chargor are commenced under *The Companies Creditors Arrangement Act*;
- (h) An execution, sequestration, extent or any other process of any court becomes enforceable against the Chargor or if a distress or analogous process is levied upon the Premises or any part thereof, provided such execution, sequestration, extent, process of court, distress or analogous process is not in good faith being disputed by the Chargor;
- (i) The Chargor shall permit any sum which has been admitted as due by the Chargor or is not disputed to be due by the Chargor and which forms, or is capable of being made, a charge upon any of the Premises in priority to or ranking equally with the charge of this Charge to be or remain unpaid;
- (j) Any charge or encumbrance created or issued by the Chargor having the nature of a fixed and/or floating charge shall become enforceable, whether ranking in priority to, or pari passu with this Charge; or,
- (k) The Chargor ceases or threatens to cease to carry on its business or if the Chargor commits or threatens to commit any act of bankruptcy;

then, and in any such event, this Charge shall, at the option of the Chargee, be deemed to be in default.

Provided that, and notwithstanding anything herein contained, it is agreed that at any time and from time to time when this Charge shall be in default, and whether or not the principal has been accelerated, the Chargee may, with or without entry into possession of the Premises or any part thereof, and whether or not there has been such entry, by writing under its hand or at its option by application to a court of competent jurisdiction, for and during the period of such default, appoint a receiver-manager (the "Receiver") of the Premises or any part thereof and of the rents and profits thereof, or of only the rents and profits thereof, and with or without security, and may from time to time by similar writing remove any Receiver and appoint another and that, in making any such appointment or removal, the Chargee shall be deemed to be acting as the agent or attorney for the Chargor. Upon the appointment of a receiver, the following provisions shall apply:

- (a) A statutory declaration of the Chargee as to default under this Charge shall be conclusive evidence thereof for the purpose of the appointment of such Receiver;
- (b) Every such Receiver shall be the agent or attorney of the Chargor, whose appointment is irrevocable by the Chargor, for the collection of all rents or other money receivable in

respect of the Premises or any part thereof, and the Chargee covenants and agrees to co-operate with and assist the receiver and execute such documentation as the receiver shall reasonably require, in order to effect the aforesaid purposes.

(c) The Chargee may from time to time in writing fix the remuneration of the Receiver;

(d) The Receiver shall so far as concerns responsibility for the Receiver's acts or omissions be deemed the agent or attorney of the Chargee and in no event the agent of the Chargee;

(e) The appointment of the Receiver by the Chargee shall not incur or create any liability on the part of the Chargee to the Receiver in any respect, and such appointment or anything which may be done by the Receiver or the removal of the Receiver or the termination of the receivership shall not have the effect of constituting the Chargee a mortgagee in possession in respect of the Premises or any part thereof;

(f) The Receiver shall have power to exercise any of the powers or discretions of the Chargee hereunder, and may rent or license for use any part of the Premises which may become vacant for such term and subject to such provisions as the Receiver may deem advisable or expedient, and in doing so the Receiver shall act as the attorney or agent of the Chargee and shall have the authority to execute under seal any lease in the name of and on behalf of the Chargee, and the Chargee undertakes to ratify and confirm whatever the Receiver may do in connection with the Premises;

(g) The Receiver shall have power to construct or complete any unfinished construction upon the Premises so that the buildings thereon so completed shall be a complete structure;

(h) The Receiver shall have power to manage, operate, amend, repair, alter or extend the Premises or any part thereof as it deems expedient in the name of the Chargee and to carry on or concur in carrying on all or any part of the business of the Chargee;

(i) The Receiver may borrow or raise money on the security of all or any part of the Premises in priority to or ranking equal with or subordinate to the charge of this Charge for such purpose as may be approved by the Chargee;

(j) The Receiver shall not be liable to the Chargee to account for money or damages other than the money actually received by the Receiver in respect of the Premises or any part thereof, and out of such money so received the Receiver shall, subject to other written directions from the Chargee, pay or make reasonable reserves for payment in the following order:

(a) the Receiver's remuneration and disbursements;

(b) all obligations incurred by the Receiver in connection with the management, including leasing and licensing, operation, amendment, repair, alteration or extension of the Premises or any part thereof, and in borrowing or raising money on the security of the Premises, or any part thereof;

(iii) interest, principal and other money which may from time to time be or become charged upon the Premises in priority to this Charge, and all taxes, insurance premiums and every other proper expenditure or liability incurred by the Receiver in respect of the Premises or any part thereof;

(iv) to the Chargee all amounts due under this Charge and to the extent elected by the Chargee, amounts to become due hereunder for no more than two (2) months;

(v) and thereafter any surplus remaining in the hands of the Receiver shall be payable to the Chargee.

(b) The Chargee may at any time and from time to time terminate any such receivership by notice in writing under its hand to the Chargee and to the Receiver; and

(i) Save as to surplus money payable to the Chargee, the Chargee releases and discharges the Chargee and the Receiver from every claim of every nature, whether in damages or otherwise, arising by reason of anything done by the Chargee or the Receiver under the

provisions of this section, unless such claim be the direct and proximate result of dishonesty or gross neglect

ENVIRONMENTAL

The Chargee or agent of the Chargee may, at any time, before and after default and for any purpose deemed necessary by the Chargee, enter upon the Premises to inspect the Premises and buildings thereon. Without in any way limiting the generality of the foregoing, the Chargee (or its respective agents) may enter upon the Premises to conduct any environmental testing, site assessment, investigation or study deemed necessary by the Chargee and the reasonable cost of such testing, assessment, investigation or study, as the case may be, with interest at the mortgage rate, shall be payable by the Chargee forthwith and shall be a charge upon the Premises. The exercise of any of the powers enumerated in this clause shall not deem the Chargee or its respective agents to be in possession, management or control of the Premises and building(s).

In consideration of the advance of funds by the Chargee, the Chargee and the Covenantors hereby agree that, in addition to any liability imposed on the Chargee and the Covenantors under any instrument evidencing or securing the loan indebtedness, the Chargee and the Covenantors shall be jointly and severally liable for any and all of the costs, expenses, damages or liabilities of the Chargee, its directors and officers (including without limitation, all reasonable legal fees) directly or indirectly arising out of or attributable to the use, generation, storage, release, threatened release, discharge, disposal or presence on, under or about the Premises of any hazardous or noxious substances and such liability shall survive foreclosure of the security for the loan and any other existing obligations of the Chargee and the Covenantors to the Chargee in respect of the loan and any other exercise by the Chargee of any remedies available to them for any default under the Charge.

In these provisions, "Requirements of Environmental Law" means all requirements of the common law or of statutes, regulations, by-laws, ordinances, treaties, judgments and decrees, and (whether or not they have the force of law) rules, policies, guidelines, orders, approvals, notices, permits, directives and the like, of any federal, provincial, municipal, regional, national or local judicial, regulatory or administrative agency, board or governmental authority relating to environmental or health or fire or safety matters, or any of them and the Premises and the activities carried out thereon (whether in the past, present or the future) including, but not limited to, all such requirements relating to: (i) the protection, preservation or remediation of the natural environment (the air, land, surface water or groundwater); (ii) the generation, handling, treatment, storage, transportation or disposal of or other dealing with solid, gaseous or liquid wastes and (iii) substances or conditions that are prohibited, controlled or otherwise regulated or are otherwise hazardous in fact (collectively "Hazardous Substances") such as contaminants, pollutants, toxic, dangerous or hazardous substances, toxic, dangerous or hazardous materials, designated substances, controlled products, including without limitation, wastes, subject wastes, non-hazardous waste, type of insulation, asbestos or asbestos-containing materials, polychlorinated biphenyls ("PCBs") or PCB products, asbestos or asbestos-containing materials, explosives, radioactive substances, petroleum and associated products, underground storage tanks or surface impoundments and (iv) the securing, protection, preservation and remediation of health, life and/or safety concerns.

(a) The Chargee, to the best of its knowledge and based on the environmental assessment report provided to the Chargee as of the date hereof, warrants and represents that:

- (i) The Premises have never been used as a land fill site or to store hazardous substances either above or below ground, in storage tanks or otherwise;
- (ii) All Hazardous Substances used in connection with the business conducted on the Premises has at all times been received, handled, used, stored, treated, shipped and disposed of in strict compliance with all Environmental Law;
- (iii) No Hazardous Substances have been released into the environment or deposited, discharged, placed or disposed of at, on or near the Premises as a result of the conduct of the business on the Premises; and
- (iv) No notices of any violation of any matters referred to above relating to the Premises or its use have been received by the Chargee and there are no directions, writs, judgments, orders or judgments outstanding, no law suits, claims, proceedings, or investigations being instituted or filed.

For the purposes of the Mortgage Commitment, a Hazardous Substance includes but is not limited to contaminants, pollutants, dangerous substances, gasoline, oil, liquid wastes, industrial wastes, whole liquid wastes, toxic substances, hazardous wastes, hazardous materials and hazardous substances as defined in or pursuant to any applicable Environmental Laws. Further the Chagor shall indemnify and save harmless the Chargee from any loss or liability whatsoever arising from any violation whatsoever of any law, regulation, ordinance, judgment, appraisal or decision in connection with hazardous risks or environmental risks.

The Chagor covenants that it will:

- (i) remedy forthwith, at its own expense, any environment damage that may occur or be discovered on the Premises in the future;
- (ii) comply with and monitor, on a regular basis, its compliance and the compliance of any tenant, subtenant, assignee or other occupant of the Premises with all Requirements of Environmental Law;
- (iii) notify the Chargee promptly of any event or occurrence that has given, or is likely to give, rise to a report, order, inquiry or investigation relating to a matter that may have an adverse effect on the financial position of the Chagor or the Premises or any action, suit or proceeding against the Chagor or others having an interest in the Premises relating to, or a violation of, the Requirements of Environmental Law, including any release, spill, emission, leaking, pumping, injection, deposit, disposal, discharge, dispersal, leaching or migration of Hazardous Substances into, on or under the Premises, air and surface and ground water, and will also notify the Chargee promptly of any such above-mentioned information of which the Chagor has or receives knowledge relating to lands adjacent to the Premises;
- (iv) not lease or consent to any sub-lease or assignment of any part of the Premises to a tenant, sub-tenant or assignee who may engage in, nor permit any tenant, subtenant, assignee or occupant of the Premises to engage in, a business involving the generation of environmental contamination or the storing, handling, processing, manufacturing or disposing of Hazardous Substances in, on, under or from the Premises save and except in accordance with the Requirements of Environmental Law, and any lease, sub-lease, or assignment of any part of the Premises shall preserve as against any lessee, sub-lessee or assignee all of the rights of the Chargee herein;
- (v) save and except for those Hazardous Substances which are present on, in or under the Premises in accordance with Requirements of Environmental Law and which have been disclosed to the Chargee in writing remove, in accordance with all Requirements of Environmental Law, any Hazardous Substances from the Premises forthwith upon their discovery and advise the Chargee forthwith in writing of the procedures taken;
- (vi) provide to the Chargee upon request such information, certificates, or statutory declarations as to compliance with the provisions hereof and all Requirements of Environmental Law and conduct such environmental audits or site assessments as may be reasonably necessary to ensure compliance with the Requirements of Environmental Law, and provide to the Chargee copies of any environmental, soils, safety or health reports or studies in respect of the Premises that it receives or possesses from time to time; and
- (vii) permit the Chargee to conduct inspections and appraisals of all or any of its records, business and property relating to the Premises at any time and from time to time to monitor compliance with the Requirements of Environmental Law.

The Chagor and the Covenantors further covenant that they will be liable for and fully indemnify the Chargee for any and all costs, expenses, damages or liabilities (including legal fees on a solicitor and his own client basis and any environmental remediation costs incurred by the Chargee) directly or indirectly arising out of or attributable to the non-compliance of the Chagor or its tenants, employees, or agents with the Requirements of Environmental Law and all such costs, expenses, damages or liabilities shall be secured hereby, and all such liability and indemnity shall survive the repayment of the indebtedness secured hereby, foreclosure upon the Charge, and/or any other extinguishment of the obligations of the Chagor and the Covenantors under the Charge and any other exercise by the Chargee of any remedies available to it against the Chagor or Covenantors.

LIENS

The Chargor shall provide such additional security, information, documentation and assurances as may be required from time to time by the Chargee during the currency of this Charge to determine and to establish and preserve, in all respects, the priority of this Charge and all advances made hereunder over any rights of lien claimants pursuant to the provisions of the *Construction Lien Act*. If the Chargee makes any payment, in connection with the determination, establishment or preservation of its priority, whether such payment is made to a lien claimant or other person claiming an interest in the Premises or is paid into court, then the amount or amounts so paid and all costs, charges and expenses incurred in connection therewith shall be forthwith payable to the Chargee by the Chargor and shall be a charge on the Premises and shall be added to the debt hereby secured and shall bear interest at the applicable rate and, in default of payment, the powers of sale and other remedies hereunder may be exercised. It is further agreed that the Chargee shall not become a mortgagee in possession by reason only of exercising any of the rights given to it under this paragraph or in making any payment to preserve, protect or secure the Premises.

EXPROPRIATION

In the event the whole or any part of the Premises is expropriated, the Chargor agrees all proceeds received from any such expropriation shall be paid directly to the Chargee provided that upon the payment of all amounts secured by this Charge, the Chargee shall have no further claim to any such proceeds.

ADDITIONAL FINANCING

The Chargor shall not, from and after the date of the registration of this Charge, further mortgage, charge or otherwise encumber the Premises without the prior written consent of the Chargee. Failure to comply with this provision shall at the option of the Chargee constitute an event of default under the within Charge. If the Chargor defaults in the payment of any instalment of principal or interest payable under any subsequent Charge/Mortgage or other encumbrance affecting the Premises, whether the Chargee has consented thereto or not, or in the observance or performance of any of the agreements, terms or provisions of any such Charge/Mortgage or other encumbrance, then at the option of the Chargee, the entire principal secured under this Charge, together with all accrued and unpaid interest, shall become due and payable at the option of the Chargee and the Chargee shall be entitled to exercise all of its rights and remedies hereunder.

ADDITIONAL SECURITY

The Chargor acknowledges a General Assignment of Rents and General Security Agreement (collectively the "Additional Security") are being given as further security to this Charge, which Additional Security is being granted by the Chargor to the Chargee and any default under the Additional Security shall constitute default under this Charge and any default under this Charge shall constitute default under the Additional Security and at the option of the Chargee require the entire principal secured under this Charge, together with all accrued and unpaid interest to become due and payable. Payment under the Additional Security shall constitute payment under this Charge and payment on account of this Charge shall constitute payment under the Additional Security.

It is agreed the Chargee's rights hereunder shall in no way merge or be affected by any proceedings the Chargee may take under the Additional Security and the Chargee shall not be required to take proceedings under such Additional Security or any part thereof before proceeding under this Charge, and conversely, no proceedings under this Charge shall in any way affect the rights of the Chargee under such Additional Security and the Chargee shall not be required to take proceedings under this Charge before proceeding under the Additional Security or any part thereof.

Upon request from the Chargee, the Chargor agrees forthwith upon delivery from time to time of any chattels in which it has an ownership interest (including replacements thereof) relating to the Premises, it shall promptly notify the Chargee, and its solicitors, of such delivery and shall forthwith supply the Chargee with all serial numbers and a description of such chattels for the purposes of the aforementioned General Security Agreement, which description shall include make and model. The Chargor further agrees to provide written evidence of proof of purchase of the chattels, free of encumbrances, and of insurance of same, both in the form and content satisfactory to the Chargee.

UNDERTAKINGS

In the event the Chargor defaults with respect to any undertakings delivered to the Chargee in

consideration of the advance of funds under this Charge or with respect to any covenant contained in the terms and provisions contained in this Charge or the Additional Security, such default shall be an event of default under this Charge.

CHARGOR SHAREHOLDERS

The Chargor and the Covenantors covenant and agree with the Chargee that it will not transfer, encumber, hypothecate or dispose of any of the shares in the Chargor to persons or entities other than the Covenantors without the prior written consent of the Chargee, such consent not to be unreasonably withheld. In the event the approval and consent of the Chargee is not first obtained with respect to the foregoing, it is agreed all monies secured hereunder with accrued interest thereon shall, at the option of the Chargee, forthwith become due and payable and the Chargee shall have the right and option to exercise all its rights and remedies hereunder.

PLACE OF PAYMENTS

All payments under this Charge shall be paid to the Chargee care of Trez Capital Limited Partnership at its offices in Vancouver, British Columbia herein described or as it or its agents may otherwise direct, before 1:00 p.m. on any payment date. The parties agree any payment received after 1:00 p.m. shall be deemed to have been made on the banking day next following.

NOTICE

Any notice, direction or other instrument required or permitted to be given under the provisions of this Charge shall be in writing and may be given by delivering same or mailing same or sending same by telegram, telex, telecommunication, facsimile or other similar form of communication, in each case addressed to the Chargee care of Trez Capital Limited Partnership, Suite 1550, 1185 West Georgia Street, Vancouver, BC V6E 4E6, and to the Chargor at the address as set out herein. Any notice, direction or instrument aforesaid, shall if delivered, be deemed to have been given or made on the date it was so delivered; if sent by prepaid registered mail, be deemed to have been given or made the fifth day following the day on which it was so mailed; and if sent by telegram, telex, telecommunication, facsimile or other similar form of communication, be deemed to have been given or made on the day it was so sent. Any party may give written notice of change of address in the same manner, in which event any such notice shall thereafter be given to it as above provided at such changed address. In the event of interruption, for any reason, in one or more of the forms of communications listed above, the parties shall use a form which is not so interrupted with the intent that the form of communication used will give the addressee timely notice of the communication.

CROSS DEFAULT

In addition to the security granted hereunder, this Charge is given as further collateral security to charges registered or to be registered, or security granted, in favour of the Chargee against other lands and premises by the Chargor or Covenantor (the "Other Security"). Default hereunder shall constitute default under the Other Security and default under any or all of the Other Security shall constitute default hereunder.

STANDARD CHARGE TERMS

In the event of any discrepancy between the provisions contained in this Schedule and the provisions contained in Standard Charge Terms No. 200033, the provisions of this Schedule shall prevail.

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LRO # 80 Charge/Mortgage Registered as AT3364527 on 2013 07 31 at 09:44
The applicant(s) hereby applies to the Land Registrar

Properties
PIN 10117 - 0583 LT Interest/State Fee Simple
Description PT LT 10 CON 3 EYS TWP OF YORK AS IN T8395972, S/1 NY380043, TORONTO (N YORK), CITY OF TORONTO
Address 1450 DON MILLS ROAD TORONTO

Charge(s)
The charge(s) hereby charges the land to use charge(s). The charge(s) acknowledges the receipt of the charge and the standard charge terms, if any.

Name GLOBAL MILLS INC.
Address for Service 30 Hazelton Avenue Toronto, Ontario M5R 2E2

Name COMPUTERSHARE TRUST COMPANY OF CANADA
Address for Service 100 University Avenue, 8th Floor Toronto, Ontario M5J 2Y1
Loan No. 1164/13

Provisions
Principal \$21,000,000.00 Currency CDN
Calculation Period See Schedule
Balance Due Date 2014/06/05
Interest Rate See Schedule
Payments 2013 08 05
Interest Adjustment Date 2013 08 05
Payment Date 2013 08 05
First Payment Date 2014 06 05
Last Payment Date 200003
Standard Charge Terms Full Insurable value
Guarantor Norma Walton and Ronald Walton

Additional Provisions
See Schedules

Signed By
Roman Michael Yaroslav Pekaruk
2 Queen Street East Suite 1500 Toronto M5C 3G5
acting for Chargeor Signed 2013 07 31

Submitted By
BLANEY MCMURTRY LLP
2 Queen Street East Suite 1500 Toronto M5C 3G5
416-593-1221 Tel
416-593-5437 Fax
I have the authority to sign and register the document on behalf of the Chargeor(s).

LR# 60 Charge/Mortgage Registered as AT3364527 on 2013 07 31 at 09:44
The applicant(s) hereby applies to the Land Registrar Page 2 of 10

Submitted By

Fax 416-593-5437

Fees/Taxes/Payment

Statutory Registration Fee \$60.00

Total Paid \$60.00

File Number

Chargee Client File Number

08923280086

The Chargee authorizes the Chargee to obtain such additional financial information as the Chargee may require. Specifically, the Chargee and the Covenantors consent to the Chargee obtaining credit

Public Accounting Act

The Chargee shall provide the Chargee, within 120 days after the end of each fiscal year of the Chargee, or more often if requested by the Chargee, a detailed financial statement of the Chargee including a separate income and expense statement for the Premises, an operating statement and updated rent roll containing lease terms for the Premises, all satisfactory to the Chargee in form and content. The financial statement is to be prepared by an accountant licensed under the

FINANCIAL STATEMENTS

Commitment.

In all other respects, interest shall be paid in accordance with the provisions of the Mortgage

Chargee or the Chargee's solicitor.

All interest rates specified are nominal annual rates. The effective annual rate in any case will vary with payment frequency. All interest payable hereunder bears interest as well as before maturity, default and judgment with interest on overdue interest at the applicable rate payable hereunder. All interest payable hereunder bears interest from the date of advance of any portion of the loan to the Chargee's solicitor, whether or not such advance of the loan is released to the

Chargee.

Such interest rate shall be set with respect to amounts advanced on the day of each advance and shall be calculated daily on the fifth day of each month. Interest shall be calculated daily on the daily balance outstanding from time to time, before as well as after maturity, default or judgment, from the day of each advance. Such interest rate shall be determined upon the basis of a three hundred and sixty-five (365) day year, shall be calculated in accordance with the Chargee's usual practice (as to times and methods of calculation) and shall be adjusted automatically without notice to the

interest shall bear interest at the same rate as principal. Thereafter, interest shall be calculated daily and compounded and payable monthly. Overdue the principal sum owing from time to time for the first 9 months of the Term and 25.00% per annum for Canadian dollar loans ("Prime Rate") plus six per cent (6.00%) on the outstanding balance of rate established by HSBC Bank Canada ("HSBC") from time to time as HSBC's prime lending rate rate per annum (in either case, both before and after maturity, default and judgment) equal to the interest shall be charged at the greater of 9.00% per annum (the "Minimum Rate") and a variable rate per annum (the "Maximum Rate") and a variable

INTEREST RATE

shall prevail.

In the event of any inconsistency or conflict between any of the provisions of the Mortgage Commitment and any of the provisions of the Charge, the provisions of the Mortgage Commitment

the delivery and registration of the said security.

not limited to the Charge on the Premises, but shall remain in full force and effect, notwithstanding not merge on the closing and registration or delivery of the mortgage loan security, including, but may be amended from time to time (hereinafter referred to as the "Mortgage Commitment") shall behalf of the Chargee, entered into with the Chargee and the Covenantors dated July 24, 2013, as contained in the Commitment Letter issued by TRIZ CAPITAL LIMITED PARTNERSHIP on hereby acknowledge the terms, conditions, obligations, liabilities, warranties and representations The Chargee and the Covenantors by way of a separate Guarantee and Pledge of Chain,

NON-MERGER

This is a Schedule attached to a Charge/Mortgage between GLOBAL MILLS INC. (the "Chargee") and COMPUTERSHARE TRUST COMPANY OF CANADA (the "Chargee") as guaranteed by Norma Walton and Ronald Walton (collectively, the "Covenantors") relating to those lands and premises municipality known as 1450 Don Mills Road, Toronto, Ontario (the "Premises")

reports from the appropriate credit reporting agencies and relying on these reports when making decisions regarding advances under this loan.

PREPAYMENT

The Chargor, when not in default, may at any time, after a minimum of \$545,000.00 interest has been earned by the Chargee and paid to the Chargee and after the provision of no less than 30 days written notice, which notice must contain evidence satisfactory to the Chargee, of the source of funds to be used for repayment and must contain a date certain for the repayment ("Date Certain"), repay the whole of the obligations hereby secured hereunder to the Date Certain. Should the repayment be delayed past the Date Certain, a new minimum 30 day written notice must be provided as set out herein. If prepayment occurs prior to the Date Certain, interest must be paid to Date Certain. The Date Certain must be a business day that banks in the Province of British Columbia are open for business.

PARTIAL DISCHARGES

In accordance with the provisions of the Mortgage Commitment, no partial discharges are permitted.

The Premises may be subdivided or condominiumized only with the prior written consent of the Lender, which consent may be withheld by the lender in its sole, unfettered and absolute discretion.

INSURANCE

Insurance shall be provided to the Chargee in accordance with the provisions of Paragraph 16 of Standard Charge Terms 200033 and in accordance with the provisions of the Mortgage Commitment and shall be subject to the review and approval of the Insurance Consultant of the Chargee as contemplated in the Mortgage Commitment.

DUE ON SALE

Section 14 of Standard Charge Terms No. 200033 is hereby deleted and replaced with the following:

- (a) "The Chargor covenants and agrees with the Chargee that in the event of the Chargor selling, conveying, transferring or entering into an agreement for sale or transfer of title of the Premises hereby mortgaged to a purchaser or transferee not approved, in writing, by the Chargee, which approval shall not unreasonably be withheld, all monies hereby secured with accrued interest thereon shall at the option of the Chargee forthwith become due and payable."
- (b) "The Chargor Acknowledges and agrees that in the event there is any transfer or sale of the shares of or reconstituting of the Chargor which would result in a change of voting control or beneficial ownership thereof, such change shall be subject to the Chargee's prior written consent."

PROPERTY MANAGEMENT

The Chargor shall maintain at all times a property manager for the Premises satisfactory to the Chargee and on terms satisfactory to the Chargee. A change in the property manager without the Chargee's approval shall constitute an Event of Default as defined in the Mortgage Commitment.

RECEIVERSHIP

At the option of the Chargee, it shall constitute a default hereunder if the Chargor or the Covenantors shall become insolvent or be the subject of any bankruptcy, arrangement with creditors, proposal, amalgamation or any transaction or series of transactions which results in a change in control of the Chargor, re-organization, or any liquidation, winding-up, dissolution, or receivership or without the Chargee's consent, seeks continuation under the laws of any other jurisdiction. In the event of a default by the Chargor under this Charge, or if the Chargor or the Covenantors seeks relief under the *Companies' Creditors Arrangement Act* or other debtor relief legislation, the Chargor will, if requested by the Chargee establish a separate project bank account for the Premises.

Provided and without in any way limiting anything herein contained, in the event that:

- (g) The Chargor makes default in the payment of any principal or interest or any other monies required to be paid by the Chargor hereunder;
- (h) The Chargor fails to observe or perform any other covenant or agreement herein contained;
- (i) Any representation or warranty made herein by the Chargor is at any time while this Charge is outstanding not true;
- (j) Any construction lien is registered against any part of the Premises and is not removed within thirty-five days;
- (k) An order is made or a resolution passed for the winding up of the Chargor, or if a petition is filed for the winding up of the Chargor;
- (l) The Chargor becomes insolvent or makes an unauthorized assignment or bulk sale of the Chargor's assets or if a bankruptcy petition is filed or presented against the Chargor;
- (m) Any proceedings with respect to the Chargor are commenced under *The Companies Creditors Arrangement Act*;
- (n) An execution, sequestration, extent or any other process of any court becomes enforceable against the Chargor or if a distress or analogous process is levied upon the Premises or any part thereof, provided such execution, sequestration, extent, process of court, distress or analogous process is not in good faith being disputed by the Chargor;
- (o) The Chargor shall permit any sum which has been admitted as due by the Chargor or is not disputed to be due by the Chargor and which forms, or is capable of being made, a charge upon any of the Premises in priority to or ranking equally with the charge of this Charge to be or remain unpaid;
- (p) Any charge or encumbrance created or issued by the Chargor having the nature of a fixed and/or floating charge shall become enforceable, whether ranking in priority to, or pari passu with this Charge; or,
- (q) The Chargor ceases or threatens to cease to carry on its business or if the Chargor commits or threatens to commit any act of bankruptcy;

then, and in any such event, this Charge shall, at the option of the Chargee, be deemed to be in default.

Provided that, and notwithstanding anything herein contained, it is agreed that at any time and from time to time when this Charge shall be in default, and whether or not the principal has been accelerated, the Chargee may, with or without entry into possession of the Premises or any part thereof, and whether or not there has been such entry, by writing under its hand or at its option by application to a court of competent jurisdiction, for and during the period of such default, appoint a receiver-manager (the "Receiver") of the Premises or any part thereof and of the rents and profits thereof, or of only the rents and profits thereof, and with or without security, and may from time to time by similar writing remove any Receiver and appoint another and that, in making any such appointment or removal, the Chargee shall be deemed to be acting as the agent or attorney for the Chargor. Upon the appointment of a receiver, the following provisions shall apply:

- (a) A statutory declaration of the Chargee as to default under this Charge shall be conclusive evidence thereof for the purpose of the appointment of such Receiver;
- (b) Every such Receiver shall be the agent or attorney of the Chargor, whose appointment is irrevocable by the Chargor, for the collection of all rents or other money receivable in respect of the Premises or any part thereof, and the Chargor covenants and agrees to co-operate with and assist the receiver and execute such documentation as the receiver shall reasonably require, in order to effect the aforesaid purposes;
- (c) The Chargee may from time to time in writing fix the remuneration of the Receiver;
- (d) The Receiver shall so far as concerns responsibility for the Receiver's acts or omissions be deemed the agent or attorney of the Chargor and in no event the agent of the Chargee;

(a) The appointment of the Receiver by the Chargee shall not incur or create any liability on the part of the Chargee to the Receiver in any respect, and such appointment or anything which may be done by the Receiver or the removal of the Receiver or the termination of the receivership shall not have the effect of constituting the Chargee a mortgagee in possession in respect of the Premises or any part thereof.

(b) The Receiver shall have power to exercise any of the powers or discretions of the Chargee hereunder, and may rent or license for use any part of the Premises which may become vacant for such term and subject to such provisions as the Receiver may deem advisable or expedient, and in doing so the Receiver shall act as the attorney or agent of the Chargee and shall have the authority to execute under seal any lease in the name of and on behalf of the Chargee, and the Chargee undertakes to ratify and confirm whatever the Receiver may do in connection with the Premises.

(c) The Receiver shall have power to construct or complete any unfinished construction upon the Premises so that the Premises and the buildings thereon so completed shall be a complete structure.

(d) The Receiver shall have power to manage, operate, amend, repair, alter or extend the Premises or any part thereof as it deems expedient in the name of the Chargee and to carry on or concur in carrying on all or any part of the business of the Chargee.

(e) The Receiver may borrow or raise money on the security of all or any part of the Premises in priority to or ranking equal with or subordinate to the charge of the Chargee for such purpose as may be approved by the Chargee.

(f) The Receiver shall not be liable to the Chargee for money or damages other than the money actually received by the Receiver in respect of the Premises or any part thereof, and out of such money so received the Receiver shall, subject to other written directions from the Chargee, pay or make reasonable reserves for payment in the following order:

(i) the Receiver's remuneration and disbursements;

(ii) all obligations incurred by the Receiver in connection with the management, including leasing and licensing, operation, amendment, repair, alteration or extension of the Premises or any part thereof, and in borrowing or raising money on the security of the Premises, or any part thereof;

(iii) interest, principal and other money which may from time to time be or become charged upon the Premises in priority to the Chargee, and all taxes, insurance premiums and every other proper expenditure made or incurred by the Receiver in respect of the Premises or any part thereof;

(iv) to the Chargee all amounts due under the Charge and to the extent elected by the Chargee, amounts to become due hereunder for no more than two (2) months;

(v) and thereafter any surplus remaining in the hands of the Receiver shall be payable to the Chargee.

(k) The Chargee may at any time and from time to time terminate any such receivership by notice in writing under its hand to the Chargee and to the Receiver, and

(l) Save as to surplus money payable to the Chargee, the Chargee releases and discharges the Chargee and the Receiver from every claim of every nature, whether in damages or otherwise, arising by reason of anything done by the Chargee or the Receiver under the provisions of this section, unless such claim be the direct and proximate result of dishonesty or gross neglect.

ENVIRONMENTAL

The Chargee or agent of the Chargee may, at any time, before and after default and for any purpose deemed necessary by the Chargee, enter upon the Premises to inspect the Premises and buildings thereon. Without in any way limiting the generality of the foregoing, the Chargee (or its respective agents) may enter upon the Premises to conduct any environmental testing, site assessment, investigation or study deemed necessary by the Chargee and the reasonable cost of such testing,

assessment, investigation or study, as the case may be, with interest at the mortgage rate, shall be payable by the Chargor forthwith and shall be a charge upon the Premises. The exercise of any of the powers enumerated in this clause shall not deem the Chargee or its respective agents to be in possession, management or control of the Premises and building(s).

In consideration of the advance of funds by the Chargee, the Chargor and the Covenantors hereby agree that, in addition to any liability imposed on the Chargor and the Covenantors under any instrument evidencing or securing the loan indebtedness, the Chargor and the Covenantors shall be jointly and severally liable for any and all of the costs, expenses, damages or liabilities of the Chargee, its directors and officers (including without limitation, all reasonable legal fees) directly or indirectly arising out of or attributable to the use, generation, storage, release, threatened release, discharge, disposal or presence on, under or about the Premises of any hazardous or noxious substances and such liability shall survive foreclosure of the security for the loan and any other existing obligations of the Chargor and the Covenantors to the Chargee in respect of the loan and any other exercise by the Chargor of any remedies available to them for any default under the Charge.

In these provisions, "Requirements of Environmental Law" means all requirements of the common law or of statutes, regulations, by-laws, ordinances, treaties, judgments and decrees, and (whether or not they have the force of law) rules, policies, guidelines, orders, approvals, notices, permits, directives and the like, of any federal, territorial, provincial, regional, municipal or local judicial, regulatory or administrative agency, board or governmental authority relating to environmental or health or fire or safety matters, or any of them and the Premises and the activities carried out thereon (whether in the past, present or the future) including, but not limited to, all such requirements relating to: (i) the protection, preservation or remediation of the natural environment (the air, land, surface water or groundwater); (ii) the generation, handling, treatment, storage, transportation or disposal of or other dealing with solid, gaseous or liquid waste; and (iii) substances or conditions that are prohibited, controlled or otherwise regulated or are otherwise hazardous in fact (collectively "Hazardous Substances") such as contaminants, pollutants, toxic, dangerous or hazardous substances, toxic, dangerous or hazardous materials, designated substances, controlled products, including without limitation, wastes, subject wastes, urea formaldehyde foam type of insulation, asbestos or asbestos-containing materials, polychlorinated biphenyls ("PCB's") or PCB contaminated fluids or equipment, explosives, radioactive substances, petroleum and associated products, underground storage tanks or surface impoundments and (iv) the securing, protection, preservation and remediation of health, fire and/or safety concerns.

- (a) The Chargor, to the best of its knowledge and based on the environmental assessment report provided to the Chargee as of the date hereof, warrants and represents that:
- (i) The Premises have never been used as a land fill site or to store Hazardous Substances either above or below ground, in storage tanks or otherwise;
 - (ii) All Hazardous Substances used in connection with the business conducted on the Premises has at all times been received, handled, used, stored, treated, shipped and disposed of in strict compliance with all Environmental Laws;
 - (iii) No Hazardous Substances have been released into the environment or deposited, discharged, placed or disposed of at, on or near the Premises as a result of the conduct of the business on the Premises; and
 - (iv) No notices of any violation of any matters referred to above relating to the Premises or its use have been received by the Chargor and there are no directions, writs, injunctions, orders or judgments outstanding, no law suits, claims, proceedings, or investigations being instituted or filed.

For the purposes of the Mortgage Covenantment, a Hazardous Substance includes but is not limited to contaminants, pollutants, dangerous substances, gasoline, oil, liquid wastes, industrial wastes, whole liquid wastes, toxic substances, hazardous wastes, hazardous materials and hazardous substances as defined in or pursuant to any applicable Environmental Laws. Further the Chargor shall indemnify and save harmless the Chargee from any loss or liability whatsoever arising from any violation whatsoever of any law, regulation, ordinance, judgment, appraisal or decision in connection with hazardous risks or environmental risks.

The Chargor covenants that it will:

(i) promptly forthwith, at its own expense, any environment damage that may occur or be discovered on the Premises in the future;

(ii) comply with and monitor, on a regular basis, its compliance and the requirements of any tenant, subtenant, assignee or other occupant of the Premises with all requirements of Environmental Law;

(iii) notify the Chargee promptly of any event or occurrence that has given, or is likely to give, rise to a report, order, inquiry or investigation relating to a matter that may have an adverse effect on the financial position of the Chargee or the Premises or any action, suit or proceeding against the Chargee or others having an interest in the Premises relating to, or a violation of, the Requirements of Environmental Law, including any release, spill, emission, leakage, burning, injection, deposit, disposal, discharge, dispersal, leaching or migration of Hazardous Substances into, on or under the Premises, air and surface and ground water; and will also notify the Chargee promptly of any such above-mentioned information of which the Chargee has or receives knowledge relating to lands adjacent to the Premises;

(iv) not lease or consent to any sub-lease or assignment of any part of the Premises to a tenant, sub-tenant or assignee who may engage in, not permit any tenant, subtenant, assignee or occupant of the Premises to engage in, a business involving the generation of environmental contamination or the storing, handling, processing, manufacturing or disposing of Hazardous Substances in, on, under or from the Premises save and except in accordance with the Requirements of Environmental Law, and any lease, sub-lease, or assignment of any part of the Premises shall preserve as against any lessee, sub-lessee or assignee all of the rights of the Chargee herein;

(v) save and except for those Hazardous Substances which are present on, in or under the Premises in accordance with Requirements of Environmental Law and which have been disclosed to the Chargee in writing, remove, in accordance with all Requirements of Environmental Law, any Hazardous Substances from the Premises forthwith upon their discovery and advise the Chargee forthwith in writing of the procedures taken;

(vi) provide to the Chargee upon request such information, certification, or statutory declarations as to compliance with the provisions hereof and all Requirements of Environmental Law and conduct such environmental audits or the assessments as may be reasonably necessary to ensure compliance with the Requirements of Environmental Law, and provide to the Chargee copies of any environmental, soil, safety or health reports or studies in respect of the Premises that it receives or possesses from time to time; and

(vii) permit the Chargee to conduct inspections and appraisals of all or any of its records, business and property relating to the Premises at any time and from time to time to monitor compliance with the Requirements of Environmental Law.

The Chargee and the Government further covenant that they will be liable for and fully indemnify the Chargee for any and all costs, expenses, damages or liabilities (including legal fees on a solicitor and his own client basis and any environmental remediation costs incurred by the Chargee) directly or indirectly arising out of or attributable to the non-compliance of the Chargee or its tenants, employees, or agents with the Requirements of Environmental Law and all such costs, expenses, damages or liabilities shall be secured hereby, and all such liability and indemnity shall survive the repayment of the indebtedness secured hereby, notwithstanding the Chargee and any other exercise by the Chargee of any remedies available to it against the Chargee or Government.

PLENS

The Chargee shall provide such additional security, information, documentation and assurances as may be required from time to time by the Chargee during the currency of this Charge to determine and to establish and preserve, in all respects, the priority of this Charge and all advances made hereunder over any rights of lien claimants pursuant to the provisions of the *Companies Law*. If the Chargee makes any payment in connection with the determination, establishment or preservation of its priority, whether such payment is made to a lien claimant or other person claiming an interest in the Premises or is paid into court, then the amount or amounts so paid and all costs, charges and expenses incurred in connection therewith shall be forthwith payable to the Chargee by the Chargee and shall be a charge on the Premises and shall be added to the debt hereby secured and shall bear interest at the applicable rate and, in default of payment, the powers of sale

and other remedies hereunder may be exercised. It is further agreed that the Chargee shall not become a mortgagee in possession by reason only of exercising any of the rights given to it under the paragraph or in making any payment to preserve, protect or secure the Premises.

EXPROPRIATION

In the event the whole or any part of the Premises is expropriated, the Chargee agrees all proceeds received from any such expropriation shall be paid directly to the Chargee provided that upon the payment of all amounts secured by this Charge, the Chargee shall have no further claim to any such proceeds.

ADDITIONAL FINANCING

The Chargee shall not, from and after the date of the registration of this Charge, further mortgage, charge or otherwise encumber the Premises without the prior written consent of the Chargee. Failure to comply with this provision shall at the option of the Chargee constitute an event of default under the Charge. If the Chargee defaults in the payment of any instrument of principal or interest payable under any subsequent Charge/Mortgage or other encumbrance affecting the Premises, whether the Chargee has conserved (therein or not), or in the observance or performance of any of the agreements, terms or provisions of any such Charge/Mortgage or other encumbrance, then at the option of the Chargee, the entire principal secured under this Charge, together with all accrued and unpaid interest, shall become due and payable at the option of the Chargee and the Chargee shall be entitled to exercise all of its rights and remedies hereunder.

ADDITIONAL SECURITY

The Chargee acknowledges a General Assignment of Rights and General Security Agreement (collectively the "Additional Security") are being given as further security to this Charge, which Additional Security is being granted by the Chargee to the Chargee and any default under the Additional Security shall constitute default under this Charge and any default under this Charge shall constitute default under the Additional Security and at the option of the Chargee to acquire the entire principal secured under this Charge together with all accrued and unpaid interest to become due and payable. Payment under the Additional Security shall constitute payment under this Charge and payment on account of this Charge shall constitute payment under the Additional Security.

It is agreed the Chargee's rights hereunder shall in no way merge or be affected by any proceedings the Chargee may take under the Additional Security and the Chargee shall not be required to take proceedings under such Additional Security or any part thereof before proceedings under this Charge, and conversely, no proceedings under this Charge shall in any way affect the rights of the Chargee under such Additional Security and the Chargee shall not be required to take proceedings under this Charge before proceedings under the Additional Security or any part thereof.

Upon request from the Chargee, the Chargee agrees forthwith upon delivery from time to time of any shares in which it has an ownership interest (including replacement shares) relating to the Premises, it shall promptly notify the Chargee, and its solicitors, of such delivery and shall forthwith supply the Chargee with all serial numbers and a description of such shares for the purposes of the aforementioned General Security Agreement, which description shall include make and model. The Chargee further agrees to provide written evidence of proof of purchase of the shares, free of encumbrances, and of insurance of same, both in the form and content satisfactory to the Chargee.

INDEBTING

In the event the Chargee defaults with respect to any undertakings delivered to the Chargee in consideration of the advance of funds under this Charge or with respect to any covenant contained in the terms and provisions contained in this Charge or the Additional Security, such default will be an event of default under this Charge.

CHARGEOR SHAREHOLDERS

The Chargee and the Chargeors covenant and agree with the Chargee that it will not, transfer, encumber, hypothecate or dispose of any of the shares in the Chargee to persons or entities other than the Chargeors without the prior written consent of the Chargee, such consent not to be unreasonably withheld. In the event the approval and consent of the Chargee is not first obtained with respect to the foregoing, it is agreed all monies secured hereunder with accrued interest thereon

shall, at the option of the Chargee, forthwith become due and payable and the Chargee shall have the right and option to exercise all its rights and remedies hereunder.

PLACE OF PAYMENTS

All payments under this Charge shall be paid to the Chargee at its office in Vancouver, British Columbia herein described or as it or its agents may otherwise direct, before 1:00 p.m. Pacific Standard Time on a business date. The parties agree any payment received after 1:00 p.m. shall be deemed to have been made on the banking day next following.

NOTICE

Any notice, direction or other instrument required or permitted to be given under the provisions of this Charge shall be in writing and may be given by delivering same or mailing same or sending same by telex, telecommunication, facsimile or other similar form of communication, in each case addressed to the Chargee c/o Trizec Capital Limited Partnership, Suite 1550, 1185 West Georgia Street, Vancouver, B.C. V6H 4E6, and to the Chargee at the address as set out herein. Any notice, direction or instrument forwarded, shall if delivered, be deemed to have been given or made on the date it was so delivered; if sent by prepaid registered mail, be deemed to have been given or made the fifth day following the day on which it was so mailed, and if sent by telex, telegram, telecommunication, facsimile or other similar form of communication, be deemed to have been given or made on the day it was so sent. Any party may give written notice of change of address in the same manner, in which event any such notice shall thereafter be given to it as above provided at such changed address. In the event of interruption, for any reason, in one or more of the forms of communications listed above, the parties shall use a form which is not so interrupted with the intent that the form of communication used will give the addressee timely notice of the communication.

CROSS DEFAULT

In addition to the security granted hereunder, this Charge is given as further collateral security to charges registered or to be registered, or security granted or to be granted, in favour of the Chargee against other lands and premises of the Chargee or Covenants (the "Other Security"). Default hereunder shall constitute default under the Other Security and default under any or all of the Other Security shall constitute default hereunder.

STANDARD CHARGE TERMS

In the event of any discrepancy between the provisions contained in this Schedule and the provisions contained in Standard Charge Terms No. 206033, the provisions of this Schedule shall prevail.

LRO # 20 Notice Of Assignment Of Rents-General

Registered as AT3364528 on 2013 07 31 at 08:44

The applicant(s) hereby applies to the Land Registrar.

yyyy mm dd Page 1 of 5

Properties

PIN 10117 - 0593 LT
Description PT LT 10 CON 3 EYS TWP OF YORK AS IN T6365870; S/T NY390043, TORONTO (N YORK), CITY OF TORONTO
Address 1450 CON MILLS ROAD
 TORONTO

Applicant(s)

The assignor(s) hereby assigns their interest in the rents of the above described land. The notice is based on or attests a valid and existing estate, right, interest or equity in land.

Name GLOBAL MILLS INC.
Address for Service 30 Hazelton Avenue
 Toronto, Ontario
 M5R 2E2

I, Norma Watton, President, have the authority to bind the corporation.
 This document is not authorized under Power of Attorney by this party.

Party To(s)

Capacity

Share

Name COMPUTERSHARE TRUST COMPANY OF CANADA
Address for Service 100 University Avenue, 9th Floor
 Toronto, Ontario
 M5J 2Y1

Statements

The applicant applies for the entry of a notice of general assignment of rents.

This notice may be deleted by the Land Registrar when the registered instrument, AT3364527 registered on 2013/07/31 to which this notice relates is deleted

Schedule: See Schedules

Signed By

Roman Michael Yaroslav Pekaruk 2 Queen Street East Suite 1500 acting for Signed 2013 07 31
 Toronto Applicant(s)
 M5C 3G5

Tel 416-593-1221

Fax 416-593-5437

I have the authority to sign and register the document on behalf of all parties to the document.

Roman Michael Yaroslav Pekaruk 2 Queen Street East Suite 1500 acting for Party To Signed 2013 07 31
 Toronto (s)
 M5C 3G5

Tel 416-593-1221

Fax 416-593-5437

I have the authority to sign and register the document on behalf of all parties to the document.

Submitted By

BLANEY MCMURTRY LLP 2 Queen Street East Suite 1500 2013 07 31
 Toronto
 M5C 3G5

Tel 416-593-1221

Fax 416-593-5437

Fees/Taxes/Payment

Statutory Registration Fee \$80.00
Total Paid \$80.00

LRO # 80 Notice Of Assignment Of Rents-General

Registered as AT3384528 on 2013 07 31 at 09:44

The applicant(s) hereby applies to the Land Registrar.

yyyy mm dd Page 2 of 5

File Number

Party To Client File Number:

0892250086

GENERAL ASSIGNMENT OF RENTS

BEIT W E N E

GLOBAL MILLS INC.

(hereinafter called the "Assignor")

OF THE FIRST PARTY,

and

COMPUTERSHARE TRUST COMPANY OF CANADA,

(hereinafter called the "Assignee")

OF THE SECOND PARTY,

As security for the payment for all obligations, indebtedness and liability of the Assignor to the Assignee under a certain Charge/Mortgage, and any amendments thereto and extensions thereof (the "Charge"), given by the Assignor to the Assignee on the interest in those lands and premises described on page 1 of the Notice of Assignment of Rents-General to which this document is attached (the "Lands"), whether such obligations, indebtedness or liabilities are incurred prior to, at the time of, or subsequent to, the execution of this Assignment, the Assignor hereby grants, assigns and transfers to the Assignee

(a) All leases, licenses and other agreements pertaining the occupation or use of the Lands or any part thereof, whether in existence at the date of this Assignment or hereafter, and all renewals thereof (all of which leases, licenses and other agreements are hereinafter referred to as "Leases") and any guarantee of all or any of the obligations under any of the Leases; and

(b) All rents, income, receipts, profits and other monies payable to the Assignor under the Leases including, without limiting the generality of the foregoing, all rents, income, subsidies or payments received from any and all competent governmental authorities (all of which rents, income receipts, profits and other monies are hereinafter referred to as "Rents").

In the event of default under the Charge or herein, the Assignee may at its option enter upon the Lands and collect in the name of the Assignor or in its own name as Assignee, the Rents accrued but unpaid and in arrears at the date of such default, as well as the Rents hereafter accruing and becoming payable during the period of the default. The Assignor shall from time to time forthwith on the Assignee's request, do, make and execute all notices and directions to tenants directing the payment of Rents to the Assignee and other documents, acts, matters and things, as may be required by the Assignee in order to collect Rents or otherwise give effect to these presents, and the Assignor hereby consents and appoints any officer of the Assignee, or any receiver appointed by the Court as hereinafter set out, the true and lawful Attorney of the Assignor irrevocably with power of substitution to do, make and execute all such notices, directions, documents, acts, matters or things with the right to use the name of the Assignor whenever and wherever it may be deemed necessary or expedient.

The Assignor shall from time to time forthwith on request furnish to the Assignee in writing all books and information requested relating to Rents and the Assignee shall be entitled from time to time to have access to the lands and/or other premises occupied by the Assignor to order to inspect such books or information

In the event of default under the Charge or herein, the Assignee may, in addition to any other rights, appoint by instrument in writing a receiver or receiver-manager in connection with the Rents and remove or replace such receiver or receiver-manager from time to time or may institute proceedings in any court of competent jurisdiction for the appointment of such receiver or receiver-manager. Where the Assignee is hereinafter in this Assignment referred to, the term shall, where the context permits, include any receiver or receiver-

manager so appointed and the officers, employees, servants or agents of such receiver or receiver-manager.

5. In the event of default under the Charge or herein, the Assignee may, at its option, take over and assume the management, operation and maintenance of the Lands and perform all acts necessary and proper with respect to such management, operation and maintenance and expend such sums out of the income of the Lands as may be needed in connection therewith, in such manner and to the same extent as the Assignor, including the right to effect new Leases, renew existing Leases or make concessions to tenants and the Assignor hereby releases all claims against the Assignee arising out of such management, operation and maintenance, save and except the liability of the Assignee to account.
6. The Assignor represents and warrants to, and covenants and agrees with, the Assignee that:
 - (a) all Leases are valid, enforceable and in full force and effect;
 - (b) the Assignor has not done and will not do or omit to do any act having the effect of terminating, cancelling or accepting surrender of any of the Leases, or of waiving, releasing, reducing or abating any rights or remedies of the Assignor, or obligations of any other party thereunder or in connection therewith without the prior written consent of the Assignee;
 - (c) none of such rights, remedies and obligations are or will be affected by any other agreement, document or understanding or by any reduction, abatement, defence, set-off or counterclaim;
 - (d) none of the Leases or the Assignor's rights thereunder (including the right to receive the Rentals) have been or will be amended, assigned, encumbered, discounted or anticipated, except as currently disclosed by the records of the Land Registry Office, and same shall not be, except with the prior written consent of the Assignee;
 - (e) none of the Rentals have been or will be paid prior to the due date for payment thereof except as provided in the Leases;
 - (f) the Assignor will observe and perform all of its obligations under the Leases;
 - (g) there has been no default under any of the Leases by any of the parties thereto of which the Assignor has notice;
 - (h) there is no outstanding dispute under any of the Leases by any of the parties thereto; and,
 - (i) neither the Assignor nor any previous owner of the Lands has executed a prior assignment of the Leases or the Rentals except as currently disclosed by the records of the Land Registry Office.
7. The Assignor hereby covenants and warrants that a further assignment of Leases or Rentals shall not be granted unless the Assignor provides the Assignee with an acknowledgement from any subsequent creditor that this Assignment shall have full priority over any such further assignment.
8. Nothing herein contained shall have the effect of making the Assignee responsible for the collection of Rentals or any part thereof, or for the performance of any of the obligations or conditions under or in respect of the Leases or any of them to be observed and performed by the Assignor, or to take any action or enforce any remedy against any person with respect to any breach of any of the Leases, and that the Assignee shall not by virtue of this Assignment, or its receipt of the Rentals or any part thereof, become or be deemed a mortgagee in possession. The Assignee shall be liable to account for only such monies as shall actually come into its hands, less proper collection charges, provided that such monies may be applied on account of any indebtedness of the Assignor to the Assignee.
9. The Assignor shall be entitled to collect and receive the Rentals as they become due under the Leases unless and until default occurs under the Charge or herein and the Assignee gives notice to any tenant, user, occupier, licensee or other party entitled to occupation or use of any part of the Lands under any of the Leases requiring that the Rentals be paid to the

Assignee, but nothing in this section 9 shall permit or authorize the Assignor to collect any of the Rentals prior to their due date.

10. None of the rights or remedies of the Assignor under the Charge shall be delayed or in any way prejudiced by this Assignment. Notwithstanding any variation of the terms of the Charge or any extension of time for payment of the monies secured by the Charge or any part thereof or any release of part or parts of the premises or any collateral security, the Leases and the Rentals hereby assigned shall continue as collateral security until all monies secured by the Charge have been paid in full.
11. Save as otherwise agreed between the parties in writing, and save as hereinafter set out, the Assignment and the Charge collectively constitute the entire agreement between the parties as regards the assignment of Leases and Rentals and the rights and liabilities of the parties and there are no other representations, collateral agreements or conditions in respect of the Leases or Rentals. This Assignment is in addition to and not in substitution for any other agreement between the parties including, without limiting the generality of the foregoing, any agreement creating a security interest in the Leases or Rentals and whether heretofore or hereinafter made, and the terms of such agreement or agreements shall be deemed to be continued unless expressly provided to the contrary in writing and signed by the parties.
12. Any notice required by or given under or in connection with this Assignment may be effectively given if it is in written form and given in the same manner and extent as provided for in the Charge.
13. If any term of this Assignment or the application to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Assignment or the application of such term to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term of this Assignment shall be separately valid and enforceable to the fullest extent permitted by law.
14. Any receiver or receiver-manager appointed out of this Assignment or by any Court shall be deemed to be an agent or agents of the Assignor and the Assignor shall be solely responsible for his or its or their acts and for his or its or their remuneration and expenses and the Assignee shall not be in any way responsible for any misconduct or negligence on the part of any such receiver or receiver-manager.
15. In the event that all amounts receivable under the Charge are received in full, the Assignor shall be entitled, at its sole expense to receive a discharge of this Assignment.
16. A discharge of the Charge shall operate as a reassignment to the Assignor of the rentals and leases referred to herein.
17. This Assignment shall be interpreted in accordance with the laws of the Province of Ontario.
18. This Assignment and everything contained herein shall extend to and bind and may be taken advantage of by the respective heirs, executors, administrators, successors and assigns, as the case may be, of each and every of the parties hereto and where there is more than one Assignor or there is a female party or a corporation, the provisions hereof shall be read with all grammatical changes thereby rendered necessary and where there is more than one Assignor all covenants shall be deemed to be joint and several.
19. Provided (i) (i) an Event of Default has not occurred, or if occurred is no longer continuing, and (ii) the Assignor complies with the requirements of the first mortgagee, then the Assignor may, without the Assignee's consent, from time to time (i) agree to amend the existing leases so long as such amendments are commercially reasonable, and do not release such tenants or reduce such tenants' rental obligations under the lease except in the ordinary course of its business acting as would a prudent landlord, and (ii) agree to lease premises in the Project, acting as a prudent landlord, to replacement tenant(s) at fair market terms.

LRO # 80 Charge/Mortgage

Registered as AT3364527 on 2013 07 31 at 09:44

The applicant(s) hereby applies to the Land Registrar.

yyyy mm dd Page 1 of 10

Properties

PIN 10117 - 0593 LT Interest/Estate Fee Simple
 Description PT LT 10 CON 3 EYS TWP OF YORK AS IN TB395970; S/T NY380043; TORONTO (N YORK), CITY OF TORONTO
 Address 1450 DON MILLS ROAD
 TORONTO

Chargor(s)

The chargor(s) hereby charges the land to the chargee(s). This chargor(s) acknowledges the receipt of the charge and the standard charge terms, if any.

Name GLOBAL MILLS INC.
 Address for Service 30 Hazelton Avenue
 Toronto, Ontario
 M5R 2E2

I, Norma Walton, President, have the authority to bind the corporation.
 This document is not authorized under Power of Attorney by this party.

Chargee(s) Capacity Share

Name COMPUTERSHARE TRUST COMPANY OF CANADA
 Address for Service 100 University Avenue, 9th Floor
 Toronto, Ontario
 M5J 2Y1
 Loan No. 1164/13

Provisions

Principal \$21,000,000.00 Currency CDN
 Calculation Period See Schedule
 Balance Due Date 2014/06/05
 Interest Rate See Schedule
 Payments
 Interest Adjustment Date 2013 08 05
 Payment Date 5th monthly
 First Payment Date 2013 09 05
 Last Payment Date 2014 06 05
 Standard Charge Terms 200033
 Insurance Amount full insurable value
 Guarantor Norma Walton and Ronald Walton

Additional Provisions

See Schedules

Signed By

Roman Michael Yaroslawa Pekaruk 2 Queen Street East Suite 1500 acting for Chargor Signed 2013 07 31
 Toronto (s)
 MSC 3G5

Tel 416-593-1221
 Fax 416-593-5437

I have the authority to sign and register the document on behalf of the Chargor(s).

Submitted By

ELANEY MCMURTRY LLP 2 Queen Street East Suite 1500 2013 07 31
 Toronto
 MSC 3G5

Tel 416-593-1221

This is a Schedule attached to a Charge/Mortgage between GLOBAL MILLS INC. (the "Chargee") and COMPUTERSHARE TRUST COMPANY OF CANADA (the "Charge") as guaranteed by Norma Walton and Ronald Walton (collectively, the "Covenantors") relating to those lands and premises municipally known as 1450 Don Mills Road, Toronto, Ontario (the "Premises")

NON-MEMBER

The Chargee and the Covenantors by way of a separate Guarantee and Repeachment of Charge, hereby acknowledge the terms, conditions, obligations, liabilities, warranties and representations contained in the Commitment Letter issued by TRIZ CAPITAL LIMITED PARTNERSHIP on behalf of the Chargee, entered into with the Chargee and the Covenantors dated July 24, 2013, as may be amended from time to time (hereinafter referred to as the "Mortgage Commitment") shall not merge on the closing and registration or delivery of the mortgage loan security, including, but not limited to the Chargee on the Premises, but shall remain in full force and effect, notwithstanding the delivery and registration of the said security.

In the event of any inconsistency or conflict between any of the provisions of the Mortgage Commitment and any of the provisions of the Charge, the provisions of the Mortgage Commitment shall prevail.

INTEREST RATE

Interest shall be charged at the greater of 9.00% per annum (the "Minimum Rate") and a variable rate per annum (in either case, both before and after maturity, default and judgment) equal to the rate established by HSBC Bank Canada ("HSBC") from time to time as HSBC's prime lending rate for Canadian dollar loans ("Prime Rate") plus six per cent (6.00%) on the outstanding balance of the principal sum owing from time to time for the first 9 months of the Term and 25.00% per annum thereafter. Interest shall be calculated daily and compounded and payable monthly. Overdue interest shall bear interest at the same rate as principal.

Such interest rate shall be set with respect to amounts advanced on the day of each advance and thereafter monthly on the fifth day of each month. Interest shall be calculated daily on the daily balance outstanding from time to time, before as well as after maturity, default or judgment, from the date of each advance. Such interest rate shall be determined upon the basis of a three hundred and sixty-five (365) day year, shall be calculated in accordance with the Chargee's usual practice (as to times and methods of calculation) and shall be adjusted automatically without notice to the Chargee.

All interest rates specified are nominal annual rates. The effective annual rate in any case will vary with payment frequency. All interest payable hereunder bears interest as well after as before maturity, default and judgment with interest on overdue interest at the applicable rate payable hereunder. All interest payable hereunder bears interest from the date of advance of any portion of the loan to the Chargee's solicitor, whether or not such advance of the loan is released to the Chargee or the Chargee's solicitor.

In all other respects, interest shall be paid in accordance with the provisions of the Mortgage Commitment.

FINANCIAL STATEMENTS

The Chargee shall provide the Chargee, within 120 days after the end of each fiscal year of the Chargee, or more often if requested by the Chargee, a detailed financial statement of the Chargee including a separate income and expense statement for the Premises, an operating statement and updated rent roll covering relevant lease terms for the Premises, all satisfactory to the Chargee in form and content. The financial statement is to be prepared by an accountant licensed under the *Public Accounting Act*.

The Chargee authorizes the Chargee to obtain such additional financial information as the Chargee may require. Specifically, the Chargee and the Covenantors consent to the Chargee obtaining credit

reports from the appropriate credit reporting agencies and relying on these reports when making decisions regarding advances under this loan.

PREPAYMENT

The Chargor, when not in default, may at any time, after a minimum of \$945,000.00 interest has been earned by the Chargee and paid to the Chargee and after the provision of no less than 30 days written notice, which notice must contain evidence satisfactory to the Chargee, of the source of funds to be used for repayment and must contain a date certain for the repayment ("Date Certain"), repay the whole of the obligations hereby secured hereunder to the Date Certain. Should the repayment be delayed past the Date Certain, a new minimum 30 day written notice must be provided as set out herein. If prepayment occurs prior to the Date Certain, interest must be paid to Date Certain. The Date Certain must be a business day that banks in the Province of British Columbia are open for business.

PARTIAL DISCHARGES

In accordance with the provisions of the Mortgage Commitment, no partial discharges are permitted.

The Premises may be subdivided or condominiumized only with the prior written consent of the Lender, which consent may be withheld by the lender in its sole, unfettered and absolute discretion.

INSURANCE

Insurance shall be provided to the Chargee in accordance with the provisions of Paragraph 16 of Standard Charge Terms 200033 and in accordance with the provisions of the Mortgage Commitment and shall be subject to the review and approval of the Insurance Consultant of the Chargee as contemplated in the Mortgage Commitment.

DUE ON SALE

Section 14 of Standard Charge Terms No. 200033 is hereby deleted and replaced with the following:

- (a) "The Chargor covenants and agrees with the Chargee that in the event of the Chargor selling, conveying, transferring or entering into an agreement for sale or transfer of title of the Premises hereby mortgaged to a purchaser or transferee not approved, in writing, by the Chargee, which approval shall not unreasonably be withheld, all monies hereby secured with accrued interest thereon shall at the option of the Chargee forthwith become due and payable."
- (b) "The Chargor Acknowledges and agrees that in the event there is any transfer or sale of the shares of or reconstituting of the Chargor which would result in a change of voting control or beneficial ownership thereof, such change shall be subject to the Chargee's prior written consent."

PROPERTY MANAGEMENT

The Chargor shall maintain at all times a property manager for the Premises satisfactory to the Chargee and on terms satisfactory to the Chargee. A change in the property manager without the Chargee's approval shall constitute an Even of Default as defined in the Mortgage Commitment.

RECEIVERSHIP

At the option of the Chargee, it shall constitute a default hereunder if the Chargor or the Covenantors shall become insolvent or be the subject of any bankruptcy, arrangement with creditors, proposal, amalgamation or any transaction or series of transactions which results in a change in control of the Chargor, re-organization, or any liquidation, winding-up, dissolution, or receivership or without the Chargee's consent, seeks continuation under the laws of any other jurisdiction. In the event of a default by the Chargor under this Charge, or if the Chargor or the Covenantors seeks relief under the *Companies' Creditors Arrangement Act* or other debtor relief legislation, the Chargor will, if requested by the Chargee establish a separate project bank account for the Premises.

Provided and without in any way limiting anything herein contained, in the event that:

- (a) The Chargor makes default in the payment of any principal or interest or any other monies required to be paid by the Chargor hereunder;
- (b) The Chargor fails to observe or perform any other covenant or agreement herein contained;
- (c) Any representation or warranty made herein by the Chargor is at any time while this Charge is outstanding not true;
- (d) Any construction lien is registered against any part of the Premises and is not removed within thirty-five days;
- (e) An order is made or a resolution passed for the winding up of the Chargor, or if a petition is filed for the winding up of the Chargor;
- (f) The Chargor becomes insolvent or makes an unauthorized assignment or bulk sale of the Chargor's assets or if a bankruptcy petition is filed or presented against the Chargor;
- (g) Any proceedings with respect to the Chargor are commenced under *The Companies' Creditors Arrangement Act*;
- (h) An execution, sequestration, extent or any other process of any court becomes enforceable against the Chargor or if a distress or analogous process is levied upon the Premises or any part thereof, provided such execution, sequestration, extent, process of court, distress or analogous process is not in good faith being disputed by the Chargor;
- (i) The Chargor shall permit any sum which has been admitted as due by the Chargor or is not disputed to be due by the Chargor and which forms, or is capable of being made, a charge upon any of the Premises in priority to or ranking equally with the charge of this Charge to be or remain unpaid;
- (j) Any charge or encumbrance created or issued by the Chargor having the nature of a fixed and/or floating charge shall become enforceable, whether ranking in priority to, or pari passu with this Charge; or,
- (k) The Chargor ceases or threatens to cease to carry on its business or if the Chargor commits or threatens to commit any act of bankruptcy;

then, and in any such event, this Charge shall, at the option of the Chargee, be deemed to be in default.

Provided that, and notwithstanding anything herein contained, it is agreed that at any time and from time to time when this Charge shall be in default, and whether or not the principal has been accelerated, the Chargee may, with or without entry into possession of the Premises or any part thereof, and whether or not there has been such entry, by writing under its hand or at its option by application to a court of competent jurisdiction, for and during the period of such default, appoint a receiver-manager (the "Receiver") of the Premises or any part thereof and of the rents and profits thereof, or of only the rents and profits thereof, and with or without security, and may from time to time by similar writing remove any Receiver and appoint another and that, in making any such appointment or removal, the Chargee shall be deemed to be acting as the agent or attorney for the Chargor. Upon the appointment of a receiver, the following provisions shall apply:

- (a) A statutory declaration of the Chargee as to default under this Charge shall be conclusive evidence thereof for the purpose of the appointment of such Receiver;
- (b) Every such Receiver shall be the agent or attorney of the Chargor, whose appointment is irrevocable by the Chargee, for the collection of all rents or other money receivable in respect of the Premises or any part thereof, and the Chargor covenants and agrees to co-operate with and assist the receiver and execute such documentation as the receiver shall reasonably require, in order to effect the aforesaid purposes;
- (c) The Chargee may from time to time in writing fix the remuneration of the Receiver;
- (d) The Receiver shall so far as concerns responsibility for the Receiver's acts or omissions be deemed the agent or attorney of the Chargor and in no event the agent of the Chargee;

- (e) The appointment of the Receiver by the Chargee shall not incur or create any liability on the part of the Chargee to the Receiver in any respect, and such appointment or anything which may be done by the Receiver or the removal of the Receiver or the termination of the receivership shall not have the effect of constituting the Chargee a mortgagee in possession in respect of the Premises or any part thereof;
- (f) The Receiver shall have power to exercise any of the powers or discretions of the Chargee hereunder, and may rent or license for use any part of the Premises which may become vacant for such term and subject to such provisions as the Receiver may deem advisable or expedient, and in doing so the Receiver shall act as the attorney or agent of the Chargor and shall have the authority to execute under seal any lease in the name of and on behalf of the Chargor, and the Chargor undertakes to ratify and confirm whatever the Receiver may do in connection with the Premises;
- (g) The Receiver shall have power to construct or complete any unfinished construction upon the Premises so that the Premises and the buildings thereon so completed shall be a complete structure;
- (h) The Receiver shall have power to manage, operate, amend, repair, alter or extend the Premises or any part thereof as it deems expedient in the name of the Chargor and to carry on or concur in carrying on all or any part of the business of the Chargor;
- (i) The Receiver may borrow or raise money on the security of all or any part of the Premises in priority to or ranking equal with or subordinate to the charge of this Charge for such purpose as may be approved by the Chargee;
- (j) The Receiver shall not be liable to the Chargor to account for money or damages other than the money actually received by the Receiver in respect of the Premises or any part thereof, and out of such money so received the Receiver shall, subject to other written directions from the Chargee, pay or make reasonable reserves for payment in the following order:
 - (i) the Receiver's remuneration and disbursements;
 - (ii) all obligations incurred by the Receiver in connection with the management, including leasing and licensing, operation, amendment, repair, alteration or extension of the Premises or any part thereof, and in borrowing or raising money on the security of the Premises, or any part thereof;
 - (iii) interest, principal and other money which may from time to time be or become charged upon the Premises in priority to this Charge, and all taxes, insurance premiums and every other proper expenditure made or incurred by the Receiver in respect of the Premises or any part thereof;
 - (iv) to the Chargee all amounts due under this Charge and to the extent elected by the Chargee, amounts to become due hereunder for no more than two (2) months;
 - (v) and thereafter any surplus remaining in the hands of the Receiver shall be payable to the Chargor.
- (k) ~~The Chargee may at any time and from time to time terminate any such receivership by~~ voice in writing under its hand to the Chargor and to the Receiver; and
- (l) Save as to surplus money payable to the Chargor, the Chargor releases and discharges the Chargee and the Receiver from every claim of every nature, whether in damages or otherwise, arising by reason of anything done by the Chargee or the Receiver under the provisions of this section, unless such claim be the direct and proximate result of dishonesty or gross neglect.

ENVIRONMENTAL

The Chargee or agent of the Chargee may, at any time, before and after default, and for any purpose deemed necessary by the Chargee, enter upon the Premises to inspect the Premises and buildings thereon. Without in any way limiting the generality of the foregoing, the Chargee (or its respective agents) may enter upon the Premises to conduct any environmental testing, site assessment, investigation or study deemed necessary by the Chargee and the reasonable cost of such testing,

assessment, investigation or study, as the case may be, with interest at the mortgage rate, shall be payable by the Chargor forthwith and shall be a charge upon the Premises. The exercise of any of the powers conferred in this clause shall not deem the Chargor or its respective agents to be in possession, management or control of the Premises and building(s).

In consideration of the advance of funds by the Chargor, the Chargor and the Covenantors hereby agree that, in addition to any liability imposed on the Chargor and the Covenantors under any instrument evidencing or securing the loan indebtedness, the Chargor and the Covenantors shall be jointly and severally liable for any and all of the costs, expenses, damages or liabilities of the Chargor, its directors and officers (including without limitation, all reasonable legal fees) directly or indirectly arising out of or attributable to the use, generation, storage, release, threatened release, discharge, disposal or presence on, under or about the Premises of any hazardous or noxious substances and such liability shall survive foreclosure of the security for the loan and any other existing obligations of the Covenantors to the Chargor in respect of the loan and any other charge. Any other exercise by the Chargor of any remedies available to them for any default under the

In these provisions, "Requirements of Environmental Law" means all requirements of the common law or of statutes, regulations, by-laws, ordinances, treaties, judgments and decrees, and (whether or not they have the force of law) rules, policies, guidelines, orders, approvals, notices, permits, directives and the like, of any federal, territorial, provincial, regional, municipal or local judicial, regulatory or administrative agency, board or governmental authority relating to environmental or health or fire or safety matters, or any of them and the Premises and the activities carried out thereon (whether in the past, present or the future) including, but not limited to, all such requirements relating to: (i) the prevention, preservation or remediation of the natural environment (the air, land, surface water or groundwater); (ii) the generation, handling, treatment, storage, transportation or disposal of or other dealing with solid, gaseous or liquid wastes; and (iii) substances or conditions that are prohibited, controlled or otherwise regulated or are otherwise hazardous in fact (collectively "Hazardous Substances") such as contaminants, pollutants, toxic, dangerous or hazardous substances, toxic, dangerous or hazardous materials, designated substances, controlled products, including without limitation, wastes, subject wastes, urea formaldehyde foam type of insulation, asbestos-containing materials, polydichlorinated biphenyls ("PCBs") or PCBs, contaminated fluids or equipment, explosives, radioactive substances, petroleum and associated products, underground storage tanks or surface impoundments and (iv) the securing, protection, preservation and remediation of health, life and/or safety concerns.

- (a) The Chargor, to the best of its knowledge and based on the environmental assessment report provided to the Chargor as of the date hereof, warrants and represents that:
- (i) The Premises have never been used as a land fill site or to store hazardous substances either above or below ground, in storage tanks or otherwise;
 - (ii) All Hazardous Substances used in connection with the business conducted on the Premises has at all times been received, handled, used, stored, treated, shipped and disposed of in strict compliance with all Environmental Laws;
 - (iii) No Hazardous Substances have been released into the environment or deposited, discharged, placed or disposed of at, on or near the Premises as a result of the conduct of the business on the Premises; and

(iv) No notices of any violation of any matters referred to above relating to the Premises or its use have been received by the Chargor and there are no directions, writs, injunctions, orders or judgments outstanding, no law suits, claims, proceedings, or investigations being instituted or filed.

For the purposes of the Mortgage Commitment, a Hazardous Substance includes but is not limited to contaminants, pollutants, dangerous substances, gasoline, oil, liquid wastes, industrial wastes, whole liquid wastes, toxic substances, hazardous wastes, hazardous materials and hazardous substances as defined in or pursuant to any applicable Environmental Laws. Further the Chargor shall indemnify and save harmless the Chargor from any loss or liability whatsoever arising from any violation whatsoever of any law, regulation, ordinance, judgment, appraisal or decision in connection with hazardous risks or environmental risks.

The Chargor covenants that it will:

(i) remedy forthwith at its own expense, any environmental damage that may occur or be discovered on the Premises in the future;

(ii) comply with and monitor, on a regular basis, the compliance and the compliance of any tenant, subtenant, assignee or other occupant of the Premises with all requirements of Environmental Law;

(iii) notify the Chargee promptly of any event or occurrence that has given, or is likely to give, rise to a report, order, inquiry or investigation relating to a matter that may have an adverse effect on the financial position of the Chargee or the Premises or any action, suit or proceeding against the Chargee or others having an interest in the Premises relating to, or a violation of, the Requirements of Environmental Law, including any release, spill, emission, leakage, pumping, infection, deposit, disposal, discharge, dispersal, leaching or migration of Hazardous Substances into, on or under the Premises, air and surface and ground water, and will also notify the Chargee promptly of any such above-mentioned information of which the Chargee has or receives knowledge relating to lands adjacent to the Premises;

(iv) not lease or consent to any sub-lease or assignment of any part of the Premises to a tenant, sub-tenant or assignee who may engage in, not permit any tenant, subtenant, assignee or occupant of the Premises to engage in, a business involving the generation of environmental contamination or the storing, handling, processing, manufacturing or disposing of Hazardous Substances in, on, under or from the Premises save and except in accordance with the Requirements of Environmental Law; and any lease, sub-lease, or assignment of any part of the Premises shall preserve as against any lessee, sub-lessee or assignee all of the rights of the Chargee herein;

(v) save and except for those Hazardous Substances which are present on, in or under the Premises in accordance with Requirements of Environmental Law and which have been disclosed to the Chargee in writing, in accordance with all Requirements of Environmental Law, any Hazardous Substances from the Premises forthwith upon their discovery and advise the Chargee forthwith in writing of the procedures taken;

(vi) provide to the Chargee upon request such information, certificates, or statutory declarations as to compliance with the provisions hereof and all Requirements of Environmental Law and conduct such environmental audits or site assessments as may be reasonably necessary to ensure compliance with the Requirements of Environmental Law, and provide to the Chargee copies of any environmental, soils, safety or health reports or studies in respect of the Premises that it receives or possesses from time to time; and

(vii) permit the Chargee to conduct inspections and appraisals of all or any of its records, business and property relating to the Premises at any time and from time to time to monitor compliance with the Requirements of Environmental Law.

The Chargee and the Covenantors further covenant that they will be liable for and fully indemnify the Chargee for any and all costs, expenses, damages or liabilities (including legal fees on a solicitor and his own client basis and any environmental remediation costs incurred by the Chargee) directly or indirectly arising out of or attributable to the non-compliance of the Chargee or its tenants, employees, or agents with the Requirements of Environmental Law and all such costs, expenses, damages or liabilities shall be secured hereby, and all such liability and indemnity shall survive the repayment of the indebtedness secured hereby, foreclosure upon the Chargee, and/or any other extinguishment of the obligations of the Chargee and the Covenantors under the Charge and any other exercise by the Chargee of any remedies available to it against the Chargee or Covenantors.

ITEMS

The Chargee shall provide such additional security, information, documentation and assurances as may be required from time to time by the Chargee during the currency of this Charge to determine and to establish and preserve, in all respects, the priority of this Charge and all advances made hereunder over any rights of lien claimants pursuant to the provisions of the *Conveyancing Law, 1941*. If the Chargee makes any payment in connection with the determination, establishment or preservation of its priority, whether such payment is made to a lien claimant or other person claiming an interest in the Premises or is paid into court, then the amount or amounts so paid and all costs, charges and expenses incurred in connection therewith shall be forthwith payable to the Chargee by the Chargee and shall be a charge on the Premises and shall be added to the debt hereby secured and shall bear interest at the applicable rate and, in default of payment, the powers of sale

and other remedies hereunder may be exercised. It is further agreed that the Chargee shall not become a mortgagee in possession by reason only of exercising any of the rights given to it under this paragraph or in making any payment to preserve, protect or secure the Premises.

EXPROPRIATION

In the event the whole or any part of the Premises is expropriated, the Chargor agrees all proceeds received from any such expropriation shall be paid directly to the Chargee provided that upon the payment of all amounts secured by this Charge, the Chargee shall have no further claim to any such proceeds.

ADDITIONAL FINANCING

The Chargor shall not, from and after the date of the registration of this Charge, further mortgage, charge or otherwise encumber the Premises without the prior written consent of the Chargee. Failure to comply with this provision shall at the option of the Chargee constitute an event of default under the within Charge. If the Chargor defaults in the payment of any instalment of principal or interest payable under any subsequent Charge/Mortgage or other encumbrance affecting the Premises, whether the Chargee has consented thereto or not, or in the observance or performance of any of the agreements, terms or provisos of any such Charge/Mortgage or other encumbrance, then at the option of the Chargee, the entire principal secured under this Charge, together with all accrued and unpaid interest, shall become due and payable at the option of the Chargee and the Chargee shall be entitled to exercise all of its rights and remedies hereunder.

ADDITIONAL SECURITY

The Chargor acknowledges a General Assignment of Rents and General Security Agreement (collectively the "Additional Security") are being given as further security to this Charge, which Additional Security is being granted by the Chargor to the Chargee and any default under the Additional Security shall constitute default under this Charge and any default under this Charge shall constitute default under the Additional Security and at the option of the Chargee require the entire principal secured under this Charge, together with all accrued and unpaid interest to become due and payable. Payment under the Additional Security shall constitute payment under this Charge and payment on account of this Charge shall constitute payment under the Additional Security.

It is agreed the Chargee's rights hereunder shall in no way merge or be affected by any proceedings the Chargee may take under the Additional Security and the Chargee shall not be required to take proceedings under such Additional Security or any part thereof before proceeding under this Charge, and conversely, no proceedings under this Charge shall in any way affect the rights of the Chargee under such Additional Security and the Chargee shall not be required to take proceedings under this Charge before proceeding under the Additional Security or any part thereof.

Upon request from the Chargee, the Chargor agrees forthwith upon delivery from time to time of any chattels in which it has an ownership interest (including replacements thereof) relating to the Premises, it shall promptly notify the Chargee, and its solicitors, of such delivery and shall forthwith supply the Chargee with all serial numbers and a description of such chattels for the purposes of the aforementioned General Security Agreement, which description shall include make and model. The Chargor further agrees to provide written evidence of proof of purchase of the chattels, free of encumbrances, and of insurance of same, both in the form and content satisfactory to the Chargee.

UNDERTAKINGS

In the event the Chargor defaults with respect to any undertakings delivered to the Chargee in consideration of the advance of funds under this Charge or with respect to any covenant contained in the terms and provisions contained in this Charge or the Additional Security, such default will be an event of default under this Charge.

CHARGOR SHAREHOLDERS

The Chargor and the Covenantors covenant and agree with the Chargee that it will not transfer, encumber, hypothecate or dispose of any of the shares in the Chargor to persons or entities other than the Covenantors without the prior written consent of the Chargee, such consent not to be unreasonably withheld. In the event the approval and consent of the Chargee is not first obtained with respect to the foregoing, it is agreed all monies secured hereunder with accrued interest thereon

shall, at the option of the Chargee, forthwith become due and payable and the Chargee shall have the right and option to exercise all its rights and remedies hereunder.

PLACE OF PAYMENTS

All payments under this Charge shall be paid to the Chargee at its offices in Vancouver, British Columbia herein described or as it or its agents may otherwise direct, before 1:00 p.m. Pacific Standard Time on a business date. The parties agree any payment received after 1:00 p.m. shall be deemed to have been made on the banking day next following.

NOTICE

Any notice, direction or other instrument required or permitted to be given under the provisions of this Charge shall be in writing and may be given by delivering same or mailing same or sending same by telegram, telex, telecommunication, facsimile or other similar form of communication, in each case addressed to the Chargee c/o Trex Capital Limited Partnership, Suite 1550, 1135 West Georgia Street, Vancouver, BC V6E 4E6, and to the Chargor at the address as set out herein. Any notice, direction or instrument aforesaid, shall if delivered, be deemed to have been given or made on the date it was so delivered; if sent by prepaid registered mail, be deemed to have been given or made the fifth day following the day on which it was so mailed; and if sent by telegram, telex, telecommunication, facsimile or other similar form of communication, be deemed to have been given or made on the day it was so sent. Any party may give written notice of change of address in the same manner, in which event any such notice shall thereafter be given to it as above provided at such changed address. In the event of interruption, for any reason, in one or more of the forms of communications listed above, the parties shall use a form which is not so interrupted with the intent that the form of communication used will give the addressee timely notice of the communication.

CROSS DEFAULT

In addition to the security granted hereunder, this Charge is given as further collateral security to charges registered or to be registered, or security granted or to be granted, in favour of the Chargee against other lands and premises of the Chargor or Covenantors (the "Other Security"). Default hereunder shall constitute default under the Other Security and default under any or all of the Other Security shall constitute default hereunder.

STANDARD CHARGE TERMS

In the event of any discrepancy between the provisions contained in this Schedule and the provisions contained in Standard Charge Terms No. 200033, the provisions of this Schedule shall prevail.



Ontario ServiceOntario

LAND

PARCEL REGISTER (AMENDED) FOR PROPERTY IDENTIFIER

REGISTERED
OFFICE 846

4011-6693 (01)

* CREDITED BY LAND REGISTRATION IS ACCORDANT WITH LAND TITLE ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

PAGE 4 OF 4
GENERATED FOR REGISTRATION
ON 2013/08/13 AT 13:06:44

REG. NO.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CLASS/
AT1160138	2013/08/13	DISCH OF CHARGE		*** COMPLETELY RELEASED *** BRY THIST COMPANY OF CANADA		
AT1160137	2013/08/13	DISCH OF CHARGE		*** COMPLETELY RELEASED *** BRY THIST COMPANY OF CANADA LIMITED		
AT1160136	2013/08/13	DISCH OF CHARGE	\$21,000.000	GENERAL MILES INC.	COMPENSATION TRUST COMPANY OF CANADA	C
AT1160135	2013/08/13	DISCH OF CHARGE		GLOBAL FILMS INC.	COMPENSATION TRUST COMPANY OF CANADA	C
AT1160134	2013/08/13	DISCH OF CHARGE		COMPENSATION TRUST COMPANY OF CANADA		

NOTE: ADDITIONAL PROPERTIES SHOULD BE INVESTIGATED TO DETERMINE EXISTING INCUMBRANCES, IF ANY, WITH REGISTRATION REQUIREMENTS FOR THIS PROPERTY.
NOTE: SURETIES THAT HAVE WITHDRAWN SURETIES FOR TOTAL, SURETIES OF PARTS AND THAT FOR RATES EXCEED 100% WILL BE.

Tab E

This is Exhibit "E" referred to in the Affidavit of James Reitan
sworn before me this 1st day of October, 2013

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

A Commissioner for Taking Affidavits

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CELEST/CHRD
REMARKS: RE: AMALGAMATION						
T8982121	1996/07/18	RE APX. LMT RES		CROSSTOWN ASSET LIMITED PARTNERSHIP 1		
REMARKS: AMALGAMATION T8982120						
T8945216	1996/08/06	NOTICE		CISC DEVELOPMENT CORPORATION CROSSTOWN ASSET LIMITED PARTNERSHIP 1		
T8949317	1998/02/06	NO APX. LMT RES		CISC DEVELOPMENT CORPORATION CROSSTOWN ASSET LIMITED PARTNERSHIP 1,		
T8994012	1994/11/07	REASSIGNMENT LEASE		*** DELETED AGAINST THIS DEEDS *** SUN LIFE ASSURANCE COMPANY OF CANADA	CISC DEVELOPMENT CORPORATION CROSSTOWN ASSET LIMITED PARTNERSHIP 1	
T8910122	1997/08/07	CURT FIRST BROW ET		CROSSTOWN CANADIAN ASSET CORP. 1 CISC DEVELOPMENT CORPORATION		
65137602	1997/03/23	STAR REFERENCE		*** COMPLETELY DELETED *** CROSSTOWN CANADIAN ASSET CORP. 1	CROSSTOWN CANADIAN ASSET CORP. 1	
E190229	1994/06/26	REF. ON BROW OWNER		*** COMPLETELY DELETED *** CISC DEVELOPMENT CORPORATION	CROSSTOWN ASSET LIMITED PARTNERSHIP 1, BY ITS GENERAL PARTNER, CROSSTOWN CANADIAN ASSET CORP. 1	
E1993186	1994/06/28	APX. (AMALG.)		*** COMPLETELY DELETED *** CISC DEVELOPMENT CORPORATION		
REMARKS: T8994085.						
E190799	1996/08/11	DISCH. OF CHARGE		*** COMPLETELY DELETED *** CISC DEVELOPMENT CORPORATION		
REMARKS: RE: C898776-9						
Z191220	1998/03/12	DISCH. OF CHARGE		*** COMPLETELY DELETED *** CROSSTOWN ASSET LIMITED PARTNERSHIP 1		
REMARKS: AS: C8997760						
E192821	1996/05/11	TRANSFER		*** COMPLETELY DELETED *** CROSSTOWN CANADIAN ASSET CORP. 1 CISC DEVELOPMENT CORPORATION	TRIZELMAN OFFICE PROPERTIES LTD.	
REMARKS: RE: C8997760 ACT STATEMENTS.						

NOTE: ADVERTISING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESTRUCTIVE INCIDENTS, IF ANY, WITH DESTRUCTION REPRESENTED FOR THIS PROPERTY.



LAND
REGISTER
OFFICE REG

PAGE REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

2017-06-17 (LTD)
STATUS IN REGISTRATIONS IS GOOD GRANT

PAGE 3 OF 9
PREPARED FOR REGISTRATION
ON 2017/06/17 AT 11:55:04

REG. NO.	DATE	INSTRUMENT TYPE	MADE BY	PARTIES FROM	PARTIES TO	STATUS
0242315	1998/10/23	CHARGE		*** COMPLETELY DELETED *** TRINACMAN OFFICE PROPERTIES LTD.	ROYAL BANK OF CANADA THE TORONTO-DOMINION BANK THE BANK OF NOVA SCOTIA CANADIAN IMPERIAL BANK OF COMMERCE	
0242316	1998/12/23	NOTICE		*** COMPLETELY DELETED *** TRINACMAN OFFICE PROPERTIES LTD.	ROYAL BANK OF CANADA THE TORONTO-DOMINION BANK THE BANK OF NOVA SCOTIA CANADIAN IMPERIAL BANK OF COMMERCE	
0246176	1999/05/11	NOTICE OF DEED		COLLIER MANAGEMENT LTD.	TRINACMAN OFFICE PROPERTIES INC	
0212885	1999/06/08	TRANSFERS		*** COMPLETELY DELETED *** TRINACMAN OFFICE PROPERTIES LTD.	GENERAL ELECTRIC CAPITAL CANADA INC.	
0312902	2000/06/09	NO RESIDUAL RENT GEN		*** COMPLETELY DELETED *** GENERAL ELECTRIC CAPITAL CANADA INC.	GENERAL ELECTRIC CAPITAL CANADA INC.	
0312903	2000/06/09	NOTICE		*** COMPLETELY DELETED *** GENERAL ELECTRIC CAPITAL CANADA INC.	GENERAL ELECTRIC CAPITAL CANADA INC.	
0312905	2000/06/09	CHARGE		*** COMPLETELY DELETED *** GENERAL ELECTRIC CAPITAL CANADA INC.	GENERAL ELECTRIC CAPITAL CANADA INC.	
0312906	2000/06/09	CHARGE		*** COMPLETELY DELETED *** GENERAL ELECTRIC CAPITAL CANADA INC.	GENERAL ELECTRIC CAPITAL CANADA INC.	
0312907	2000/06/09	CHARGE		*** COMPLETELY DELETED *** GENERAL ELECTRIC CAPITAL CANADA INC.	GENERAL ELECTRIC CAPITAL CANADA INC.	
0312908	2000/06/09	CHARGE		*** COMPLETELY DELETED *** GENERAL ELECTRIC CAPITAL CANADA INC.	GENERAL ELECTRIC CAPITAL CANADA INC.	
0312909	2000/06/09	CHARGE		*** COMPLETELY DELETED *** GENERAL ELECTRIC CAPITAL CANADA INC.	GENERAL ELECTRIC CAPITAL CANADA INC.	
0312910	2000/06/09	CHARGE		*** COMPLETELY DELETED *** GENERAL ELECTRIC CAPITAL CANADA INC.	GENERAL ELECTRIC CAPITAL CANADA INC.	
0312911	2000/06/09	CHARGE		*** COMPLETELY DELETED *** GENERAL ELECTRIC CAPITAL CANADA INC.	GENERAL ELECTRIC CAPITAL CANADA INC.	
0312912	2000/06/09	CHARGE		*** COMPLETELY DELETED *** GENERAL ELECTRIC CAPITAL CANADA INC.	GENERAL ELECTRIC CAPITAL CANADA INC.	
0312913	2000/06/09	CHARGE		*** COMPLETELY DELETED *** GENERAL ELECTRIC CAPITAL CANADA INC.	GENERAL ELECTRIC CAPITAL CANADA INC.	
0312914	2000/06/09	CHARGE		*** COMPLETELY DELETED *** GENERAL ELECTRIC CAPITAL CANADA INC.	GENERAL ELECTRIC CAPITAL CANADA INC.	
0312915	2000/06/09	CHARGE		*** COMPLETELY DELETED *** GENERAL ELECTRIC CAPITAL CANADA INC.	GENERAL ELECTRIC CAPITAL CANADA INC.	

NOTE: ALL INSTRUMENTS REGISTERED ARE SUBJECT TO THE LAND ACT, 1990, WITH DESCRIPTIONS AMENDED FOR THIS PROPERTY.
NOTE: WHERE THAT YOUR PRINTOUT STATES THE TOTAL NUMBER OF PAGES AND THAT YOU HAVE PAGED THEM ALL UP.

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	EXT./CHRD
AT1744267	2005/04/28	CHARGE		*** COMPLETELY DELETED *** 1500 DON MILLS ROAD LIMITED	GENERAL ELECTRIC CAPITAL CANADA INC.	
AT1782261	2005/04/28	NO ASSIGN MENT GSN		*** COMPLETELY DELETED *** 1500 DON MILLS ROAD LIMITED	GENERAL ELECTRIC CAPITAL CANADA INC.	
REMARKS: 2078267						
AT1758861	2005/04/28	NOTICE OF LEASE		1500 DON MILLS ROAD LIMITED	CORTIS INSURANCE LTD.	
AT1754732	2006/04/26	20% DEPR		*** COMPLETELY DELETED *** LAND REGISTRATION		
REMARKS: 2078267						
AT1766863	2006/09/26	10% S. ORDER		*** COMPLETELY DELETED *** LAND REGISTRATION		
REMARKS: 2078267						
AT1736675	2006/11/01	NOTICE OF LEASE	\$2	1500 DON MILLS ROAD LIMITED	CSI CANADA	
AT1756676	2006/11/01	NOTICE OF LEASE	\$2	1500 DON MILLS ROAD LIMITED	REYNOLDS, WATSON & HEDDER INC.	
AT1727193	2006/11/01	20% CR HOME INST		*** COMPLETELY DELETED *** GENERAL ELECTRIC CAPITAL CANADA INC.	GENERAL ELECTRIC CAPITAL CANADA COMPANY	
REMARKS: 2078267						
AT1727426	2006/11/01	TRANSFER OF CHARGE		*** COMPLETELY DELETED *** GENERAL ELECTRIC CAPITAL CANADA COMPANY	GENERAL ELECTRIC CAPITAL CANADA HOLDINGS COMPANY	
REMARKS: 2078267						
AT1727433	2006/11/01	NO ASSIGN MENT GSN		*** COMPLETELY DELETED *** GENERAL ELECTRIC CAPITAL CANADA COMPANY	GENERAL ELECTRIC CAPITAL CANADA HOLDINGS COMPANY	
REMARKS: 2078267						
AT1729303	2006/11/02	TRANSFER	\$32,750,000	1500 DON MILLS ROAD LIMITED	ELAD (1500 DON MILLS) LIMITED	
AT1729305	2006/11/02	CHARGE		*** COMPLETELY DELETED *** ELAD (1500 DON MILLS) LIMITED	ELAD (1500 DON MILLS) LIMITED	
AT1739010	2006/11/02	NO ASSIGN MENT GSN		*** COMPLETELY DELETED *** ELAD (1500 DON MILLS) LIMITED	ELAD (1500 DON MILLS) LIMITED	

NOTICE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO DETERMINE HAZARDOUS INCONGENUITIES, IF ANY, WITH RESPECTIVE KAPASSED FOR THIS PROPERTY. BEFORE FURNISHING YOUR PRELIMINARY STATE THE TOTAL NUMBER OF CARS AND TRUCKS YOU HAVE STOCKED WHEN ALL UP.

10117-0617 (LT)

SUBJECT TO RESERVATIONS IN CHARGE GRANT

REG. NO.	DATE	REFERENCE TYPE	ASSET	PARCIES FROM	PARCIES TO	CHRG/CHRG
AT2053814	2011/09/28	NOTICE OF CHARGE		*** UNRECORDED DELETED *** FIRM CAPITAL MORTGAGE FUND INC.		
REMARKS: AT277743.						
AT2872815	2011/11/18	CHARGE		*** COMPLETELY DELETED *** EL-AD (1500 DON MILLS) LIMITED	FIRM CAPITAL MORTGAGE FUND INC.	
AT2877896	2011/11/18	NO ASSGN NEXT OWN		*** COMPLETELY DELETED *** EL-AD (1500 DON MILLS) LIMITED	FIRM CAPITAL MORTGAGE FUND INC.	
REMARKS: AT2877895						
AT2874683	2011/11/23	DISCH OF CHARGE		*** COMPLETELY DELETED *** FIRM CAPITAL MORTGAGE FUND INC.		
REMARKS: AT277744.						
AT2096550	2012/04/06	CHARGE		*** COMPLETELY DELETED *** EL-AD (1500 DON MILLS) LIMITED	FIRM CAPITAL MORTGAGE FUND INC.	
AT2096551	2012/04/06	NO ASSGN NEXT OWN		*** COMPLETELY DELETED *** EL-AD (1500 DON MILLS) LIMITED	FIRM CAPITAL MORTGAGE FUND INC.	
REMARKS: AT2096550.						
AT2128106	2012/08/14	CHARGE		*** COMPLETELY DELETED *** EL-AD (1500 DON MILLS) LIMITED	FIRM CAPITAL MORTGAGE FUND INC.	
AT2128107	2012/08/14	NO ASSGN NEXT OWN		*** COMPLETELY DELETED *** EL-AD (1500 DON MILLS) LIMITED	FIRM CAPITAL MORTGAGE FUND INC.	
REMARKS: AT2128106						
AT2128155P	2012/12/12	NOTICE OF LEASE	\$2	EL-AD (1500 DON MILLS) LIMITED	BBN CANADA	C
AT2128155S	2012/12/12	NOTICE OF LEASE	\$7	EL-AD (1500 DON MILLS) LIMITED	ROTHMAN, BENSON & RUTZ INC.	C
AT2128155Q	2012/12/12	NOTICE OF LEASE	\$4	EL-AD (1500 DON MILLS) LIMITED	CITY OF TORONTO	C
AT2128155T	2012/12/12	CHARGE	\$11,000.000	EL-AD (1500 DON MILLS) LIMITED	CCM MORTGAGE INVESTMENT CORPORATION	C
AT2128155U	2012/12/12	NO ASSGN NEXT OWN		EL-AD (1500 DON MILLS) LIMITED	CCM MORTGAGE INVESTMENT CORPORATION	C
REMARKS: AT2128155T						

NOTE: ABANDONING PROPERTIES SHOULD BE UNRECORDED TO AVOID CERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
 NOTE: BEHRE THAT THIS PRINTOUT STATES THE TOTAL NUMBER OF PAGES AND THAT YOU HAVE PICKED THEM ALL UP.

100-231



1040
REGISTRY
OFFICE 466

PARTIAL REGISTER (ABSTRACTED) FOR PROPERTY IDENTIFIER

PAGE 4 OF 9

PREPARED FOR Mortgage
ON 2013/08/14 AT 13:55:04

1917-0837 107

SEARCH TO REGISTRATIONS IN CHARGE FRONT

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARCELS FROM	PARCELS TO	CORP/ CHRG
AT1195784	2012/12/12	NO ASSE LESSOR INT REMARKS: AT1195780, AT1195787		EL-AD (1500 DON MILLS) LIMITED	CDPQ MORTGAGE INVESTMENT CORPORATION	C
AT1195785	2012/12/12	NO ASSE LESSOR INT REMARKS: AT1195780, AT1195787		EL-AD (1500 DON MILLS) LIMITED	CDPQ MORTGAGE INVESTMENT CORPORATION	C
AT1195786	2012/12/12	NO ASSE LESSOR INT REMARKS: AT1195780, AT1195787		EL-AD (1500 DON MILLS) LIMITED	CDPQ MORTGAGE INVESTMENT CORPORATION	C
AT1195787	2012/12/12	NO ASSE LESSOR INT REMARKS: AT1195780, AT1195787		EL-AD (1500 DON MILLS) LIMITED	CDPQ MORTGAGE INVESTMENT CORPORATION	C
AT1195788	2012/12/12	DISCH OF CHARGE REMARKS: AT1195780, AT1195787		*** COMPLETELY DELETED *** CDPQ MORTGAGE INVESTMENT CORPORATION		
AT1195789	2012/12/12	DISCH OF CHARGE REMARKS: AT1195780, AT1195787		*** COMPLETELY DELETED *** FIRM CAPITAL MORTGAGE FUND INC.		
AT1195790	2012/12/12	DISCH OF CHARGE REMARKS: AT1195780, AT1195787		*** COMPLETELY DELETED *** FIRM CAPITAL MORTGAGE FUND INC.		
AT1195791	2012/12/12	DISCH OF CHARGE REMARKS: AT1195780, AT1195787		*** COMPLETELY DELETED *** FIRM CAPITAL MORTGAGE FUND INC.		
AT1195792	2012/08/01	CHARGE	23,000.000	EL-AD (1500 DON MILLS) LIMITED	WINDSOR PRIVATE CAPITAL INC.	C
AT1195793	2012/08/01	NO ASSE LESSOR INT REMARKS: AT1195792, AT1195794		EL-AD (1500 DON MILLS) LIMITED	WINDSOR PRIVATE CAPITAL INC.	C
AT1195794	2012/08/01	NO ASSE LESSOR INT REMARKS: AT1195792, AT1195793		EL-AD (1500 DON MILLS) LIMITED	WINDSOR PRIVATE CAPITAL INC.	C
AT1195795	2012/08/01	NO ASSE LESSOR INT REMARKS: AT1195792, AT1195793		EL-AD (1500 DON MILLS) LIMITED	WINDSOR PRIVATE CAPITAL INC.	C
AT1195796	2012/08/01	NO ASSE LESSOR INT REMARKS: AT1195792, AT1195793		EL-AD (1500 DON MILLS) LIMITED	WINDSOR PRIVATE CAPITAL INC.	C

NOTE: ALL VOUCHER NUMBERS SHOULD BE INDICATED TO AVOID ANY OPERATING INCONSISTENCIES. IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS FACILITY.
NOTE: BEFORE THAT YOUR FRANCHISE THE TOTAL NUMBER OF PAGES AND THAT YOU HAVE PAGES FROM ALL OF.



Ontario ServiceOntario

LAND
PROPERTY
OFFICE 446

PARCEL NUMBER (ASSESSMENT) FOR PROPERTY IDENTIFIER

1011-0631 (17)

SUBJECT TO RESTRICTIONS IN CROWN GRANT.

PAGE 2 OF 3
PREPARED BY: MARGARET
ON 2017/06/26 AT 13:55:00

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT /
1011-0631 (17)	2017/06/21	BY ALSO LESSON INC		EL-AD (1999 COR MILES) LIMITED	KINDSON PRIVATE CAPITAL INC.	C

NOTES: RELATING PROPERTIES SHOULD BE REFERENCED TO ADEQUATE DESCRIPTIVE INFORMATION, IF ANY, MAIN DESCRIPTION SUBMITTED FOR THIS PROPERTY.
NOTE: ENSURE THAT YOUR PROPERTY BEING THE TOTAL NUMBER OF PAGES AND THAT YOU HAVE PLACED THEM ALL IN.

Request ID: 015622672
 Transaction ID: 51796480
 Category ID: UN/E

Province of Ontario
 Ministry of Government Services

Date Report Produced: 2013/08/14
 Time Report Produced: 16:21:27
 Page: 1

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name	Incorporation Date
2117410	EL-AD (1500 DON MILLS) LIMITED	2006/10/27
		Jurisdiction
		ONTARIO
Corporation Type	Corporation Status	Former Jurisdiction
ONTARIO BUSINESS CORP.	ACTIVE	NOT APPLICABLE
Registered Office Address	Date Amalgamated	Amalgamation Ind.
30 HAZELTON AVENUE	NOT APPLICABLE	NOT APPLICABLE
	New Amal. Number	Notice Date
TORONTO	NOT APPLICABLE	NOT APPLICABLE
ONTARIO		Letter Date
CANADA M5R 2E2		NOT APPLICABLE
Mailing Address	Revival Date	Continuation Date
30 HAZELTON AVENUE	NOT APPLICABLE	NOT APPLICABLE
	Transferred Out Date	Cancel/Inactive Date
TORONTO	NOT APPLICABLE	NOT APPLICABLE
ONTARIO		
CANADA M5R 2E2		
	EP Licence Eff.Date	EP Licence Term.Date
	NOT APPLICABLE	NOT APPLICABLE
	Number of Directors Minimum Maximum	Date Commenced in Ontario
	00001 00010	NOT APPLICABLE
Activity Classification		Date Ceased in Ontario
NOT AVAILABLE		NOT APPLICABLE

Request ID: 015622672
Transaction ID: 51796480
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2013/08/14
Time Report Produced: 18:21:27
Page: 2

CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

2117410

EL-AD (1500 DON MILLS) LIMITED

Corporate Name History

Effective Date

EL-AD (1500 DON MILLS) LIMITED

2006/10/27

Current Business Name(s) Exist:

NO

Expired Business Name(s) Exist:

NO

Administrator:
Name (Individual / Corporation)

Address

NORMA
WALTON

30 HAZELTON AVENUE

TORONTO
ONTARIO
CANADA M5R 2E2

Date Began

First Director

2012/12/11

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

DIRECTOR

Y

Request ID: 015622672
 Transaction ID: 51790480
 Category ID: UN/E

Province of Ontario
 Ministry of Government Services

Date Report Produced: 2013/08/14
 Time Report Produced: 16:21:27
 Page: 3

CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

2117410

EL-AD (1500 DON MILLS) LIMITED

Administrator:
 Name (Individual / Corporation)

Address

NORMA
 WALTON

30 HAZELTON AVENUE

 TORONTO
 ONTARIO
 CANADA M5R 2E2

Date Began

First Director

2012/12/11

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

OFFICER

PRESIDENT

Y

Administrator:
 Name (Individual / Corporation)

Address

NORMA
 WALTON

30 HAZELTON AVENUE

 TORONTO
 ONTARIO
 CANADA M5R 2E2

Date Began

First Director

2012/12/11

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

OFFICER

SECRETARY

Y

Request ID: 015622672
Transaction ID: 51796480
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2013/08/14
Time Report Produced: 15:21:27
Page: 4

CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

2117410

EL-AD (1500 DON MILLS) LIMITED

Administrator:
Name (Individual / Corporation)

Address

NORMA

30 HAZELTON AVENUE

WALTON

TORONTO
ONTARIO
CANADA M5R 2E2

Date Began

First Director

2012/12/11

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

OFFICER

TREASURER

Y

Administrator:
Name (Individual / Corporation)

Address

RONAULD

30 HAZELTON AVENUE

WALTON

TORONTO
ONTARIO
CANADA M5R 2E2

Date Began

First Director

2012/12/11

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

DIRECTOR

Y

Request ID: 015622672
Transaction ID: 51796480
Category ID: UNE

Province of Ontario
Ministry of Government Services

Date Report Produced: 2013/08/14
Time Report Produced: 16:21:27
Page: 5

CORPORATION PROFILE REPORT

Ontario Corp Number

2117410

Corporation Name

EL-AD (1500 DON MILLS) LIMITED

Last Document Recorded

Act/Code Description

Form

Date

CIA CHANGE NOTICE

1

2012/12/14 (ELECTRONIC FILING)

THIS REPORT SETS OUT THE MOST RECENT INFORMATION FILED BY THE CORPORATION ON OR AFTER JUNE 27, 1992, AND RECORDED IN THE ONTARIO BUSINESS INFORMATION SYSTEM AS AT THE DATE AND TIME OF PRINTING. ALL PERSONS WHO ARE RECORDED AS CURRENT DIRECTORS OR OFFICERS ARE INCLUDED IN THE LIST OF ADMINISTRATORS.

ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON MICROFICHE.

The issuance of this report in electronic form is authorized by the Ministry of Government Services.

Request ID: 015675339
 Transaction ID: 51953431
 Category ID: UN/E

Province of Ontario
 Ministry of Government Services

Date Report Produced: 2013/09/03
 Time Report Produced: 12:48:51
 Page: 1

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name	Incorporation Date
244279	DONALDA INVESTMENTS LIMITED	1971/06/14
		Jurisdiction
		ONTARIO
Corporation Type	Corporation Status	Former Jurisdiction
ONTARIO BUSINESS CORP.	CANC. BY C.T.	NOT AVAILABLE
Registered Office Address	Date Amalgamated	Amalgamation Ind.
	NOT APPLICABLE	NOT APPLICABLE
NOT AVAILABLE	New Amal. Number	Notice Date
	NOT APPLICABLE	NOT APPLICABLE
		Letter Date
Mailing Address		NOT APPLICABLE
NOT AVAILABLE	Revival Date	Continuation Date
	NOT APPLICABLE	NOT AVAILABLE
	Transferred Out Date	Cancel/Inactive Date
	NOT APPLICABLE	1988/12/05
	EP Licence Eff.Date	EP Licence Term.Date
	NOT APPLICABLE	NOT APPLICABLE
	Number of Directors Minimum Maximum	Date Commenced in Ontario
Activity Classification	UNKNOWN UNKNOWN	Date Ceased in Ontario
NOT AVAILABLE		NOT APPLICABLE

Request ID: 015675339
Transaction ID: 51953431
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2013/09/03
Time Report Produced: 12:48:51
Page: 2

CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

244279

DONALDA INVESTMENTS LIMITED

Corporate Name History

Effective Date

DONALDA INVESTMENTS LIMITED

1971/06/14

Current Business Name(s) Exist:

NO

Expired Business Name(s) Exist:

NO

Last Document Recorded

Act/Code Description

Form

Date

CPCV CORPORATE CONVERSION-ADD ADD

1992/06/27

THIS REPORT SETS OUT THE MOST RECENT INFORMATION FILED BY THE CORPORATION ON OR AFTER JUNE 27, 1992, AND RECORDED IN THE ONTARIO BUSINESS INFORMATION SYSTEM AS AT THE DATE AND TIME OF PRINTING. ALL PERSONS WHO ARE RECORDED AS CURRENT DIRECTORS OR OFFICERS ARE INCLUDED IN THE LIST OF ADMINISTRATORS.

ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON MICROFICHE.

The issuance of this report in electronic form is authorized by the Ministry of Government Services.

Tab F

This is Exhibit "F" referred to in the Affidavit of James Reitan
sworn before me this 1st day of October, 2013

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

A Commissioner for Taking Affidavits



130 Adelaide St W T 416-865-9500
Suite 2600 F 416-865-9010
Toronto, ON
Canada M5H 3P5

241

September 17, 2013

Peter Griffin
Direct line: 416-865-2921
Direct fax: 416-865-3558
Email: pgriffin@litigate.com

**BY COURIER
PERSONAL AND CONFIDENTIAL**

Norma Walton
The Rose and Thistle Group Ltd.
30 Hazelton Avenue
Toronto, ON
M5R 2E2

RE: Bernstein / Walton Joint Venture Projects

Dear Ms. Walton:

We have been retained by Dr. Stanley Bernstein in connection with various joint venture real estate projects, in which you and/or Ron Walton and 368230 Ontario Ltd. (a company owned by Dr. Bernstein) are partners.

Dr. Bernstein remains concerned about the issues about which he recently became aware and which were communicated to you by way of letter dated June 7, 2013 from Jim Reitan. Dr. Bernstein does not make any allegations of wrongdoing, but needs to better understand his investment in the various joint ventures.

To that end, Dr. Bernstein requires confirmation by noon on Thursday, September 19, 2013 that he will be permitted access to the books and records of the various joint venture projects and any The Rose and Thistle Group Ltd.'s books and records related thereto beginning at 9am on Friday, September 20, 2013. This includes but is not limited to the reporting you are contractually required to provide to Dr. Bernstein:

- a) Accounting documents, including an accounting of the amounts invested by 368230 Ontario Ltd. and by you and/or Ron Walton;
- b) Bank statements;
- c) Cancelled cheques or details of cheques written or amounts withdrawn, including details of payees, dates and amounts;
- d) Copies of invoices for work completed in respect of the properties, including as rendered by The Rose and Thistle Group Ltd. or any other company related to you (and/or Ron Walton);
- e) Lending and mortgage documents; and

Norma Walton
September 17, 2013
Page 2

- f) A detailed report on the status of each property, including revenues earned from rents and other sources.

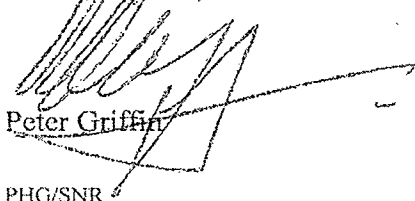
Dr. Bernstein also requires further documents and information to satisfy him as to:

- a) The status of other potential investors in the joint venture projects and an explanation for why cheques were written to them from one or more of the joint venture accounts; and
- b) The additional mortgages registered by you on title of the properties at 1450 Don Mills Rd. and 1500 Don Mills Rd., and the use of those proceeds, including by whom they were obtained and for what purpose.

Once Dr. Bernstein has received this information and had a chance to review it, certain changes will need to be made to make the operation of the various joint ventures more transparent and provide proper access to Dr. Bernstein.

If the documents and information requested are not provided to Dr. Bernstein within the time specified, a third party appointed by Dr. Bernstein will (by court order if required) be engaged to review the status of the joint venture projects, obtain the information sought and impose proper reporting and corporate governance. I trust that will not be necessary.

Yours, very truly,



Peter Griffin

PHG/SNR

cc. Dr. Stanley Bernstein
Warren Bernstein
Daniel Bernstein
Jim Reitan
Shara Roy

Shara N. Roy

From: Guillermo Schible <guillermo@schiblelaw.com>
Sent: Thursday, September 19, 2013 11:51 AM
To: Peter Griffin
Subject: Dr. Bernstein and Walton

Dear Mr. Griffin:

I act for Norma Walton and Ron Walton. I have your letter dated September 17, 2013.

I understand that Ms. Walton, especially, and a team of accountants, have been working hard to address your client's stated concerns. I also understand that these concerns arose only in the last few months of a three-year business relationship in which your client, expressly, did not want to play an active role.

I understand that your client now has an accountant working full-time at my clients' premises and that your client now has a fulsome up-to-date glimpse into the operations of 16 of 34 properties. I understand that your client has been told that a fulsome up-to-date glimpse into the operations of the remaining 18 properties will be possible by the second week of October, that is, in virtually no time at all, considering the circumstances.

The issue of access to bank accounts is more difficult. I understand that Ron and Norma Walton own 21 properties in which your client does not have any interest. I have not been able to, in the last 36 hours, delve into what difficulties, if any, this may present.

I further understand that your client and mine entered into an arms-length investment relationship (and not a partnership) that contractually requires mediation and arbitration. If your client would like to mediate at this time, please advise. Otherwise, I understand that Ms. Walton has never objected to meeting with your client and is willing to do so now, although your client's accountant is abrasive at times.

My sense of the situation so far is this; and again, I have only had 36 hours. My clients for the last three years have been focused on making money for themselves and for your client, and your client is not, at this time, complaining about the results. At the same time that we discuss what level of involvement your client now wishes to have, we need to discuss whether this relationship should continue. It seems that the relationship could come to an amicable end, if that is what the parties wish. One cannot make money and count it at the same time.

I am hoping to meet with Ms. Walton next week, after which I will be able to speak a bit more intelligently about this matter. In the meantime, Ms. Walton and a number of accountants will continue working diligently to address your client's concerns.

Yours truly,

Guillermo Schible, Esq.

The logo for Schible, featuring a stylized 'S' and the word 'Schible' in a serif font.

guillermo@schiblelaw.com
181 University Avenue, Suite 2200
Toronto, Ontario M5H 3M7
Direct: 416.601.6813
Fax: 416.352.5454



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245

September 19, 2013

Peter Griffin
Direct line: 416-865-2921
Direct fax: 416 -865-3558
Email: pgriffin@litigate.com

BY EMAIL

Guillermo Schible
181 University Avenue, Suite 2200
Toronto, ON
M5H 3M7

RE: Bernstein / Walton Joint Venture Projects

Dear Mr. Schible:

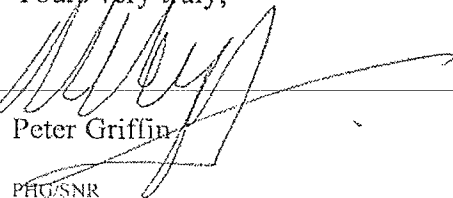
Thank you for your email this morning. While we do not agree with a number the assertions contained therein, we can agree that the agreements between 368230 Ontario Ltd. and Norma and/or Ron Walton permit Stanley Bernstein access to the joint venture companies' books and records.

To that end, Dr. Bernstein has engaged Schonfeld Inc. to conduct such a review. Harlan Schonfeld and Jim Merryweather along with Jim Reitan will attend at the offices of The Rose and Thistle Group tomorrow morning at 9am to commence that review.

Ms. Walton may and should continue her work to answer the specific inquiries that have been made of her.

At this stage, the mediation and arbitration clause of the contracts is not engaged. Dr. Bernstein simply seeks the access contractually available to him.

Yours very truly,



Peter Griffin

cc. Norma Walton
Dr. Stanley Bernstein
Warren Bernstein
Daniel Bernstein
Jim Reitan
Shara Roy

Shara N. Roy

From: Guillermo Schible <guillermo@schiblelaw.com>
Sent: Thursday, September 19, 2013 7:24 PM
To: Shara N. Roy
Cc: Peter Griffin
Subject: Re: Bernstein / Walton Properties

Dear Ms. Roy,

There is no "joint venture", as referred to in Mr. Griffin's letter of today, the books and records to which your client has access.

The three individuals referred to in your letter may attend tomorrow and they will have access to the same information that your client's fourth accountant has had access to already, in relation to the 16 properties referred to in my email today.

Yours truly,

Guillermo Schible
Schible Law

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Shara N. Roy
Sent: Thursday, September 19, 2013 4:59 PM
To: Guillermo Schible
Cc: Peter Griffin; Norma Walton
Subject: Bernstein / Walton Properties

Please see attached.

Shara N. Roy
T 416-865-2942
F 416-865-3973
sroy@litigate.com

Lenczner Slaght
130 Adelaide St W
Suite 2600
Toronto, ON
Canada M5H 3P5
www.litigate.com

This e-mail may contain legally privileged or confidential information. This message is intended only for the recipient(s) named in the message. If you are not an intended recipient and this e-mail was received in error, please notify us by reply e-mail and delete the original message immediately. Thank you. Lenczner Slaght Royce Smith Griffin LLP.

September 25, 2013

Peter Griffin
Direct line: 416-865-2921
Direct fax: 416-865-3558
Email: pgriffin@litigate.com

SENT BY EMAIL

Guillermo Schible
Schible Law
Suite 2200
181 University Avenue
Toronto, ON M5H 3M7

Dear Mr. Schible:

RE: Dr. Stanley Bernstein and Norma Walton et al
Our File No.: 44696

I am writing further to our correspondence of last week and the attendances at your clients' premises by Mr. Schonfeld and his team.

From their attendance and review of the material that has been made available to them, the following is becoming apparent:

1. They are not receiving timely access to all of the material that they should have, most especially records which reflect the full dealings with the properties and realization of revenue and income;
2. Your clients have co-mingled funds from the properties with the accounts of Rose & Thistle Group Ltd., something which they had no authority to do;
3. Substantial amounts had been charged to the properties, including most recently, for various fees both well in excess of justifiable amounts and in excess of the \$50,000 threshold requiring co-signing by Dr. Bernstein;
4. The properties have been encumbered or further encumbered without Dr. Bernstein's approval, which is required;
5. We have yet to receive an answer to the question of where the proceeds of the \$6 Million of additional mortgaging on 1450 and 1500 Don Mills Road went;
6. Your clients have extracted \$2.2 Million in return of amounts paid by them as deposits on various of the purchases and those monies seem to have travelled to Rose & Thistle. Where are those monies?;

Guillermo Schible
Page 2

7. Your clients have failed to make the equity contributions that the various agreements call for; and
8. The purchase of 165 Bathurst Street and 624 Richmond Street appear to be stock purchases rather than asset purchases, unbeknownst to our clients.

We are at the point where the disclosure which has been made is dismaying to our client and the extent and timing of disclosure unsatisfactory.

We are proposing a meeting on Friday morning with Mr. Schonfeld, yourself and your clients and ourselves and our clients to see if we can, as a last ditch effort, come to an agreement as to providing a full disclosure, failing which we are going to be forced to take other steps.

Could you please get back to me in confirmation of this meeting at your clients' premises as soon as possible?

In the interim, we note the request with respect to the new mortgage proposed for 140/150 Queen's Plate. Dr. Bernstein is prepared to consider the remortgaging of this property after:

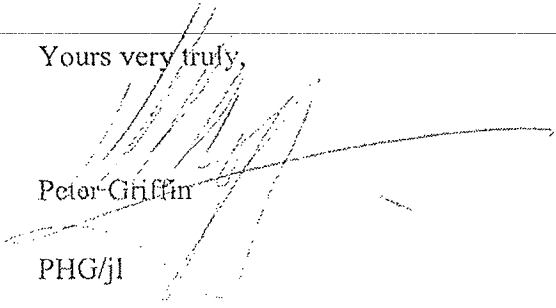
1. Your clients' full equity contribution is made; and
2. The \$482,000 in fees charged against this non-revenue producing property are returned.

The property can then be mortgaged on a basis which reflects the proper performance of your clients' obligations.

Lastly, please confirm that no further payments or transactions are to be made by your clients for amounts in excess of \$50,000 without our clients' specific written consent, that no further co-mingling of property funds shall occur and that each property (jv) account will reflect the revenue and expenses relative to those properties only.

I look forward to hearing from you.

Yours very truly,



Peter Griffin

PHG/jl

Cc: Shara Roy

Shara N. Roy

From: Guillermo Schible <guillermo@schiblelaw.com>
Sent: Thursday, September 26, 2013 12:08 PM
To: Peter Griffin
Cc: Shara N. Roy
Subject: RE: Dr Stanley Bernstein and Norma Walton et al

Dear Mr. Griffin:

A meeting tomorrow is impossible. Not only have I not met with my clients yet, whom as you know have been busy responding to your client's four accountants now, but also, the issues raised in your letter make clear that your client is not just looking for information. Information he has, and he keeps getting.

Your client is already dismayed and unsatisfied, so there is little point sitting down together without a mediator. My clients disagree with the assertions and suggestions your client's representatives are making. A third party's assistance is necessary to determine how to divide the properties in question.

Subject to conflict check clearance, my clients propose that we mediate with Gary M. Caplan, Leslie Dizgun, or Larry Banack. Please get back to me in this regard.

Yours truly,

Guillermo Schible
Schible Law

From: Janet Larocque [<mailto:JLarocque@litigate.com>] **On Behalf Of** Peter Griffin
Sent: September 25, 2013 3:48 PM
To: Guillermo Schible (guillermo@schiblelaw.com)
Cc: Shara N. Roy
Subject: Dr Stanley Bernstein and Norma Walton et al

Please see attached correspondence.

Janet Larocque
Assistant to Peter Griffin
T 416-865-9500 Ext. 227
F 416-865-3558
jlarcque@litigate.com

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September 26, 2013

Peter Griffin
Direct line: 416-865-2921
Direct fax: 416-865-3558
Email: pgriffin@litigate.com

SENT BY EMAIL

Guillermo Schible
Schible Law
Suite 2200
181 University Avenue
Toronto, ON M5H 3M7

Dear Mr. Schible:

**RE: Dr. Stanley Bernstein and Norma Walton et al
Our File No.: 44696**

Thank you for your email.

Even if our clients were prepared at this point to see that a mediation could be constructive, nothing can be done in that context without proper and adequate disclosure and forthright answers to the fundamental questions that we have asked repeatedly and for which no answer has been provided.

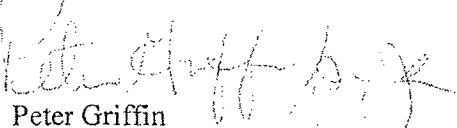
Mr. Schonfeld and Mr. Reitan will meet with your client tomorrow. Please recommend to her that she come forward with immediate answers to the fundamental questions which have been repeatedly asked and an acceptable schedule for the provision of the balance of the information which we have requested.

Failing that, and knowing that there is nothing in the various agreements that militates otherwise, we will be before a Commercial List judge at 9:30 on Monday morning to set a schedule for the relief which we are seeking.

Guillermo Schible
Page 2

You are welcome to attend then or we will let you know what schedule we achieve.

Yours very truly,



Peter Griffin

PHG/jl

Cc: Shara Roy

Shara N. Roy

From: Guillermo Schible <guillermo@schiblelaw.com>
Sent: Friday, September 27, 2013 10:46 AM
To: Peter Griffin
Cc: Shara N. Roy
Subject: RE: Dr Stanley Bernstein and Norma Walton et al

Dear Mr. Griffin,

As you know, my clients' position is that our clients are bound re: (private) arbitration preceded by (privileged) mediation. So please provide me with the courtesy of a heads up with respect to what material you intend to file with the court. My clients are concerned not to decrease what the properties in question might obtain in an open market.

If you are, at this time, only requesting a scheduling appointment (and filing no material), I should see that 9:30am request form and sign it as well.

I am prepared to attend court, expressly without prejudice to my clients' position above; that is, only to submit that, what should be scheduled first, if anything is scheduled at all, is a motion to send this matter to arbitration preceded by mediation.

I confirm that I have already indicated in writing that my clients wish to start that process and even proposed three individuals to you.

Yours truly,

Guillermo Schible
Schible Law

From: Janet Larocque [<mailto:JLarocque@litigate.com>] **On Behalf Of** Peter Griffin
Sent: September 26, 2013 3:41 PM
To: Guillermo Schible
Cc: Shara N. Roy
Subject: RE: Dr Stanley Bernstein and Norma Walton et al

Please see attached correspondence.

From: Guillermo Schible [<mailto:guillermo@schiblelaw.com>]
Sent: Thursday, September 26, 2013 12:08 PM
To: Peter Griffin
Cc: Shara N. Roy
Subject: RE: Dr Stanley Bernstein and Norma Walton et al

Dear Mr. Griffin:

A meeting tomorrow is impossible. Not only have I not met with my clients yet, whom as you know have been busy responding to your client's four accountants now, but also, the issues raised in your letter make clear that your client is not just looking for information. Information he has, and he keeps getting.

Your client is already dismayed and unsatisfied, so there is little point sitting down together without a mediator. My clients disagree with the assertions and suggestions your client's representatives are making. A third party's assistance is necessary to determine how to divide the properties in question.

Subject to conflict check clearance, my clients propose that we mediate with Gary M. Caplan, Leslie Dizgun, or Larry Banack. Please get back to me in this regard.

Yours truly,

Guillermo Schible
Schible Law

From: Janet Larocque [<mailto:JLarocque@litigate.com>] **On Behalf Of** Peter Griffin
Sent: September 25, 2013 3:48 PM
To: Guillermo Schible (guillermo@schiblelaw.com)
Cc: Shara N. Roy
Subject: Dr Stanley Bernstein and Norma Walton et al

Please see attached correspondence.

Janet Larocque
Assistant to Peter Griffin
T 416-865-9500 Ext. 227
F 416-865-3558
jlarcque@litigate.com

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Shara N. Roy

255

From: Janet Larocque on behalf of Peter Griffin
Sent: Friday, September 27, 2013 12:03 PM
To: Guillermo Schible (guillermo@schiblelaw.com)
Cc: Shara N. Roy
Subject: Dr Stanley Bernstein and Norma Walton et al
Attachments: Document.pdf

Importance: High

Thank you for your email of earlier this morning.

Here is the Request Form for scheduling of the inspectorship motion.

I do not believe that we have the type of disagreement reflected in the form of agreements prepared by your clients and accordingly the mediation and arbitration provisions in my view are likely not applicable.

In any event, they do not deal with the type of relief we are dealing with here.

As you can see, I am only dealing with scheduling at the moment and from a point of view of the issue you have identified you are of course free to argue it when we get to the motion.

Please sign and return.

Peter Griffin.

Janet Larocque
Assistant to Peter Griffin
T 416-865-9500 Ext. 227
F 416-865-3558
jarocque@litigate.com

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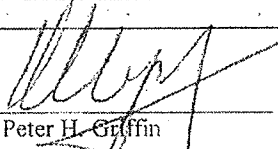
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Commercial List File Number:	[Not yet commenced]
Civil File Number:	[Not yet commenced]

Date: September 27, 2013

SUPERIOR COURT OF JUSTICE - COMMERCIAL LIST
9:30 A.M. HEARING REQUEST FORM

A	PLEASE NOTE: The 9:30 hearing procedure is only for "ex parte, urgent, scheduling and consent matters which take no longer than 10 minutes" (Practice Direction, (2002), 57 O.R. (3 rd) 97; paragraph 25). This restriction will be enforced. This matter is (tick one or more); <input type="checkbox"/> ex parte <input checked="" type="checkbox"/> urgent <input checked="" type="checkbox"/> scheduling <input type="checkbox"/> consent <input type="checkbox"/> other (explain)
B	Short Title of Proceeding: DBDC Investment Spadina Ltd. et al v. Norman Walton, Ronald Walton and Rose & Thistle Group Ltd. et al
C	Date(s) Requested: September 30, 2013 at 9:30 a.m.
D	The following is a brief description of the matter to be considered at the 9:30 appointment: Scheduling of a motion to appoint an inspector.
E	The following materials will be necessary for the matter to be considered. (it is the responsibility of counsel to confirm that the proper materials are available for the Court.)
F	Is any Judge seized of these matters or any judicial conflicts? <input checked="" type="checkbox"/> No

COUNSEL FOR APPLICANT/MOVING PARTY		COUNSEL FOR OTHER PARTY	
Party	Plaintiffs	Party	Defendants
Counsel	 Peter H. Griffin PRINT AND SIGN OR INITIAL	Counsel	Guillermo Schible PRINT AND SIGN OR INITIAL
Address	LENCZNER SLAGHT ROYCE SMITH GRIFFIN LLP Barristers Suite 2600 130 Adelaide Street West Toronto ON M5H 3P5	Address	Schible Law Suite 2200 181 University Avenue Toronto, ON M5H 3M7
Phone	(416) 865-9500	Phone	(416) 601-6813
Fax	(416) 865-9010	Fax	(416) 352-5454
E-Mail	pgriffin@litigate.com	E-Mail	guillermo@schiblelaw.com

(IF MORE THAN 2 PARTIES INVOLVED, ADD ADDITIONAL SIGNATURES AND PARTICULARS ON REVERSE OR SEPARATE PAGE)

To be submitted to: Commercial List Office, 330 University Ave, 7th Floor Canada Life Building, Toronto Ontario Fax to: (416) 327-6228

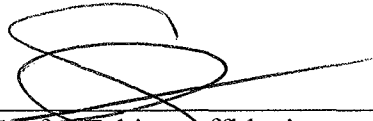
You may also convert to PDF and email to Toronto.Commerciallist@jus.gov.on.ca

Endorsement/Disposition ☐ See attached Yellow Endorsement Form.

Commercial Form A

Tab G

This is Exhibit "G" referred to in the Affidavit of James Reitan
sworn before me this 1st day of October, 2013

A handwritten signature in black ink, consisting of a large, stylized 'S' or 'R' shape with a long horizontal stroke extending to the right.

A Commissioner for Taking Affidavits

From: Norma Walton [nwalton@roseandthistle.ca]
Sent: September-20-13 9:32 PM
To: Dr. Stanley Bernstein
Subject: 1450 and 1500 Don Mills second mortgages

Dear Stan,

Harlan asked me today why I put the mortgages on 1450 and 1500 Don Mills.

You'll recall that back in July you told me you wanted to extract a minimum of \$2 million from the joint portfolio or from mortgage payback to purchase a home for your son in New York. You asked me to keep that information confidential, which I have. You indicated you absolutely needed the money by July 31st. At that time, I put the wheels in motion on the two mortgages to ensure we had money available to provide to you so you would not lose the house. I had both on the go as I was not sure which one would pan out.

As it turned out, St. Clair closed before 1450 and 1500 and when that money was paid back to you, you indicated you were fine. Almost immediately thereafter both 1450 and 1500 did come through. Right around the same time, Jim became increasingly aggressive in his tone and disrespectful in his emails, copying your entire family, so I decided to sit on the money for a few weeks to see how the situation unfolded. We still have the money and I advised you of the mortgages last Friday night in my update regarding 1450 and 1500.

Once your accountants complete the review and once you determine your intentions with the joint portfolio going forward, we can then determine together whether to pay that money to you as pay-down of part of your equity in each project; whether to pay you part and keep part in the projects; whether to pay the mortgages off; or whether to invest all the

money into the projects. In the meantime, Rose and Thistle is covering the interest carry on the monies while we await the results of your review.

I did not disclose the above to Harlan because I was not sure how much of the above you wanted me to discuss.

Regards,
Norma

From: Dr. Stanley Bernstein
Sent: Monday, September 23, 2013 6:54 AM
To: norma@waltonadvocates.com
Cc: Jim Reitan
Subject: Re: Harlan

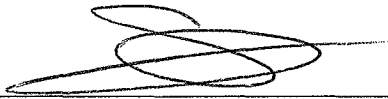
Dear Norma,

I have delegated full investigative authority to Harlan and to his team and to Jim and there are no issues of confidentiality.

Thanks,
Stan

Tab H

This is Exhibit "H" referred to in the Affidavit of James Reitan
sworn before me this 1st day of October, 2013

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

A Commissioner for Taking Affidavits

----- Forwarded message -----

From: **Norma Walton** <nwalton@roseandthistle.ca>

Date: Fri, Sep 27, 2013 at 2:39 PM

Subject: RE: Deliverables

To: Harlan Schonfeld <harlan@schonfeldinc.com>

Cc: Jim Reitan <Jim@drbdiet.com>

Dear Harlan,

You asked that I not lecture you yet you feel free to lecture me. My email was neutral; yours was not. I thought we had a very civil meeting and fail to see how your email below permits a level of mutual respect going forward as we satisfy your request for documents.

As agreed, we will also provide the mortgage documents for 1450 and 1500 mortgages by end of day Monday. As discussed, I don't yet have the reporting letters so cannot provide what I don't have. I will follow up with Devry Smith to ask them to prepare them and upon receipt will give you a copy. As to the funds, you saw my note below regarding our intentions with the money, and Dr. Bernstein received the revised pro formas at the time we advised of the existence of the mortgages showing that each project is going to need significantly more money than anticipated, but with a corresponding profit that will be significantly larger than originally expected.

Regards,

263

Norma

From: Harlan Schonfeld [mailto:harlan@schonfeldinc.com]
Sent: Friday, September 27, 2013 2:09 PM
To: Norma Walton
Cc: Jim Reitan
Subject: Re: Deliverables

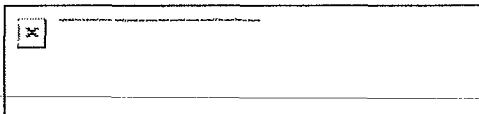
Norma –

Thank you for your note following our meeting.

The one thing that you did not address in your note was what you told us about the \$6 Million in further mortgaging or the reporting letter. You told us that you would provide the mortgage documents by the end of Monday, but refused to provide evidence of the existence of the \$6 Million or the reporting letters. You told us that the funds are in the control of you and Ronald and that you are holding them pending what you understand is a mediation to take place. You told us that as part of the mediation you would provide evidence.

That is wholly unsatisfactory. We need to know where the money is, that it exists, who is holding it and a proper accounting, including documentation of what supports it.

S. Harlan Schonfeld, CPA, CA CIRP
SCHONFELD INC. Receivers + Trustees
438 University Avenue, 21st Floor
Toronto, ON M5G 2K8
Tel [416.862.7785](tel:416.862.7785)
Cell [416.254.1992](tel:416.254.1992)
Fax [416.862.2136](tel:416.862.2136)



Experience acquired. Experience applied.

This email may contain confidential information and no rights to privilege have been waived. If you are not the intended recipient, please notify us immediately. Thank you.

On Fri, Sep 27, 2013 at 12:26 PM, Norma Walton <nwalton@roseandthistle.ca> wrote:

Dear Harlan and Jim,

As discussed this morning during our meeting, I confirm the following:

2011 264

1. Trudy will deliver the leases on a memory stick end of day Monday for your review. She has already delivered the rent roll in both PDF and excel format ;
2. We will deliver access to Dewhurst, Dupont, Eddystone and Heward by end of day Monday, updated to that date. You already have access to 16 properties so that will bring you up to 20;
3. We will provide access to the remaining 14 properties updated to present day over the next three weeks as they are updated;
4. We are meeting with Meridian upon Mario's return October 8th to arrange with them to separate out the entities we own with Dr. Bernstein from our other entities. Hence we anticipate we'll have the ability to provide him with access to the bank accounts online as of October 15th;
5. As it concerns the new 1450 Don Mills mortgage, we anticipate we will need that money and more to complete the project. In the meantime, though, our original intent was to pay it out to Dr. Bernstein as temporary return of capital, subject to understanding his plans with regard to 1450 Don Mills and whether he wishes to remain invested in that project or to exit that project;
6. As it concerns the new 1500 Don Mills mortgage, we anticipate that project is going to require far more money than just the additional \$3 million so we plan to discharge that mortgage. It was obtained as a fail safe if the 1450 mortgage had not come through to ensure we had money to provide to Dr. Bernstein. First, though, we would like to determine if Dr. Bernstein wishes to remain invested in that property because if he wishes to exit, the \$3 million can be part of that payment. If he wishes to stay invested, we'll discuss with him the options for raising the money needed going forward;
7. You have requested the following information:
 - a. All bank account statements for each of the properties we own with Dr. Bernstein;
 - b. All invoices for each of the properties we own with Dr. Bernstein; and
 - c. All Rose and Thistle invoices with details and back up.

I will arrange for Sarita to pull the bank statements for the properties starting this afternoon. Once those are provided, I'll have her move to providing invoices, then Rose and Thistle invoices with back up.
8. I will arrange for you to begin touring all 33 properties (we sold 1131) in the month of October with our building operators.

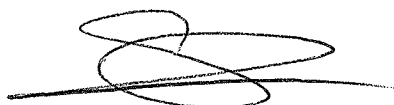
Let me know if I have missed anything I agreed to provide.

Regards,

Norma

Tab I

This is Exhibit "T" referred to in the Affidavit of James Reitan
sworn before me this 1st day of October, 2013

A handwritten signature in black ink, consisting of a series of loops and a horizontal line at the bottom.

A Commissioner for Taking Affidavits

Shara N. Roy

From: harlan@schonfeldinc.com
Sent: Tuesday, October 01, 2013 7:42 AM
To: Shara N. Roy
Subject: Fw: Bank statements

Sent wirelessly from my BlackBerry device on the Bell network.
Envoyé sans fil par mon terminal mobile BlackBerry sur le réseau de Bell.

From: Norma Walton <nwalton@roseandthistle.ca>
Date: Mon, 30 Sep 2013 20:49:22 +0000
To: harlan@schonfeldinc.com<harlan@schonfeldinc.com>
Cc: Jim Reitan<Jim@drbdiet.com>
Subject: RE: Bank statements

It may be your day's end but is not yet ours. Kendra will unlock access to the four entities when she leaves; Trudy will leave the memory stick in the downstairs boardroom when she leaves; I will leave copies of the mortgage documents in the downstairs boardroom when I leave; and Sarita will continue scanning and sending you bank statements this week.

Regards,
Norma

From: harlan@schonfeldinc.com [mailto:harlan@schonfeldinc.com]
Sent: Monday, September 30, 2013 4:46 PM
To: Norma Walton
Cc: Jim Reitan
Subject: Re: Bank statements

Norma:

Days end is upon us. I am downstairs.

Might I have today's promised materials?

Should I come to your office to get them?

Sent wirelessly from my BlackBerry device on the Bell network.
Envoyé sans fil par mon terminal mobile BlackBerry sur le réseau de Bell.

From: Norma Walton <nwalton@roseandthistle.ca>
Date: Mon, 30 Sep 2013 18:01:41 +0000
To: Harlan Schonfeld<harlan@schonfeldinc.com>
Cc: Jim Reitan<Jim@drbdiet.com>
Subject: RE: Bank statements

Dear Harlan,

Yes

Trudy is working on providing you with all leases as agreed.

Tom and I will chase down and send the mortgage documents for 1450 and 1500 before day's end.

267

Sarita is scanning all bank statements first then will roll to invoices.

Kendra and I are updating the four entities with a view to providing access.

Regards,
Norma

From: Harlan Schonfeld [<mailto:harlan@schonfeldinc.com>]

Sent: Monday, September 30, 2013 1:57 PM

To: Norma Walton

Cc: Jim Reitan

Subject: Re: Bank statements

Norma:

And I expect to receive today mortgage documents for the 2 Don Mills properties (1450 and 1500) that relate to \$6 million in increased mortgages; and copies of all of the property leases.

You also said you would let us know (within 2 hours) about us getting access to the files for supporting documents and provide 4 more entities records.

S.Harlan Schonfeld, CPA, CA CIRP
SCHONFELD INC. Receivers + Trustees
438 University Avenue, 21st Floor
Toronto, ON M5G 2K8
Tel 416.862.7785
Cell 416.254.1992
Fax 416.862.2136



Experience acquired. Experience applied.

This email may contain confidential information and no rights to privilege have been waived. If you are not the intended recipient, please notify us immediately. Thank you.

On Mon, Sep 30, 2013 at 12:56 PM, Norma Walton <nwalton@roseandthistle.ca> wrote:

Dear Jim and Harlan,

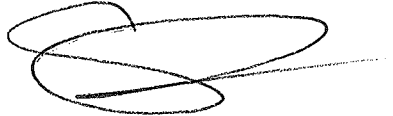
You had requested bank statements on Friday. Sarita provided you with Global Mills bank statements on Friday afternoon and will provide the remainder of statements this week.

Regards,

Norma

Tab J

This is Exhibit "J" referred to in the Affidavit of James Reitan
sworn before me this 1st day of October, 2013

A handwritten signature in black ink, consisting of a large, stylized 'S' or 'J' shape with a horizontal line extending to the right.

A Commissioner for Taking Affidavits

Trans #	Type	Entered/Last Modified	Last modified by	Date	Num	Adj	Name	Memo	Split	Amount	Balance	trans
106	Deposit	07/03/2012 10:37:07	Kendra	27-Jun-11			368230 Ontario Limited	Deposit		470,473.00	469,953.98	1
106	Deposit	07/03/2012 10:37:07	Kendra	27-Jun-11	0380		10100 - Bank	Deposit	D&C Investments Paper Ltd.	-470,473.00	-470,473.00	1
99	Transfer	10/03/2012 13:17:26	Marisa	30-Jun-11				Funds Transfer		-41,350.00	377,143.23	1
99	Transfer	10/03/2012 13:17:26	Marisa	30-Jun-11				Funds Transfer		41,350.00	9,688.45	1
286	General Journal	03/16/2012 17:10:53	Kendra	30-Jun-11	06/11-1	0		To record purchase of 450 Paper Ave. Building		850,000.00	850,000.00	1
286	General Journal	03/16/2012 17:10:53	Kendra	30-Jun-11	06/11-1	0		To record purchase of 450 Paper Ave. Building		-400,000.00	-324,500.00	1
286	General Journal	03/16/2012 17:10:53	Kendra	30-Jun-11	06/11-1	0		To record purchase of 450 Paper Ave. Building		-1,300,000.00	-1,300,000.00	1
286	General Journal	03/16/2012 17:10:53	Kendra	30-Jun-11	06/11-1	0		To record purchase of 450 Paper Ave. Building		-6,050.00	-1,332.02	1
100	Transfer	10/03/2012 13:18:22	Kendra	4-Jul-11			368230 Ontario Ltd	Deposit		250,000.00	245,830.77	2
59	Deposit	03/23/2012 16:16:48	Temp	3-Aug-11			10100 - Bank	Construction advance		-250,000.00	-1,550,000.00	2
59	Deposit	03/23/2012 16:16:48	Temp	3-Aug-11	0582		26200 - I/C Payable - Rose and Thistle	Funds Transfer		-246,550.00	-4,082.84	2
104	Transfer	10/03/2012 13:20:33	Marisa	5-Aug-11			10100 - Bank	Funds Transfer		246,550.00	241,788.45	3
104	Transfer	10/03/2012 13:20:33	Marisa	5-Aug-11			10100 - Bank	Funds Transfer		313,958.80	304,341.53	3
80	Deposit	07/03/2012 12:12:52	Kendra	9-Sep-11				Deposit		-315,000.00	-1,655,000.00	3
80	Deposit	07/03/2012 12:12:52	Kendra	9-Sep-11			10100 - Bank	Construction advance		1,041.20	28,233.85	3
249	Transfer	03/16/2012 12:20:58	Kendra	9-Sep-11	0405		368230 Ontario Limited	Construction advance		-313,900.00	-9,558.07	3
249	Transfer	03/16/2012 12:20:58	Kendra	9-Sep-11			368230 Ontario Limited	Funds Transfer		313,900.00	537,538.45	3
107	Deposit	07/03/2012 12:13:14	Kendra	9-Sep-11			10100 - Bank	Funds Transfer		223,452.00	760,990.45	4
107	Deposit	07/03/2012 12:13:14	Kendra	9-Sep-11			10100 - Bank	Funds Transfer		-225,000.00	-2,090,000.00	4
107	Deposit	07/03/2012 12:13:14	Kendra	9-Sep-11			10100 - Bank	Construction advance		1,548.00	44,315.85	4
107	Deposit	07/03/2012 12:13:14	Kendra	9-Sep-11			10100 - Bank	Construction advance		-212,700.00	-9,339.61	4
252	Transfer	03/16/2012 12:34:14	Kendra	4-Oct-11	0412		368230 Ontario Limited	Funds Transfer		384,313.54	336,435.52	5
252	Transfer	03/16/2012 12:34:14	Kendra	4-Oct-11			10100 - Bank	Deposit		-387,500.00	-2,457,500.00	5
148	Deposit	03/23/2012 16:16:48	Temp	10-Nov-11			368230 Ontario Limited	Mortgage advance		3,166.46	62,016.31	5
148	Deposit	03/23/2012 16:16:48	Temp	10-Nov-11	0451		10100 - Bank	Mortgage advance		-364,900.00	-27,864.48	5
148	Deposit	03/23/2012 16:16:48	Temp	10-Nov-11	0451		10100 - Bank	Funds Transfer		364,300.00	1,080,938.45	5
257	Transfer	03/16/2012 12:30:22	Kendra	10-Nov-11			10100 - Bank	Funds Transfer		-37,900.00	-40,857.03	6
257	Transfer	03/16/2012 12:30:22	Kendra	10-Nov-11			10100 - Bank	Funds Transfer		37,900.00	1,075,838.45	6
263	Transfer	03/16/2012 12:32:34	Kendra	20-Dec-11			10100 - Bank	Deposit		39,926.00	-2,931.03	6
263	Transfer	03/16/2012 12:32:34	Kendra	20-Dec-11			10100 - Bank	Deposit		-45,000.00	-2,502,500.00	6
280	Deposit	03/23/2012 16:16:48	Temp	20-Dec-11	0483		368230 Ontario Limited	Mortgage advance		5,074.00	81,634.31	6
280	Deposit	03/23/2012 16:16:48	Temp	20-Dec-11	0483		10100 - Bank	Mortgage advance		-60,000.00	-2,562,500.00	7
603	General Journal	04/21/2013 16:21:16	Marisa (Admin)	1-Jun-12	001/12-23	0	368230 Ontario Limited	2% mortgage placement fee on \$3,000,000 (y/b a 2011 entry)		60,000.00	60,504.95	7
603	General Journal	04/21/2013 16:21:16	Marisa (Admin)	1-Jun-12	001/12-23	0	368230 Ontario Limited	2% mortgage placement fee on \$3,000,000 (y/b a 2011 entry)		-60,000.00	47,880.59	8
279	Deposit	04/21/2013 15:32:48	Marisa (Admin)	27-Feb-12			368230 Ontario Limited	Deposit		57,500.00	-2,620,000.00	8
279	Deposit	04/21/2013 15:32:48	Marisa (Admin)	27-Feb-12	0523		10100 - Bank	Mortgage advance		9,082.82	119,755.13	8
279	Deposit	04/21/2013 15:32:48	Marisa (Admin)	27-Feb-12	0523		10100 - Bank	Mortgage advance		-48,400.00	-509.41	8
328	Transfer	04/26/2012 11:48:12	Kendra	27-Feb-12			10100 - Bank	Funds Transfer		48,400.00	-303,420.55	8
328	Transfer	04/26/2012 11:48:12	Kendra	27-Feb-12			10100 - Bank	Funds Transfer		275,000.00	269,152.33	9
516	Deposit	04/21/2013 16:51:19	Norma	18-Mar-13	769		368230 Ontario Limited	Deposit		-275,000.00	-2,895,000.00	9
516	Deposit	04/21/2013 16:51:19	Norma	18-Mar-13			10100 - Bank	Mortgage advance		-275,000.00	-5,847.67	9
519	Transfer	04/22/2013 10:26:37	Norma	18-Mar-13			368230 Ontario Ltd	Funds Transfer		275,000.00	-426,770.55	9
519	Transfer	04/22/2013 10:26:37	Norma	18-Mar-13			10100 - Bank	Funds Transfer		105,000.00	99,470.86	10
515	Deposit	07/12/2013 10:46:44	Anjela	8-Apr-13	777		368230 Ontario Limited	Deposit		-105,000.00	-3,000,000.00	10
515	Deposit	07/12/2013 10:46:44	Anjela	8-Apr-13			10100 - Bank	Funds Transfer		-103,450.00	-2,954.74	10
558	Transfer	06/12/2013 15:31:45	Norma	8-Apr-13			26200 - I/C Payable - Rose and Thistle	Funds Transfer		103,450.00	-342,930.55	10
558	Transfer	06/12/2013 15:31:45	Norma	8-Apr-13			10100 - Bank	Funds Transfer		100.00	100.00	
267	Cheque	03/16/2012 13:30:43	Kendra	26-Apr-11				Funds Transfer		-2.33	97.67	
270	Bill Pmt-Cheque	03/16/2012 13:46:35	Kendra	26-May-11	1		Maple Printing	Service Charge		-145.21	-47.54	
94	Transfer	10/03/2012 13:15:52	Marisa	27-May-11				Funds Transfer		150.00	102.46	
268	Cheque	03/16/2012 13:31:19	Kendra	31-May-11				Service Charge		-13.25	89.21	
7	Bill Pmt-Cheque	06/02/2011 14:21:57	Kendra	2-Jun-11	2		Treasurer, City of Toronto	Re. Taxes		-65.00	24.21	
8	Bill Pmt-Cheque	06/02/2011 14:21:57	Kendra	2-Jun-11	3		Treasurer, City of Toronto	Re. Building Department Compliance		-125.66	-101.45	

10100 - Bank	9 Bill Pmt - Cheque	06/02/2011 14:21:58 Kendra	2-Jun-11 4	Treasurer, City of Toronto	Re. Fire Prevention	20000 - Accounts Payable	-64.57	
10100 - Bank	10 Bill Pmt - Cheque	06/02/2011 14:21:58 Kendra	2-Jun-11 5	Treasurer, City of Toronto	Re. Water Accounts	20000 - Accounts Payable	-25.00	
10100 - Bank	11 Bill Pmt - Cheque	06/02/2011 14:21:58 Kendra	2-Jun-11 6	Treasurer, City of Toronto	Re. Technical Services re. Easements/ROWs, etc...	20000 - Accounts Payable	-251.02	
10100 - Bank	12 Bill Pmt - Cheque	06/02/2011 14:21:59 Kendra	2-Jun-11 7	Treasurer, City of Toronto	Re. Heritage and Preservation Services	20000 - Accounts Payable	-311.02	
10100 - Bank	95 Transfer	10/03/2011 13:16:07 Marisa	2-Jun-11	Funds Transfer		26200 - /JC Payable - Rose and Thistle	400.00	
10100 - Bank	14 Bill Pmt - Cheque	06/07/2011 11:58:36 John	7-Jun-11 8	McKenzie Ray Heron & Edwards		20000 - Accounts Payable	-2,500.00	
10100 - Bank	96 Transfer	10/03/2011 13:16:17 Marisa	7-Jun-11	Funds Transfer		26200 - /JC Payable - Rose and Thistle	88.98	
10100 - Bank	16 Bill Pmt - Cheque	06/14/2011 19:46:48 Kendra	14-Jun-11 9	Treasurer, City of Toronto		20000 - /JC Payable - Rose and Thistle	-11.02	
10100 - Bank	97 Transfer	10/03/2011 13:16:26 Marisa	14-Jun-11	Funds Transfer		20000 - Accounts Payable	100.00	
10100 - Bank	18 Bill Pmt - Cheque	06/20/2011 10:19:57 Marisa	20-Jun-11 10	Shayla Brudner Title Services Inc.		20000 - /JC Payable - Rose and Thistle	88.98	
10100 - Bank	106 Deposit	07/03/2012 16:37:07 Kendra	27-Jun-11	Deposit		20000 - Accounts Payable	-559.02	
10100 - Bank	98 Transfer	10/03/2011 13:17:13 Marisa	28-Jun-11	Funds Transfer		26200 - /JC Payable - Rose and Thistle	470,473.00	
10100 - Bank	36 Bill Pmt - Cheque	03/20/2011 16:52:08 Temp	30-Jun-11 19	Jedd Jones Architect Ltd.	11-080	20000 - Accounts Payable	469,933.98	
10100 - Bank	99 Transfer	10/03/2011 13:17:26 Marisa	30-Jun-11	Funds Transfer		26200 - /JC Payable - Rose and Thistle	418,458.23	
10100 - Bank	271 Cheque	03/16/2012 13:47:33 Kendra	30-Jun-11	Service Charge		60400 - Bank Service Charges	377,143.23	
10100 - Bank	30 Bill Pmt - Cheque	07/04/2011 11:13:38 Kendra	4-Jul-11 16	Fraser Miller Cagrain in Trust		20000 - Accounts Payable	-15.25	
10100 - Bank	32 Bill Pmt - Cheque	07/04/2011 11:31:28 Kendra	4-Jul-11 17	Walton Advocates		20000 - Accounts Payable	377,127.98	
10100 - Bank	100 Transfer	10/03/2011 13:19:22 Marisa	4-Jul-11	Funds Transfer		26200 - /JC Payable - Rose and Thistle	-1,332.02	
10100 - Bank	34 Bill Pmt - Cheque	07/05/2011 15:42:50 John	5-Jul-11 18	HKMB HUB International Ltd.	Premium Financing Down Payment - Riverdale Mansion Ltd.	20000 - Accounts Payable	-7,153.00	
10100 - Bank	101 Transfer	10/03/2011 13:19:37 Marisa	6-Jul-11	Funds Transfer		26200 - /JC Payable - Rose and Thistle	-1,335.02	
10100 - Bank	38 Bill Pmt - Cheque	07/14/2011 12:27:40 Marisa	14-Jul-11 20	Enbridge		20000 - Accounts Payable	-2,068.63	
10100 - Bank	102 Transfer	10/03/2011 13:19:55 Marisa	22-Jul-11	Funds Transfer		26200 - /JC Payable - Rose and Thistle	750.00	
10100 - Bank	44 Bill Pmt - Cheque	07/27/2011 17:22:47 Marisa	27-Jul-11 21	McKenzie Ray Heron & Edwards		20000 - Accounts Payable	-1,318.63	
10100 - Bank	273 Cheque	03/16/2012 15:32:59 Kendra	31-Jul-11	Service Charge		60400 - Bank Service Charges	-2,765.00	
10100 - Bank	24 Bill Pmt - Cheque	03/23/2012 16:16:48 Temp	1-Aug-11 11	368230 Ontario Limited		20000 - Accounts Payable	-4,110.58	
10100 - Bank	103 Transfer	10/03/2011 13:20:11 Marisa	2-Aug-11	Funds Transfer		26200 - /JC Payable - Rose and Thistle	-12,658.65	
10100 - Bank	59 Deposit	03/23/2012 16:16:48 Temp	3-Aug-11	Deposit		20000 - Accounts Payable	12,600.00	
10100 - Bank	58 Bill Pmt - Cheque	08/18/2011 14:55:16 Kendra	4-Aug-11 Debit	HKMB HUB International Ltd.	Premium Financing Down Payment - Riverdale Mansion Ltd.	20000 - Accounts Payable	250,000.00	
10100 - Bank	104 Transfer	10/03/2011 13:20:33 Marisa	5-Aug-11	Funds Transfer		26200 - /JC Payable - Rose and Thistle	243,467.16	
10100 - Bank	50 Bill Pmt - Cheque	08/16/2011 14:55:02 Marisa	16-Aug-11 22	Enbridge		20000 - Accounts Payable	-4,002.84	
10100 - Bank	51 Bill Pmt - Cheque	03/21/2012 9:29:24 Temp	16-Aug-11 23	Optimum Waste & Recycling Systems		20000 - Accounts Payable	-215.21	
10100 - Bank	52 Bill Pmt - Cheque	08/16/2011 14:55:03 Marisa	16-Aug-11 24	The Salvation Army		20000 - Accounts Payable	-968.98	
10100 - Bank	53 Bill Pmt - Cheque	03/21/2012 9:29:24 Temp	16-Aug-11 25	Optimum Waste & Recycling Systems		20000 - Accounts Payable	-70.00	
10100 - Bank	54 Bill Pmt - Cheque	03/21/2012 9:29:24 Temp	16-Aug-11 26	Optimum Waste & Recycling Systems		20000 - Accounts Payable	-5,312.17	
10100 - Bank	105 Transfer	10/03/2011 13:20:45 Marisa	19-Aug-11	Funds Transfer		26200 - /JC Payable - Rose and Thistle	-452.00	
10100 - Bank	64 Bill Pmt - Cheque	03/23/2012 11:40:48 Temp2	25-Aug-11 27	Bill Greer		20000 - Accounts Payable	-6,514.17	
10100 - Bank	65 Bill Pmt - Cheque	03/21/2012 9:29:24 Temp	25-Aug-11 28	VOID: As per Mario		20000 - Accounts Payable	0.00	
10100 - Bank	66 Bill Pmt - Cheque	03/21/2012 9:29:24 Temp	25-Aug-11 29	Optimum Waste & Recycling Systems		20000 - Accounts Payable	-357.36	
10100 - Bank	274 Cheque	03/16/2012 15:37:01 Kendra	31-Aug-11	Service Charge		60400 - Bank Service Charges	-1,049.18	
10100 - Bank	25 Bill Pmt - Cheque	03/23/2012 16:16:48 Temp	1-Sep-11 12	368230 Ontario Limited		20000 - Accounts Payable	-12.55	
10100 - Bank	247 Transfer	03/16/2012 12:20:17 Kendra	1-Sep-11	Funds Transfer		26200 - /JC Payable - Rose and Thistle	-14,534.00	
10100 - Bank	74 Bill Pmt - Cheque	03/29/2012 11:56:43 Temp2	2-Sep-11 30	Don Lea Lumber Ltd		20000 - Accounts Payable	14,550.00	
10100 - Bank	75 Bill Pmt - Cheque	03/21/2012 9:29:24 Temp	2-Sep-11 31	VOID: As per Mario		20000 - Accounts Payable	-7,917.26	
10100 - Bank	76 Bill Pmt - Cheque	09/02/2011 16:32:12 Marisa	2-Sep-11 32	Optimum Waste & Recycling Systems		20000 - Accounts Payable	-8,274.62	
10100 - Bank	77 Bill Pmt - Cheque	09/02/2011 16:32:13 Marisa	2-Sep-11 33	Stephenson's Rental Services		20000 - Accounts Payable	-277.75	
10100 - Bank	78 Bill Pmt - Cheque	03/21/2012 9:29:24 Temp	2-Sep-11 34	The Salvation Army		20000 - Accounts Payable	-70.00	
10100 - Bank	79 Bill Pmt - Cheque	09/02/2011 16:32:14 Marisa	2-Sep-11 35	Optimum Waste & Recycling Systems		20000 - Accounts Payable	-809.36	
10100 - Bank	248 Transfer	08/18/2011 14:55:33 Kendra	4-Sep-11 Debit	Stephenson's Rental Services		20000 - Accounts Payable	-9,431.73	
10100 - Bank	80 Deposit	03/16/2012 12:20:29 Kendra	6-Sep-11	HKMB HUB International Ltd.	Premium Financing Down Payment - Riverdale Mansion Ltd.	20000 - Accounts Payable	-171.53	
10100 - Bank	249 Transfer	10/03/2011 13:20:58 Kendra	9-Sep-11	Funds Transfer		26200 - /JC Payable - Rose and Thistle	-3,363.61	
10100 - Bank	87 Bill Pmt - Cheque	12/27/2011 16:01:54 Marisa	23-Sep-11 36	Enbridge		20000 - Accounts Payable	3,350.00	
10100 - Bank	88 Bill Pmt - Cheque	09/23/2011 16:37:36 Marisa	23-Sep-11 37	Stephenson's Rental Services		20000 - Accounts Payable	313,958.80	
10100 - Bank	89 Bill Pmt - Cheque	09/23/2011 16:37:36 Marisa	23-Sep-11 38	The Salvation Army		20000 - Accounts Payable	-313,960.00	
10100 - Bank	90 Bill Pmt - Cheque	03/21/2012 13:42:11 Temp	23-Sep-11 39	Toronto Hydro Electric System Limited		20000 - Accounts Payable	0.00	
10100 - Bank	91 Bill Pmt - Cheque	09/23/2011 16:37:38 Marisa	23-Sep-11 40	The Salvation Army		20000 - Accounts Payable	-1,788.39	
10100 - Bank	92 Bill Pmt - Cheque	03/21/2012 13:42:11 Temp	23-Sep-11 41	Toronto Hydro Electric System Limited		20000 - Accounts Payable	-11,346.46	
10100 - Bank	250 Transfer	03/16/2012 12:21:13 Kendra	30-Sep-11	Funds Transfer		26200 - /JC Payable - Rose and Thistle	-295.00	
10100 - Bank	275 Cheque	03/16/2012 15:38:13 Kendra	30-Sep-11	Service Charge		60400 - Bank Service Charges	-16,104.88	

10100 - Bank	09/23/2012 16:16:48 Temp	1-Oct-11 13	368230 Ontario Limited	Funds Transfer	20000 - Accounts Payable	-14,534.00	-31,278.00
10100 - Bank	09/16/2012 12:29:51 Kendra	9-Oct-11	HKMB HUB International Limited	Funds Transfer	26200 - I/C Payable - Rose and Thistle	14,550.00	-16,728.00
10100 - Bank	08/18/2011 14:55:45 Kendra	4-Oct-11 Debit	HKMB HUB International Limited	Funds Transfer	20000 - Accounts Payable	-3,363.61	-20,091.61
10100 - Bank	07/09/2012 12:15:14 Kendra	4-Oct-11	Deposit	20000 - Accounts Payable	-SPUR-	223,452.00	203,360.39
10100 - Bank	09/16/2012 12:24:34 Kendra	4-Oct-11	Funds Transfer	Funds Transfer	26200 - I/C Payable - Rose and Thistle	-212,700.00	-9,339.61
10100 - Bank	09/16/2012 15:56:09 Kendra	6-Oct-11	Funds Transfer	Funds Transfer	26200 - I/C Payable - Rose and Thistle	-5,900.00	-15,239.61
10100 - Bank	09/16/2012 12:28:45 Kendra	13-Oct-11	Funds Transfer	Funds Transfer	26200 - I/C Payable - Rose and Thistle	7,300.00	-7,939.61
10100 - Bank	09/21/2012 13:42:11 Temp	18-Oct-11 42	Toronto Hydro Electric System Account #5007680000	Funds Transfer	20000 - Accounts Payable	-451.77	-8,391.38
10100 - Bank	09/16/2012 12:28:58 Kendra	19-Oct-11	Jedd Jones Architect Ltd.	Funds Transfer	26200 - I/C Payable - Rose and Thistle	450.00	-7,941.38
10100 - Bank	09/20/2012 16:52:08 Temp	25-Oct-11 43	Optimum Waste & Recycling Systems	Funds Transfer	20000 - Accounts Payable	-1,864.50	-9,805.88
10100 - Bank	09/21/2012 9:29:24 Temp	25-Oct-11 55	Optimum Waste & Recycling Systems	Funds Transfer	20000 - Accounts Payable	-1,950.27	-11,756.15
10100 - Bank	09/21/2012 9:29:24 Temp	25-Oct-11 56	Optimum Waste & Recycling Systems	Funds Transfer	20000 - Accounts Payable	-1,430.34	-13,186.49
10100 - Bank	11/01/2011 18:10:08 Mario (Admin)	25-Oct-11 50	Stephenson's Rental Services	Funds Transfer	20000 - Accounts Payable	-2,587.29	-15,773.78
10100 - Bank	09/21/2012 9:29:24 Temp	26-Oct-11 53	Optimum Waste & Recycling Systems	Funds Transfer	20000 - Accounts Payable	-357.36	-16,131.14
10100 - Bank	09/21/2012 9:29:24 Temp	26-Oct-11 49	Optimum Waste & Recycling Systems	Funds Transfer	20000 - Accounts Payable	-1,027.15	-17,158.29
10100 - Bank	11/01/2011 18:10:09 Mario (Admin)	26-Oct-11 51	Stephenson's Rental Services	Funds Transfer	20000 - Accounts Payable	-686.13	-17,844.42
10100 - Bank	11/01/2011 18:01:17 Mario (Admin)	27-Oct-11 44	Chem / Phar Solutions Inc.	Funds Transfer	20000 - Accounts Payable	-2,260.00	-20,104.42
10100 - Bank	11/01/2011 18:01:17 Mario (Admin)	27-Oct-11 44	Jedd Jones Architect Ltd.	Funds Transfer	20000 - Accounts Payable	-4,520.00	-24,624.42
10100 - Bank	09/20/2012 16:52:08 Temp	27-Oct-11 46	Optimum Waste & Recycling Systems	Funds Transfer	20000 - Accounts Payable	-4,661.25	-29,285.67
10100 - Bank	09/21/2012 9:29:24 Temp	27-Oct-11 54	Optimum Waste & Recycling Systems	Funds Transfer	20000 - Accounts Payable	-357.36	-29,643.03
10100 - Bank	11/01/2011 18:01:18 Mario (Admin)	27-Oct-11 47	Scarboro Steel Works Limited	Funds Transfer	20000 - Accounts Payable	-231.65	-29,874.68
10100 - Bank	11/01/2011 18:10:09 Mario (Admin)	27-Oct-11 52	Stephenson's Rental Services	Funds Transfer	20000 - Accounts Payable	-124.89	-29,999.57
10100 - Bank	11/01/2011 18:01:19 Mario (Admin)	28-Oct-11 48	The Salvation Army	Funds Transfer	20000 - Accounts Payable	-70.00	-30,069.57
10100 - Bank	09/16/2012 15:57:05 Kendra	31-Oct-11	Service Charge	Funds Transfer	60400 - Bank Service Charges	-26.45	-30,096.02
10100 - Bank	09/23/2012 16:16:48 Temp	1-Nov-11 14	368230 Ontario Limited	Funds Transfer	20000 - Accounts Payable	-14,534.00	-44,630.02
10100 - Bank	09/16/2012 12:29:43 Kendra	1-Nov-11	The Salvation Army	Funds Transfer	26200 - I/C Payable - Rose and Thistle	14,550.00	-30,078.02
10100 - Bank	11/02/2011 13:26:28 Mario (Admin)	2-Nov-11 57	The Salvation Army	Funds Transfer	20000 - Accounts Payable	-70.00	-30,148.02
10100 - Bank	09/16/2012 12:30:08 Kendra	7-Nov-11	Funds Transfer	Funds Transfer	26200 - I/C Payable - Rose and Thistle	2,250.00	-27,898.02
10100 - Bank	09/23/2012 16:16:48 Temp	10-Nov-11	Deposit	20000 - Accounts Payable	-SPUR-	364,333.54	336,435.52
10100 - Bank	09/16/2012 12:30:22 Kendra	10-Nov-11	Funds Transfer	Funds Transfer	26200 - I/C Payable - Rose and Thistle	-364,300.00	-27,864.48
10100 - Bank	09/20/2012 16:52:08 Temp	17-Nov-11 58	Jedd Jones Architect Ltd.	Funds Transfer	20000 - Accounts Payable	-565.00	-28,429.48
10100 - Bank	09/16/2012 12:30:33 Kendra	18-Nov-11	# 1124	Funds Transfer	26200 - I/C Payable - Rose and Thistle	500.00	-27,929.48
10100 - Bank	09/16/2012 12:31:03 Kendra	25-Nov-11	Funds Transfer	Funds Transfer	26200 - I/C Payable - Rose and Thistle	400.00	-27,529.48
10100 - Bank	09/16/2012 15:59:00 Kendra	30-Nov-11	Service Charge	Funds Transfer	60400 - Bank Service Charges	-15.35	-27,544.83
10100 - Bank	09/23/2012 16:16:48 Temp	1-Dec-11 15	368230 Ontario Limited	Funds Transfer	20000 - Accounts Payable	-14,534.00	-42,078.83
10100 - Bank	09/16/2012 12:31:36 Kendra	1-Dec-11	REA Sign Group	Funds Transfer	26200 - I/C Payable - Rose and Thistle	14,550.00	-27,528.83
10100 - Bank	12/02/2011 14:15:49 Marisa	2-Dec-11 59	REA Sign Group	Funds Transfer	20000 - Accounts Payable	-1,638.50	-29,167.33
10100 - Bank	12/02/2011 14:38:09 Marisa	2-Dec-11 60	Toronto Hydro Electric System Limited	Funds Transfer	20000 - Accounts Payable	-169.50	-29,336.83
10100 - Bank	09/16/2012 12:31:51 Kendra	5-Dec-11	Funds Transfer	Funds Transfer	26200 - I/C Payable - Rose and Thistle	25,950.00	-2,386.83
10100 - Bank	09/21/2012 13:42:11 Temp	6-Dec-11 61	Funds Transfer	Funds Transfer	20000 - Accounts Payable	-555.20	-2,942.03
10100 - Bank	09/16/2012 12:31:59 Kendra	6-Dec-11	Funds Transfer	Funds Transfer	26200 - I/C Payable - Rose and Thistle	550.00	-2,392.03
10100 - Bank	09/20/2012 16:52:08 Temp	8-Dec-11 64	Jedd Jones Architect Ltd.	Funds Transfer	20000 - Accounts Payable	-565.00	-2,957.03
10100 - Bank	09/16/2012 12:32:34 Kendra	20-Dec-11	Deposit	Funds Transfer	26200 - I/C Payable - Rose and Thistle	-37,900.00	-40,857.03
10100 - Bank	09/16/2012 12:32:41 Kendra	20-Dec-11	Funds Transfer	Funds Transfer	26200 - I/C Payable - Rose and Thistle	-2,000.00	-42,857.03
10100 - Bank	09/23/2012 16:16:48 Temp	20-Dec-11	SPUR-	Funds Transfer	26200 - I/C Payable - Rose and Thistle	39,926.00	-2,931.03
10100 - Bank	12/09/2011 12:10:37 Marisa	21-Dec-11 62	Chem / Phar Solutions Inc.	Funds Transfer	20000 - Accounts Payable	-6,780.00	-9,711.03
10100 - Bank	09/16/2012 12:33:57 Kendra	21-Dec-11	Funds Transfer	Funds Transfer	26200 - I/C Payable - Rose and Thistle	-4,300.00	-14,011.03
10100 - Bank	09/16/2012 12:34:26 Kendra	28-Dec-11	Service Charge	Funds Transfer	26200 - I/C Payable - Rose and Thistle	-2,000.00	-16,011.03
10100 - Bank	09/16/2012 16:07:11 Kendra	31-Dec-11	Accounts Payable	Funds Transfer	60400 - Bank Service Charges	-16.70	-16,027.73
10100 - Bank	07/03/2012 15:38:19 Kendra	31-Dec-11 112/11 - 4	To record cheques that have not cleared the bank as of Dec 31, 2011	Service Charge	20000 - Accounts Payable	21,310.63	5,282.90
10100 - Bank	07/03/2012 15:38:19 Kendra	1-Jan-12 112/11 - SR	Accounts Payable	To record cheques that have not cleared the bank as of Dec 31, 2011	20000 - Accounts Payable	-21,310.63	-16,027.73
10100 - Bank	01/03/2012 9:33:56 Marisa	2-Jan-12	Enbridge	VOID: W/R 7973988	20000 - Accounts Payable	0.00	-16,027.73
10100 - Bank	09/23/2012 16:16:48 Temp	2-Jan-12 68	368230 Ontario Limited	Application for Absolute Title	20000 - Accounts Payable	-14,534.00	-30,561.73
10100 - Bank	01/03/2012 13:29:29 Marisa	2-Jan-12 69	Ministry of Finance (ON)	Enbridge	20000 - Accounts Payable	-70.00	-30,631.73
10100 - Bank	01/03/2012 9:37:51 Marisa	3-Jan-12 66	Enbridge	Enbridge	20000 - Accounts Payable	-2,265.64	-32,897.37
10100 - Bank	12/09/2011 12:12:29 Marisa	5-Jan-12 63	Chem / Phar Solutions Inc.	Chem / Phar Solutions Inc.	20000 - Accounts Payable	-6,893.00	-39,790.37
10100 - Bank	12/29/2011 14:00:48 Marisa	5-Jan-12 65	JB Home Improvement and Rr. Roofing repairs -450 Pape Av	JB Home Improvement and Rr. Roofing repairs -450 Pape Av	20000 - Accounts Payable	-65,102.37	-105,892.74
10100 - Bank	09/16/2012 16:07:51 Kendra	5-Jan-12	Funds Transfer	Funds Transfer	26200 - I/C Payable - Rose and Thistle	14,600.00	-50,502.37
10100 - Bank	09/16/2012 16:08:00 Kendra	5-Jan-12	Funds Transfer	Funds Transfer	26200 - I/C Payable - Rose and Thistle	51,800.00	1,297.63

10100 - Bank	01/13/2012 11:43:51	191 Bill Pmt-Cheque	13-Jan-12 73	HKMB HUB International Limit Down Payment	20000 - Accounts Payable	-8,044.00	-6,746.37
10100 - Bank	03/16/2012 16:08:10	284 Transfer	16-Jan-12	Funds Transfer	26200 - I/C Payable - Rose and Thistle	8,050.00	1,303.63
10100 - Bank	03/16/2012 16:09:37	285 Cheque	31-Jan-12	Service Charge	60400 - Bank Service Charges	-12.95	1,290.68
10100 - Bank	03/23/2012 16:16:48	206 Bill Pmt-Cheque	1-Feb-12 74	368230 Ontario Limited	20000 - Accounts Payable	-14,534.00	-13,243.32
10100 - Bank	02/01/2012 16:05:57	210 Bill Pmt-Cheque	1-Feb-12 75	Stephenson's Rental Services	20000 - Accounts Payable	-2,567.13	-15,810.45
10100 - Bank	02/01/2012 11:34:40	211 Bill Pmt-Cheque	1-Feb-12 76	Stephenson's Rental Services	20000 - Accounts Payable	-171.53	-15,981.98
10100 - Bank	04/26/2012 11:40:07	322 Transfer	1-Feb-12	Funds Transfer	20000 - Accounts Payable	13,600.00	-2,381.98
10100 - Bank	04/26/2012 11:40:14	323 Transfer	2-Feb-12	Funds Transfer	26200 - I/C Payable - Rose and Thistle	2,700.00	318.02
10100 - Bank	02/03/2012 12:21:42	216 Bill Pmt-Cheque	3-Feb-12 77	Stephenson's Rental Services Invoice# 00819332	20000 - Accounts Payable	-98.76	213.26
10100 - Bank	02/03/2012 12:25:04	217 Bill Pmt-Cheque	3-Feb-12 78	Stephenson's Rental Services Inv # 008191182	20000 - Accounts Payable	-228.71	-9.45
10100 - Bank	02/03/2012 12:25:57	218 Bill Pmt-Cheque	3-Feb-12 79	Stephenson's Rental Services Invoice 008191514	20000 - Accounts Payable	-114.36	-123.81
10100 - Bank	02/03/2012 12:27:25	219 Bill Pmt-Cheque	3-Feb-12 80	Stephenson's Rental Services	20000 - Accounts Payable	-457.42	-581.29
10100 - Bank	02/03/2012 12:28:46	220 Bill Pmt-Cheque	3-Feb-12 81	Stephenson's Rental Services	20000 - Accounts Payable	-171.53	-752.76
10100 - Bank	02/03/2012 12:29:34	221 Bill Pmt-Cheque	3-Feb-12 82	Stephenson's Rental Services Invoice# 008192930	20000 - Accounts Payable	-228.71	-981.47
10100 - Bank	02/03/2012 12:30:50	222 Bill Pmt-Cheque	3-Feb-12 83	Stephenson's Rental Services Invoice# 008193100	20000 - Accounts Payable	-114.36	-1,096.83
10100 - Bank	02/03/2012 12:31:29	223 Bill Pmt-Cheque	3-Feb-12 84	Stephenson's Rental Services Invoice# 008193099	20000 - Accounts Payable	-457.42	-1,553.25
10100 - Bank	04/26/2012 12:09:18	330 Bill Pmt-Cheque	4-Feb-12 Debit	HKMB HUB International Limit Pre-authorized payment to Mellon Bank (CAFO)	20000 - Accounts Payable	-4,719.88	-6,273.13
10100 - Bank	03/20/2012 16:52:08	187 Bill Pmt-Cheque	5-Feb-12 72	Jedd Jones Architect Ltd. 1124 450 Pope Avenue	20000 - Accounts Payable	-3,055.08	-9,328.21
10100 - Bank	04/26/2012 12:13:32	189 Bill Pmt-Cheque	5-Feb-12 74	Jedd Jones Architect Ltd. VOID: 1117 College Street	20000 - Accounts Payable	0.00	-9,328.21
10100 - Bank	04/26/2012 11:40:20	324 Transfer	6-Feb-12	Funds Transfer	26200 - I/C Payable - Rose and Thistle	9,650.00	321.79
10100 - Bank	02/10/2012 10:58:21	227 Bill Pmt-Cheque	10-Feb-12 86	The Salvation Army	20000 - Accounts Payable	-965.00	-43.21
10100 - Bank	04/26/2012 11:40:29	325 Transfer	13-Feb-12	Funds Transfer	26200 - I/C Payable - Rose and Thistle	400.00	356.79
10100 - Bank	05/15/2012 13:57:58	228 Bill Pmt-Cheque	14-Feb-12 87	Jackie McInlay	20000 - Accounts Payable	-32.61	324.18
10100 - Bank	02/15/2012 10:49:42	230 Bill Pmt-Cheque	15-Feb-12 88	Land Survey Group	20000 - Accounts Payable	-1,840.77	-1,516.59
10100 - Bank	04/26/2012 11:40:38	326 Transfer	21-Feb-12	Funds Transfer	26200 - I/C Payable - Rose and Thistle	1,850.00	333.41
10100 - Bank	04/26/2012 11:40:46	327 Transfer	23-Feb-12	Funds Transfer	26200 - I/C Payable - Rose and Thistle	-850.00	-516.59
10100 - Bank	04/21/2012 15:32:48	379 Deposit	27-Feb-12	Deposit	SPUR:	48,407.18	47,890.59
10100 - Bank	04/26/2012 11:43:12	328 Transfer	27-Feb-12	Funds Transfer	26200 - I/C Payable - Rose and Thistle	-48,400.00	-509.41
10100 - Bank	02/28/2012 16:10:13	234 Bill Pmt-Cheque	28-Feb-12 89	Stephenson's Rental Services Invoice# 008191509	20000 - Accounts Payable	-216.96	-726.37
10100 - Bank	04/26/2012 12:17:18	333 Cheque	29-Feb-12	Service Charge	60400 - Bank Service Charges	-12.20	-738.57
10100 - Bank	06/05/2012 16:12:28	362 Bill Pmt-Cheque	29-Feb-12 112	Jedd Jones Architect Ltd.	20000 - Accounts Payable	-423.75	-1,162.32
10100 - Bank	03/23/2012 16:16:48	237 Bill Pmt-Cheque	1-Mar-12 90	368230 Ontario Limited	20000 - Accounts Payable	-14,534.00	-15,696.32
10100 - Bank	04/11/2012 11:40:23	310 Transfer	1-Mar-12	Funds Transfer	26200 - I/C Payable - Rose and Thistle	14,500.00	-1,196.32
10100 - Bank	04/11/2012 11:40:41	311 Transfer	2-Mar-12	Funds Transfer	26200 - I/C Payable - Rose and Thistle	3,753.68	4,950.00
10100 - Bank	04/26/2012 12:10:47	331 Bill Pmt-Cheque	4-Mar-12 Debit	HKMB HUB International Limit Pre-authorized payment to Mellon Bank (CAFO)	20000 - Accounts Payable	-4,719.88	-966.20
10100 - Bank	03/21/2012 9:29:24	226 Bill Pmt-Cheque	5-Mar-12 85	Optimum Waste & Recycling Invoice # 40837	20000 - Accounts Payable	-805.03	-1,771.23
10100 - Bank	03/05/2012 10:47:06	238 Bill Pmt-Cheque	5-Mar-12 91	Geo-Logic Inc. Invoice# 27186 - services rendered up to Sept. 30, 2011	20000 - Accounts Payable	-3,579.28	-5,350.51
10100 - Bank	04/11/2012 11:40:56	312 Transfer	5-Mar-12	Funds Transfer	26200 - I/C Payable - Rose and Thistle	1,400.00	-3,950.51
10100 - Bank	05/17/2012 16:48:23	240 Bill Pmt-Cheque	8-Mar-12 92	Treasurer, City of Toronto VOID: 450 Pope Seavance and Minor Variance applications Fee	20000 - Accounts Payable	0.00	-3,950.51
10100 - Bank	04/11/2012 11:43:59	313 Transfer	9-Mar-12	Funds Transfer	26200 - I/C Payable - Rose and Thistle	5,000.00	1,049.49
10100 - Bank	03/15/2012 13:25:53	246 Bill Pmt-Cheque	15-Mar-12 93	Stephenson's Rental Services Invoices 008192640, 008193465 and 008194188	26200 - I/C Payable - Rose and Thistle	3,550.00	4,559.49
10100 - Bank	03/21/2012 11:43:27	277 Bill Pmt-Cheque	12-Mar-12	Optimum Waste & Recycling Systems	20000 - Accounts Payable	-646.36	3,953.13
10100 - Bank	03/27/2012 13:12:54	291 Bill Pmt-Cheque	16-Mar-12 94	William N. Greer Invoice# 1 Revised - Consulting fees	20000 - Accounts Payable	-2,226.88	1,726.25
10100 - Bank	04/26/2012 12:18:27	334 Cheque	26-Mar-12	Service Charge	26200 - I/C Payable - Rose and Thistle	2,900.00	4,626.25
10100 - Bank	03/28/2012 9:50:37	292 Bill Pmt-Cheque	31-Mar-12	Service Charge	20000 - Accounts Payable	-347.50	4,278.75
10100 - Bank	05/22/2012 11:42:02	346 Transfer	1-Apr-12 96	368230 Ontario Limited	60400 - Bank Service Charges	-9.95	4,268.80
10100 - Bank	05/22/2012 11:42:47	350 Transfer	2-Apr-12	Funds Transfer	20000 - Accounts Payable	-14,594.00	-10,265.20
10100 - Bank	04/26/2012 12:11:06	332 Bill Pmt-Cheque	3-Apr-12	Funds Transfer	26200 - I/C Payable - Rose and Thistle	14,500.00	4,234.80
10100 - Bank	05/22/2012 11:43:06	351 Transfer	4-Apr-12	Funds Transfer	26200 - I/C Payable - Rose and Thistle	650.00	4,884.80
10100 - Bank	03/20/2012 16:52:08	179 Bill Pmt-Cheque	4-Apr-12	HKMB HUB International Limit Pre-authorized payment to Mellon Bank (CAFO)	20000 - Accounts Payable	-4,719.88	164.92
10100 - Bank	03/20/2012 16:52:08	180 Bill Pmt-Cheque	5-Apr-12 70	Jedd Jones Architect Ltd.	26200 - I/C Payable - Rose and Thistle	4,750.00	4,914.92
10100 - Bank	05/22/2012 11:43:55	352 Transfer	5-Apr-12 71	Jedd Jones Architect Ltd. VOID:	20000 - Accounts Payable	-2,651.25	2,263.67
10100 - Bank	05/22/2012 11:43:55	353 Transfer	5-Apr-12	Funds Transfer	20000 - Accounts Payable	0.00	2,263.67
10100 - Bank	05/22/2012 11:44:28	354 Transfer	11-Apr-12	Funds Transfer	26200 - I/C Payable - Rose and Thistle	2,600.00	4,913.67
10100 - Bank	04/17/2012 13:33:26	317 Bill Pmt-Cheque	13-Apr-12 105	Optimum Waste & Recycling Invoice# 42953	26200 - I/C Payable - Rose and Thistle	-700.00	4,213.67
10100 - Bank	05/22/2012 11:44:41	355 Transfer	18-Apr-12	Funds Transfer	20000 - Accounts Payable	-635.81	4,263.67
10100 - Bank	05/27/2012 10:12:06	542 Cheque	30-Apr-12	Service Charge	26200 - I/C Payable - Rose and Thistle	650.00	3,627.86
10100 - Bank					60400 - Bank Service Charges	-9.95	4,267.91

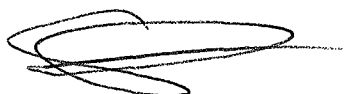
10100 - Bank	576 Transfer	08/09/2013 12:01:26	Anjela	3-Jul-13	Funds Transfer	26200 - /JC Payable - Rose and Thistle	20,500.00	15,049.56
10100 - Bank	524 Cheque	04/29/2013 14:26:51	Tammy	5-Jul-13 164	368230 Ontario Limited	Mortgage	-20,000.00	-4,950.44
10100 - Bank	564 Bill Pmt-Cheque	07/05/2013 16:05:09	Tammy	5-Jul-13 172	Jedd Jones Architect Ltd.	20000 - Accounts Payable	-4,633.00	-9,563.44
10100 - Bank	577 Transfer	08/09/2013 12:01:38	Anjela	5-Jul-13	Funds Transfer	26200 - /JC Payable - Rose and Thistle	4,200.00	-5,383.44
10100 - Bank	578 Transfer	08/09/2013 12:04:10	Anjela	10-Jul-13	Funds Transfer	26200 - /JC Payable - Rose and Thistle	-4,000.00	-9,383.44
10100 - Bank	579 Transfer	08/09/2013 12:02:15	Anjela	10-Jul-13	Funds Transfer	26200 - /JC Payable - Rose and Thistle	4,000.00	-5,383.44
10100 - Bank	580 Transfer	08/09/2013 12:04:32	Anjela	15-Jul-13	Funds Transfer	26200 - /JC Payable - Rose and Thistle	-4,650.00	-10,033.44
10100 - Bank	581 Transfer	08/09/2013 12:04:48	Anjela	22-Jul-13	Funds Transfer	26200 - /JC Payable - Rose and Thistle	4,650.00	-5,383.44
10100 - Bank	592 Cheque	08/15/2013 12:11:38	Anjela	31-Jul-13	Service Charge	60400 - Bank Service Charges	-10.01	-5,383.45
10100 - Bank	593 Bill Pmt-Cheque	08/15/2013 12:19:16	Anjela	1-Aug-13	Toronto Hydro Electric System ac # 700680000 meter 10768767	20000 - Accounts Payable	-37.56	-5,431.01
10100 - Bank	631 Transfer	09/17/2013 16:28:08	Anjela	1-Aug-13	Funds Transfer	26200 - /JC Payable - Rose and Thistle	38,550.00	33,118.99
10100 - Bank	525 Cheque	04/29/2013 14:27:01	Tammy	5-Aug-13 165	368230 Ontario Limited	Mortgage	-17,515.15	-4,386.16
10100 - Bank	575 Bill Pmt-Cheque	05/17/2013 14:09:13	Temp2	5-Aug-13 171	Jedd Jones Architect Ltd.	20000 - Accounts Payable	-960.12	-5,356.28
10100 - Bank	632 Cheque	07/25/2013 10:31:33	Jack	5-Aug-13 173	HKM8 HUB International Limi Invoice# 398743	60400 - Bank Service Charges	-5.00	-5,361.28
10100 - Bank	526 Cheque	09/17/2013 16:28:13	Anjela	31-Aug-13	Service Charge	20000 - Accounts Payable	-20,000.00	-25,361.28
10100 - Bank	585 Bill Pmt-Cheque	04/29/2013 14:27:14	Tammy	5-Sep-13 166	368230 Ontario Limited	Mortgage	-2,401.25	-27,762.53
10100 - Bank	585 Bill Pmt-Cheque	08/12/2013 12:36:44	Temp2	5-Sep-13 174	Jedd Jones Architect Ltd.	20000 - Accounts Payable	-452.00	-28,214.53
10100 - Bank	620 Bill Pmt-Cheque	09/16/2013 16:15:11	Tammy	16-Sep-13 178	Adam J. Brown Professional Corporation	20000 - Accounts Payable	-466.13	-28,680.66
10100 - Bank	621 Bill Pmt-Cheque	09/16/2013 16:15:12	Tammy	16-Sep-13 179	Bousfields Inc.	20000 - Accounts Payable	-3,247.56	-31,928.22
10100 - Bank	622 Bill Pmt-Cheque	09/16/2013 16:15:12	Tammy	16-Sep-13 180	HKM8 HUB International Limited	20000 - Accounts Payable	-4,858.00	-36,786.22
10100 - Bank	623 Bill Pmt-Cheque	09/16/2013 16:15:13	Tammy	16-Sep-13 181	Krause Edwards Insurance Brc. policy #bnr130614-450 Pape	20000 - Accounts Payable	-4,068.00	-40,854.22
10100 - Bank	624 Bill Pmt-Cheque	09/16/2013 16:15:14	Tammy	16-Sep-13 182	Nexus Protective Services Ltd.	20000 - Accounts Payable	-8,658.85	-49,493.07
10100 - Bank	625 Bill Pmt-Cheque	09/16/2013 16:15:14	Tammy	16-Sep-13 183	OHE Consultants	20000 - Accounts Payable	-647.26	-50,140.33
10100 - Bank	626 Bill Pmt-Cheque	09/16/2013 16:15:15	Tammy	16-Sep-13 184	Optimum Waste & Recycling ' Invoice #55513	20000 - Accounts Payable	-11,162.07	-61,302.40
10100 - Bank	627 Bill Pmt-Cheque	09/16/2013 16:15:16	Tammy	16-Sep-13 185	SandBox Design Management Inc.	20000 - Accounts Payable	-1,186.50	-62,488.90
10100 - Bank	628 Bill Pmt-Cheque	09/16/2013 16:15:16	Tammy	16-Sep-13 186	UnitStar Stone & Construction	20000 - Accounts Payable	0.00	-62,488.90
10100 - Bank	527 Cheque	04/29/2013 14:27:25	Tammy	5-Oct-13	368230 Ontario Limited	Mortgage	-20,000.00	-82,488.90
10100 - Bank	529 Cheque	04/29/2013 14:27:26	Tammy	5-Oct-13 167	368230 Ontario Limited	20000 - Accounts Payable	-565.00	-83,053.90
10100 - Bank	586 Bill Pmt-Cheque	08/12/2013 12:36:45	Temp2	5-Oct-13 175	Jedd Jones Architect Ltd.	Mortgage	-20,000.00	-103,053.90
10100 - Bank	528 Cheque	04/29/2013 14:27:43	Tammy	5-Nov-13 168	Jedd Jones Architect Ltd.	20000 - Accounts Payable	-4,152.75	-107,206.65
10100 - Bank	587 Bill Pmt-Cheque	08/12/2013 12:36:45	Temp2	5-Nov-13 176	Jedd Jones Architect Ltd.	Mortgage	-20,000.00	-127,206.65
10100 - Bank	530 Cheque	04/29/2013 14:27:56	Tammy	5-Dec-13 169	368230 Ontario Limited	20000 - Accounts Payable	-423.75	-127,630.40
10100 - Bank	619 Bill Pmt-Cheque	09/16/2013 16:13:30	Tammy	5-Dec-13 177	Jedd Jones Architect Ltd.			
26200 - /JC Payable - Rose and Thistle	376 Credit	06/29/2012 16:36:45	Kendra	10-Mar-11 8636	CB Richard Ellis Ltd. in trust	20000 - Accounts Payable	-75,000.00	-75,000.00
26200 - /JC Payable - Rose and Thistle	385 Credit	07/03/2012 11:41:21	Kendra	30-Mar-11 8677	National Mailbox	20000 - Accounts Payable	-189.05	-75,189.05
26200 - /JC Payable - Rose and Thistle	378 Credit	06/29/2012 16:38:21	Kendra	19-Apr-11 8774	Minister of Finance	20000 - Accounts Payable	-360.00	-75,549.05
26200 - /JC Payable - Rose and Thistle	380 Credit	06/29/2012 16:39:55	Kendra	19-Apr-11 8773	William N. Greer	20000 - Accounts Payable	-500.00	-76,049.05
26200 - /JC Payable - Rose and Thistle	95 Transfer	10/03/2011 13:15:30	Marisa	26-Apr-11	Funds Transfer	10100 - Bank	-100.00	-76,149.05
26200 - /JC Payable - Rose and Thistle	388 Credit	07/03/2012 11:49:09	Kendra	9-May-11 8842	Samantha Siemko	20000 - Accounts Payable	-12.50	-76,161.55
26200 - /JC Payable - Rose and Thistle	386 Credit	07/03/2012 11:49:56	Kendra	13-May-11 8864	William Holman	20000 - Accounts Payable	-2,350.00	-78,511.55
26200 - /JC Payable - Rose and Thistle	94 Transfer	10/03/2011 13:15:52	Marisa	27-May-11	Funds Transfer	10100 - Bank	-150.00	-78,661.55
26200 - /JC Payable - Rose and Thistle	96 Transfer	10/03/2011 13:16:07	Marisa	2-Jun-11	Funds Transfer	10100 - Bank	-400.00	-79,061.55
26200 - /JC Payable - Rose and Thistle	97 Transfer	10/03/2011 13:16:17	Marisa	7-Jun-11	Funds Transfer	10100 - Bank	-2,500.00	-81,561.55
26200 - /JC Payable - Rose and Thistle	98 Transfer	10/03/2011 13:16:26	Marisa	14-Jun-11	Funds Transfer	10100 - Bank	-100.00	-81,661.55
26200 - /JC Payable - Rose and Thistle	99 Transfer	10/03/2011 13:17:13	Marisa	28-Jun-11	Funds Transfer	10100 - Bank	50,000.00	-31,661.55
26200 - /JC Payable - Rose and Thistle	100 Transfer	10/03/2011 13:19:22	Marisa	4-Jul-11	Funds Transfer	10100 - Bank	6,050.00	-25,611.55
26200 - /JC Payable - Rose and Thistle	101 Transfer	10/03/2011 13:19:37	Marisa	6-Jul-11	Funds Transfer	10100 - Bank	-7,150.00	-32,761.55
26200 - /JC Payable - Rose and Thistle	102 Transfer	10/03/2011 13:19:55	Marisa	22-Jul-11	Funds Transfer	10100 - Bank	-750.00	-33,511.55
26200 - /JC Payable - Rose and Thistle	103 Transfer	10/03/2011 13:20:11	Marisa	2-Aug-11	Funds Transfer	10100 - Bank	-12,600.00	-46,111.55
26200 - /JC Payable - Rose and Thistle	104 Transfer	10/03/2011 13:20:33	Marisa	5-Aug-11	Funds Transfer	10100 - Bank	246,550.00	241,768.45
26200 - /JC Payable - Rose and Thistle	105 Transfer	10/03/2011 13:20:45	Marisa	19-Aug-11	Funds Transfer	10100 - Bank	-250.00	241,518.45
26200 - /JC Payable - Rose and Thistle	247 Transfer	03/16/2012 12:20:17	Kendra	1-Sep-11	Funds Transfer	10100 - Bank	-14,950.00	226,568.45
26200 - /JC Payable - Rose and Thistle	248 Transfer	03/16/2012 12:20:29	Kendra	6-Sep-11	Funds Transfer	10100 - Bank	-3,350.00	223,218.45
26200 - /JC Payable - Rose and Thistle	249 Transfer	03/16/2012 12:20:58	Kendra	9-Sep-11	Funds Transfer	10100 - Bank	313,900.00	537,118.45
26200 - /JC Payable - Rose and Thistle	250 Transfer	03/16/2012 12:21:13	Kendra	30-Sep-11	Funds Transfer	10100 - Bank	-400.00	537,138.45
26200 - /JC Payable - Rose and Thistle	251 Transfer	03/16/2012 12:23:51	Kendra	3-Oct-11	Funds Transfer	10100 - Bank	-14,550.00	522,588.45
26200 - /JC Payable - Rose and Thistle	252 Transfer	03/16/2012 12:24:15	Kendra	4-Oct-11	Funds Transfer	10100 - Bank	212,700.00	735,288.45

26200 - /C Payable - Rose and Thistle	276 Transfer	03/16/2012 15:56:09 Kendra	6-Oct-11	Funds Transfer	10100 - Bank	5,900.00	741,188.45
26200 - /C Payable - Rose and Thistle	253 Transfer	03/16/2012 12:28:45 Kendra	19-Oct-11	Funds Transfer	10100 - Bank	-7300.00	733,888.45
26200 - /C Payable - Rose and Thistle	254 Transfer	03/16/2012 12:28:58 Kendra	19-Oct-11	Funds Transfer	10100 - Bank	733,438.45	-450.00
26200 - /C Payable - Rose and Thistle	255 Transfer	03/16/2012 12:29:43 Kendra	1-Nov-11	Funds Transfer	10100 - Bank	-14,550.00	718,888.45
26200 - /C Payable - Rose and Thistle	256 Transfer	03/16/2012 12:30:08 Kendra	7-Nov-11	Funds Transfer	10100 - Bank	-2,250.00	716,638.45
26200 - /C Payable - Rose and Thistle	257 Transfer	03/16/2012 12:30:22 Kendra	10-Nov-11	Funds Transfer	10100 - Bank	364,300.00	1,080,938.45
26200 - /C Payable - Rose and Thistle	258 Transfer	03/16/2012 12:30:53 Kendra	18-Nov-11	Funds Transfer	10100 - Bank	-500.00	1,080,438.45
26200 - /C Payable - Rose and Thistle	259 Transfer	03/16/2012 12:31:03 Kendra	25-Nov-11	Funds Transfer	10100 - Bank	-400.00	1,080,038.45
26200 - /C Payable - Rose and Thistle	260 Transfer	03/16/2012 12:31:36 Kendra	1-Dec-11	Funds Transfer	10100 - Bank	-14,550.00	1,065,488.45
26200 - /C Payable - Rose and Thistle	261 Transfer	03/16/2012 12:31:51 Kendra	5-Dec-11	Funds Transfer	10100 - Bank	-26,950.00	1,038,538.45
26200 - /C Payable - Rose and Thistle	262 Transfer	03/16/2012 12:31:59 Kendra	6-Dec-11	Funds Transfer	10100 - Bank	-550.00	1,037,988.45
26200 - /C Payable - Rose and Thistle	263 Transfer	03/16/2012 12:32:41 Kendra	20-Dec-11	Funds Transfer	10100 - Bank	37,900.00	1,075,888.45
26200 - /C Payable - Rose and Thistle	264 Transfer	03/16/2012 12:32:41 Kendra	20-Dec-11	Funds Transfer	10100 - Bank	2,000.00	1,077,888.45
26200 - /C Payable - Rose and Thistle	265 Transfer	03/16/2012 12:33:26 Kendra	21-Dec-11	Funds Transfer	10100 - Bank	4,300.00	1,082,188.45
26200 - /C Payable - Rose and Thistle	266 Transfer	03/16/2012 12:34:26 Kendra	28-Dec-11	Funds Transfer	10100 - Bank	2,000.00	1,084,188.45
26200 - /C Payable - Rose and Thistle	396 General Journal	07/03/2012 15:47:34 Kendra	31-Dec-11 11/2/11 - 6	Reclassify /C balance	26200 - /C Payable - Rose and Thistle	1,084,188.45	
26200 - /C Payable - Rose and Thistle	406 General Journal	07/17/2012 13:09:14 Mario (Admin)	31-Dec-11 11/2/11 - 10	0 The Rose and Thistle Group LT To consolidate /C balance	20000 - Accounts Payable	-19,416.43	
26200 - /C Payable - Rose and Thistle	407 General Journal	07/17/2012 13:12:37 Mario (Admin)	31-Dec-11 11/2/11 - 11	0 Rose And Thistle Construction To reduce /C to The Rose And Thistle Group	20000 - Accounts Payable	-23,740.71	
26200 - /C Payable - Rose and Thistle	408 General Journal	07/17/2012 13:12:37 Mario (Admin)	31-Dec-11 11/2/11 - 12	0 Walton Advocates To reclass /C to The Rose And Thistle Group	20000 - Accounts Payable	-26.85	
26200 - /C Payable - Rose and Thistle	409 General Journal	09/12/2012 16:12:22 Mario (Admin)	31-Dec-11 11/2/11 - 13	0 The Rose and Thistle Group LT Reclass to accounts payable - The Rose And Thistle Group	20000 - Accounts Payable	-1,041,004.45	
26200 - /C Payable - Rose and Thistle	396 General Journal	07/03/2012 15:47:34 Kendra	31-Dec-11 11/2/11 - 6	Reclassify /C balance	/C Rec - Rose and Thistle	0.00	
26200 - /C Payable - Rose and Thistle	602 General Journal	08/21/2013 16:01:35 Mario (Admin)	1-Jan-12 10/1/12 - 22	0 Ron Walton To partially reverse IE J12/11-13	Share Subscription Receivable	-250,020.55	
26200 - /C Payable - Rose and Thistle	282 Transfer	03/16/2012 16:07:51 Kendra	5-Jan-12	Funds Transfer	10100 - Bank	-14,600.00	-264,620.55
26200 - /C Payable - Rose and Thistle	283 Transfer	03/16/2012 16:08:00 Kendra	5-Jan-12	Funds Transfer	10100 - Bank	-51,800.00	-316,420.55
26200 - /C Payable - Rose and Thistle	284 Transfer	03/16/2012 16:08:10 Kendra	16-Jan-12	Funds Transfer	10100 - Bank	-8,050.00	-324,470.55
26200 - /C Payable - Rose and Thistle	322 Transfer	04/26/2012 11:40:07 Kendra	1-Feb-12	Funds Transfer	10100 - Bank	-13,600.00	-338,070.55
26200 - /C Payable - Rose and Thistle	323 Transfer	04/26/2012 11:40:14 Kendra	2-Feb-12	Funds Transfer	10100 - Bank	-2,700.00	-340,770.55
26200 - /C Payable - Rose and Thistle	324 Transfer	04/26/2012 11:40:20 Kendra	6-Feb-12	Funds Transfer	10100 - Bank	-8,650.00	-350,420.55
26200 - /C Payable - Rose and Thistle	325 Transfer	04/26/2012 11:40:29 Kendra	13-Feb-12	Funds Transfer	10100 - Bank	-400.00	-350,820.55
26200 - /C Payable - Rose and Thistle	326 Transfer	04/26/2012 11:40:38 Kendra	21-Feb-12	Funds Transfer	10100 - Bank	-1,850.00	-352,670.55
26200 - /C Payable - Rose and Thistle	327 Transfer	04/26/2012 11:40:46 Kendra	23-Feb-12	Funds Transfer	10100 - Bank	850.00	-351,820.55
26200 - /C Payable - Rose and Thistle	328 Transfer	04/26/2012 11:43:12 Kendra	27-Feb-12	Funds Transfer	10100 - Bank	46,400.00	-305,420.55
26200 - /C Payable - Rose and Thistle	310 Transfer	04/11/2012 11:40:23 Norma	1-Mar-12	Funds Transfer	10100 - Bank	-14,500.00	-317,920.55
26200 - /C Payable - Rose and Thistle	311 Transfer	04/11/2012 11:40:41 Norma	2-Mar-12	Funds Transfer	10100 - Bank	-4,950.00	-322,870.55
26200 - /C Payable - Rose and Thistle	312 Transfer	04/11/2012 11:40:56 Norma	5-Mar-12	Funds Transfer	10100 - Bank	-1,400.00	-324,270.55
26200 - /C Payable - Rose and Thistle	313 Transfer	04/11/2012 11:43:36 Norma	9-Mar-12	Funds Transfer	10100 - Bank	-5,000.00	-329,270.55
26200 - /C Payable - Rose and Thistle	314 Transfer	04/11/2012 11:43:59 Norma	12-Mar-12	Funds Transfer	10100 - Bank	-3,550.00	-332,820.55
26200 - /C Payable - Rose and Thistle	315 Transfer	04/11/2012 11:44:21 Norma	26-Mar-12	Funds Transfer	10100 - Bank	-2,900.00	-335,720.55
26200 - /C Payable - Rose and Thistle	349 Transfer	05/22/2012 11:42:02 Norma	2-Apr-12	Funds Transfer	10100 - Bank	-14,500.00	-350,220.55
26200 - /C Payable - Rose and Thistle	350 Transfer	05/22/2012 11:42:47 Norma	3-Apr-12	Funds Transfer	10100 - Bank	-650.00	-350,870.55
26200 - /C Payable - Rose and Thistle	351 Transfer	05/22/2012 11:43:06 Norma	4-Apr-12	Funds Transfer	10100 - Bank	-4,750.00	-355,620.55
26200 - /C Payable - Rose and Thistle	352 Transfer	05/22/2012 11:43:25 Norma	5-Apr-12	Funds Transfer	10100 - Bank	-2,650.00	-358,270.55
26200 - /C Payable - Rose and Thistle	353 Transfer	05/22/2012 11:43:55 Norma	11-Apr-12	Funds Transfer	10100 - Bank	700.00	-357,570.55
26200 - /C Payable - Rose and Thistle	354 Transfer	05/22/2012 11:44:28 Norma	13-Apr-12	Funds Transfer	10100 - Bank	-50.00	-357,620.55
26200 - /C Payable - Rose and Thistle	355 Transfer	05/22/2012 11:44:41 Norma	18-Apr-12	Funds Transfer	10100 - Bank	-650.00	-358,270.55
26200 - /C Payable - Rose and Thistle	455 Transfer	01/28/2013 9:56:48 Norma	1-May-12	Funds Transfer	10100 - Bank	-14,550.00	-372,820.55
26200 - /C Payable - Rose and Thistle	456 Transfer	01/28/2013 9:57:11 Norma	4-May-12	Funds Transfer	10100 - Bank	-700.00	-373,520.55
26200 - /C Payable - Rose and Thistle	457 Transfer	01/28/2013 9:57:23 Norma	9-May-12	Funds Transfer	10100 - Bank	-400.00	-373,920.55
26200 - /C Payable - Rose and Thistle	458 Transfer	01/28/2013 9:57:50 Norma	17-May-12	Funds Transfer	10100 - Bank	5,000.00	-368,920.55
26200 - /C Payable - Rose and Thistle	459 Transfer	01/28/2013 9:58:39 Norma	1-Jun-12	Funds Transfer	10100 - Bank	-19,750.00	-388,670.55
26200 - /C Payable - Rose and Thistle	460 Transfer	01/28/2013 9:59:05 Norma	6-Jun-12	Funds Transfer	10100 - Bank	-200.00	-388,870.55
26200 - /C Payable - Rose and Thistle	461 Transfer	01/28/2013 10:00:12 Norma	25-Jun-12	Funds Transfer	10100 - Bank	-20,950.00	-409,820.55
26200 - /C Payable - Rose and Thistle	462 Transfer	01/28/2013 10:00:35 Norma	3-Jul-12	Funds Transfer	10100 - Bank	-14,500.00	-424,320.55
26200 - /C Payable - Rose and Thistle	463 Transfer	01/28/2013 10:01:01 Norma	5-Jul-12	Funds Transfer	10100 - Bank	-2,350.00	-426,670.55
26200 - /C Payable - Rose and Thistle	464 Transfer	01/28/2013 10:01:13 Norma	6-Jul-12	Funds Transfer	10100 - Bank	-1,600.00	-428,270.55
26200 - /C Payable - Rose and Thistle	465 Transfer	01/28/2013 10:04:25 Norma	1-Aug-12	Funds Transfer	10100 - Bank	-14,550.00	-442,820.55
26200 - /C Payable - Rose and Thistle	466 Transfer	01/28/2013 10:04:41 Norma	7-Aug-12	Funds Transfer	10100 - Bank	-1,000.00	-443,820.55
26200 - /C Payable - Rose and Thistle	467 Transfer	01/28/2013 10:04:55 Norma	8-Aug-12	Funds Transfer	10100 - Bank	-650.00	-444,470.55
26200 - /C Payable - Rose and Thistle	468 Transfer	01/28/2013 10:05:14 Norma	30-Aug-12	Funds Transfer	10100 - Bank	-700.00	-445,170.55

26200 - I/C Payable - Rose and Thistle	469 Transfer	01/28/2013 10:05:39 Norma	4-Sep-12	Funds Transfer	10100 - Bank	-33,850.00	-479,020.55
26200 - I/C Payable - Rose and Thistle	470 Transfer	01/28/2013 10:06:29 Norma	5-Sep-12	Funds Transfer	10100 - Bank	18,450.00	-460,570.55
26200 - I/C Payable - Rose and Thistle	471 Transfer	01/28/2013 10:07:53 Norma	7-Sep-12	Funds Transfer	10100 - Bank	-18,450.00	-479,020.55
26200 - I/C Payable - Rose and Thistle	472 Transfer	01/28/2013 10:07:22 Norma	1-Oct-12	Funds Transfer	10100 - Bank	-14,550.00	-493,570.55
26200 - I/C Payable - Rose and Thistle	473 Transfer	01/28/2013 10:07:36 Norma	5-Oct-12	Funds Transfer	10100 - Bank	-1,400.00	-494,970.55
26200 - I/C Payable - Rose and Thistle	474 Transfer	01/28/2013 10:09:42 Norma	1-Nov-12	Funds Transfer	10100 - Bank	-26,100.00	-521,070.55
26200 - I/C Payable - Rose and Thistle	475 Transfer	01/28/2013 10:09:58 Norma	28-Nov-12	Funds Transfer	10100 - Bank	850.00	-520,220.55
26200 - I/C Payable - Rose and Thistle	476 Transfer	01/28/2013 10:10:34 Norma	3-Dec-12	Funds Transfer	10100 - Bank	-52,650.00	-572,870.55
26200 - I/C Payable - Rose and Thistle	477 Transfer	01/28/2013 10:10:38 Norma	14-Dec-12	Funds Transfer	10100 - Bank	200.00	-572,670.55
26200 - I/C Payable - Rose and Thistle	478 Transfer	01/28/2013 10:11:00 Norma	21-Dec-12	Funds Transfer	10100 - Bank	-38,950.00	-611,620.55
26200 - I/C Payable - Rose and Thistle	607 General Journal	08/23/2013 10:27:34 Kendra	31-Dec-12 11/21/13 - 25	Ö The Rose and Thistle Group Lt Reclassify to I/C	20000 - Accounts Payable	-38,900.00	-645,520.55
26200 - I/C Payable - Rose and Thistle	491 Transfer	02/25/2013 11:08:55 Norma	2-Jan-13	Funds Transfer	10100 - Bank	-14,550.00	-660,070.55
26200 - I/C Payable - Rose and Thistle	492 Transfer	02/25/2013 11:07:10 Norma	4-Jan-13	Funds Transfer	10100 - Bank	-4,200.00	-664,270.55
26200 - I/C Payable - Rose and Thistle	508 Transfer	08/26/2013 16:50:32 Norma	5-Feb-13	Funds Transfer	10100 - Bank	-18,750.00	-683,020.55
26200 - I/C Payable - Rose and Thistle	518 Transfer	04/22/2013 10:28:23 Norma	4-Mar-13	Funds Transfer	10100 - Bank	-18,750.00	-701,770.55
26200 - I/C Payable - Rose and Thistle	519 Transfer	04/23/2013 10:26:37 Norma	18-Mar-13	Funds Transfer	10100 - Bank	275,000.00	-426,770.55
26200 - I/C Payable - Rose and Thistle	520 Transfer	04/22/2013 10:27:50 Norma	20-Mar-13	Funds Transfer	10100 - Bank	-300.00	-427,070.55
26200 - I/C Payable - Rose and Thistle	555 Transfer	06/12/2013 15:31:10 Norma	2-Apr-13	Funds Transfer	10100 - Bank	-21,700.00	-448,770.55
26200 - I/C Payable - Rose and Thistle	556 Transfer	06/12/2013 15:31:23 Norma	9-Apr-13	Funds Transfer	10100 - Bank	700.00	-448,070.55
26200 - I/C Payable - Rose and Thistle	557 Transfer	06/12/2013 15:31:34 Norma	4-Apr-13	Funds Transfer	10100 - Bank	1,700.00	-446,370.55
26200 - I/C Payable - Rose and Thistle	558 Transfer	06/12/2013 15:31:45 Norma	8-Apr-13	Funds Transfer	10100 - Bank	103,450.00	-342,920.55
26200 - I/C Payable - Rose and Thistle	559 Transfer	06/12/2013 15:31:55 Norma	10-Apr-13	Funds Transfer	10100 - Bank	2,100.00	-340,820.55
26200 - I/C Payable - Rose and Thistle	560 Transfer	06/12/2013 15:32:27 Norma	17-Apr-13	Funds Transfer	10100 - Bank	-1,700.00	-342,520.55
26200 - I/C Payable - Rose and Thistle	570 Transfer	07/12/2013 10:50:52 Anjela	2-May-13	Funds Transfer	10100 - Bank	-20,700.00	-363,220.55
26200 - I/C Payable - Rose and Thistle	572 Transfer	07/15/2013 10:32:49 Anjela	5-Jun-13	Funds Transfer	10100 - Bank	-27,500.00	-390,720.55
26200 - I/C Payable - Rose and Thistle	576 Transfer	08/09/2013 12:01:26 Anjela	3-Jul-13	Funds Transfer	10100 - Bank	-20,500.00	-411,220.55
26200 - I/C Payable - Rose and Thistle	577 Transfer	08/09/2013 12:01:38 Anjela	5-Jul-13	Funds Transfer	10100 - Bank	-4,200.00	-415,420.55
26200 - I/C Payable - Rose and Thistle	578 Transfer	08/09/2013 12:04:10 Anjela	10-Jul-13	Funds Transfer	10100 - Bank	4,000.00	-411,420.55
26200 - I/C Payable - Rose and Thistle	579 Transfer	08/09/2013 12:02:15 Anjela	10-Jul-13	Funds Transfer	10100 - Bank	-4,000.00	-415,420.55
26200 - I/C Payable - Rose and Thistle	580 Transfer	08/09/2013 12:04:32 Anjela	15-Jul-13	Funds Transfer	10100 - Bank	4,650.00	-410,770.55
26200 - I/C Payable - Rose and Thistle	581 Transfer	08/09/2013 12:04:48 Anjela	22-Jul-13	Funds Transfer	10100 - Bank	-4,650.00	-415,420.55
26200 - I/C Payable - Rose and Thistle	631 Transfer	09/17/2013 16:28:08 Anjela	1-Aug-13	Funds Transfer	10100 - Bank	-38,550.00	-453,970.55
26200 - I/C Payable - Rose and Thistle	608 General Journal	08/23/2013 10:28:27 Kendra	15-Aug-13 108/13 - 26	Ö The Rose and Thistle Group Lt Reclassify to I/C	20000 - Accounts Payable	-33,900.00	-487,870.55

Tab K

This is Exhibit "K" referred to in the Affidavit of James Reitan
sworn before me this 1st day of October, 2013

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

A Commissioner for Taking Affidavits

2:15 PM
09/03/13

Riverdale Mansion Ltd
Transaction Journal

280

All Transactions

Trans #	Type	Entered/Last Modified	Last modified by	Date	Num	Name	Memo	Account	Class	Debit	Credit
602	General Journal	08/21/2013 16:01:35	Mario (Admin)	1/1/2012	J01/...	Ron Walton Norma Walton Ron Walton	To partially reverse JE J12/11-13 To partially reverse JE J12/11-13 To partially reverse JE J12/11-13	Share Subscriptio... Share Subscriptio... 26200 - I/C Paya...		125,010.55 125,010.00 250,020.55	 250,020.55
TOTAL										250,020.55	250,020.55

281

2:16 PM
09/03/13

Riverdale Mansion Ltd
Transaction Journal

All Transactions

Trans #	Type	Date	Num	Name	Memo	Account	Class	Debit	Credit
409	General Journal	12/31/2011	J12/11 - 13	The Rose and Thistle Group Ltd. The Rose and Thistle Group Ltd. Ron Walton Norma Walton	Reclass to accounts payable - The Rose And Thist... Reclass to accounts payable - The Rose And Thist... Reclass to accounts payable - The Rose And Thist... Reclass to accounts payable - The Rose And Thist...	20000 - Accounts ... I/C Rec. - Rose an... Share Subscription... Share Subscription...		1,291,025.00	1,041,004.45 125,010.55 125,010.00
								1,291,025.00	1,291,025.00
								1,291,025.00	1,291,025.00
TOTAL									

3:25 PM

09/03/13

Liberty Village Properties Ltd

Transaction Journal

All Transactions

Trans #	Type	Entered/Last Modified	Last modified by	Date	Num	Name	Memo	Account	Debit	Credit
1517	General Journal	08/20/2013 10:40:37	Marlo (Admin)	1/1/2012	J09/12 - 2R	The Rose and Thistle Grou... The Rose and Thistle Grou...	Reverse of GJE J09/12 - 29 -- To net against balance due on December 31, 2011 ... To net against balance due on December 31, 2011 invoice	20000 - Accounts P... Share Subscription ...	827,814.69	827,814.69
TOTAL									827,814.69	827,814.69

3:27 PM
09/03/13

Liberty Village Properties Ltd
Transaction Journal
All Transactions

283

Trans #	Type	Date	Num	Name	Memo	Account	Debit	Credit
775	General Journal	12/31/2011	J12/11 - 19	The Rose and Thistle ... The Rose and Thistle ...	To net against balance due on December 31, 2011 invoice To net against balance due on December 31, 2011 invoice	20000 - Accounts Pa... Share Subscription R...	827,814.69	827,814.69
TOTAL							827,814.69	827,814.69

1:16 PM

09/03/13

Royal Agincourt Corp
Transaction Journal

284

All Transactions

Trans #	Type	Entered/Last Modified	Last modified by	Date	Num	Name	Memo	Account	Class	Debit	Credit
1150	General Journal	09/23/2013 14:17:58	Mario (Admin)	1/1/2012	J01/12-57		To adjust common shares per new agreement To adjust common shares per new agreement	Share Subscription Re... 26200 - UC Payable - ...		987,700.00	987,700.00
										987,700.00	987,700.00
TOTAL										987,700.00	987,700.00

1:25 PM
09/03/13

Royal Agincourt Corp
Transaction Journal

285

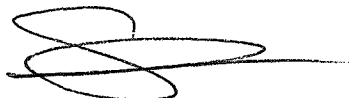
All Transactions

Trans #	Type	Date	Num	Name	Memo	Account	Class	Debit	Credit
384	General Journal	12/31/2011	J12/11- 31		To record Pref share liability assumption by The Rose An...	1607544 Ontario Inc. (Ansari)		100,000.00	
					To record Pref share liability assumption by The Rose An...	1788371 Ontario Inc.		100,000.00	
					To record Pref share liability assumption by The Rose An...	Barbara Naglie		100,000.00	
					To record Pref share liability assumption by The Rose An...	Cary Siber		50,000.00	
					To record Pref share liability assumption by The Rose An...	Grace and Ken Bugg		100,000.00	
					To record Pref share liability assumption by The Rose An...	Joel & Renee Schachter		175,000.00	
					To record Pref share liability assumption by The Rose An...	John Rocha and Michele Peng		62,800.00	
					To record Pref share liability assumption by The Rose An...	Ormsby Investment Limited		100,000.00	
					To record Pref share liability assumption by The Rose An...	Stockton & Bush P.M.I. Inc		100,000.00	
					To record Pref share liability assumption by The Rose An...	Vane Plesse		100,000.00	
					To record Pref share liability assumption by The Rose An...	Share Subscription Receivable			987,800.00
								987,800.00	987,800.00
								987,800.00	987,800.00
TOTAL								987,800.00	987,800.00

Trans #	Type	Entered/Last Modified	Last modified by	Date	Num	Name	Memo	Account	Class	Debit	Credit
1,150	General Journal	08/23/2013 14:17:58	Mario (Admin)	01/01/2012	J01/12-57		To adjust common shares per new agree	Share Subscription Receivable		987,700.00	
							To adjust common shares per new agree	26200 · I/C Payable - Rose and Thistle		987,700.00	
TOTAL										987,700.00	987,700.00

Tab L

This is Exhibit "L" referred to in the Affidavit of James Reitan
sworn before me this 1st day of October, 2013

A handwritten signature in dark ink, consisting of a series of loops and a long horizontal stroke extending to the right.

A Commissioner for Taking Affidavits

288

The Rose and Thistle Group Limited

30 Hazelton Avenue
Toronto, Ontario
M5R 2E2

Invoice

Date	Invoice #
8/15/2013	162

Invoice To
Royal Agincourt Corp 30 Hazelton Ave. Toronto, ON M5R 2E2

P.O. No.	Terms	Project

Qty	Description	Rate	Amount
	Property management and maintenance services from Jan to Aug 15, 2013 (4% of gross revenues)	33,008.33	33,008.33
	Property management and maintenance services from Jan to Aug 15, 2013 (\$10,000 per month)	85,000.00	85,000.00

POSTED

Sales Tax Summary

HST on Sales@13.0%	15,341.08
Total Tax	15,341.08

Total	\$133,349.41
--------------	---------------------

GST/HST No. 884533001



THE ROSE and THISTLE
GROUP LTD
LAND and INVESTMENTS

August 15, 2013

To: Royal Agincourt Corp.

Re: Property management and maintenance services
5770 and 5780 Highway 7 West, Vaughan, Ontario

Fee: For services provided from January to August 15, 2013
Property management services (4% of gross revenues)
Property maintenance services (\$10,000 per month)

\$33,008.33

\$85,000.00

TOTAL:

\$118,008.33

HST:

\$15,341.08

TOTAL:

\$133,349.42

The Rose and Thistle Group Limited

30 Hazelton Avenue
Toronto, Ontario
M5R 2E2

Invoice

Date	Invoice #
8/15/2013	170

Invoice To
Liberty Village Properties Ltd. 30 Hazelton Ave. Toronto, ON M5R 2E2

P.O. No.	Terms	Project

Qty	Description	Rate	Amount
	Property management services from Jan 1 to Aug 15, 2013	45,800.83	45,800.83
	Property maintenance services from Jan 1 to Aug 15, 2013	85,000.00	85,000.00
POSTED			

Sales Tax Summary

HST on Sales@13.0%	17,004.11
Total Tax	17,004.11

Total	\$147,804.94
--------------	---------------------

GST/HST No. 884533001



THE ROSE and THISTLE
GROUP LTD
LAND and INVESTMENTS

August 15, 2013

To: Liberty Village Properties Inc.

Re: Property management and maintenance services
32 Atlantic Avenue, Toronto, Ontario

Fee: For services provided from January 1 to August 15, 2013

Property management services (4% of gross revenues) \$45,800.83

Property maintenance services (\$10,000 per month) \$85,000.00

\$130,800.83

HST:

\$17,004.11

TOTAL:

\$147,804.94

The Rose and Thistle Group Limited


30 Hazelton Avenue
Toronto, Ontario
M5R 2E2

Invoice²⁹²

Date	Invoice #
9/15/2013	183

Invoice To
Lesliebrook Holdings Ltd. 30 Hazelton Ave. Toronto, ON M5R 2E2

P.O. No.	Terms	Project

Qty	Description	Rate	Amount
	Property Management Fees - Jan to Sept 15, 2013	25,005.52	25,005.52
	Property Maintenance Fees - Jan to Sept 15, 2013	80,750.00	80,750.00
			

Sales Tax Summary

HST on Sales@13.0%	13,748.22
Total Tax	13,748.22

	Total	\$119,503.74
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GST/HST No. 884533001



September 15, 2013

To: Lesliebrook Holdings Ltd.

Re: Property management and maintenance services
1131A Leslie Street, Toronto, Ontario

Fee:	For services provided from January to September 15, 2013	
	Property management services (4% of gross revenues)	\$25,005.52
	Property maintenance services (\$8,500 per month)	\$80,750.00

TOTAL:	\$105,755.52
HST:	\$13,748.22
TOTAL:	\$119,503.74

294

The Rose and Thistle Group Limited
 30 Hazelton Avenue
 Toronto, Ontario
 M5R 2E2

Invoice

Date	Invoice #
8/15/2013	165

Invoice To
Donalda Developments Inc. 30 Hazelton Ave. Toronto, ON M5R 2E2

P.O. No.	Terms	Project

Qty	Description	Rate	Amount
	Property management services from Dec 2012 to Aug 15, 2013 (4% of gross revenues)	190,000.00	190,000.00
	Property maintenance services from Dec 2012 to Aug 15, 2013 (\$25,000 per month)	237,500.00	237,500.00
<div style="text-align: center; font-size: 2em; transform: rotate(-15deg); border: 1px solid black; padding: 5px;"> POSTED </div>			

Sales Tax Summary

HST on Sales@13.0%	55,575.00
Total Tax	55,575.00

		Total	\$483,075.00
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GST/HST No. 884533001



THE ROSE and THISTLE
GROUP LTD
LAND and INVESTMENTS

295

August 15, 2013

To: Donalda Developments Inc.

Re: Property management and maintenance services
1500 Don Mills Road, Toronto, Ontario

Fee: For services provided from December 2012 to August 15, 2013

Property management services (4% of gross revenues)	\$190,000.00
Property maintenance services (\$25,000 per month)	\$237,500.00

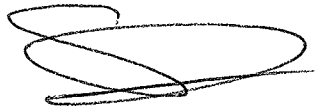
TOTAL:	\$427,500.00
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HST:	\$55,575.00
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TOTAL:	\$483,075.00
--------	--------------

Tab M

This is Exhibit "M" referred to in the Affidavit of James Reitan
sworn before me this 1st day of October, 2013

A handwritten signature in black ink, consisting of a large, stylized 'S' or 'J' shape with a horizontal line extending to the right.

A Commissioner for Taking Affidavits

January 2013 – Preauthorized payment made to Trez Capital

Wellesley Branch
56 Wellesley Street W., Suite 204
Toronto, Ontario M5S 1A3
416-928-5958

Happiness is parking your RSP
before March 1st and taking
advantage of our great rates!
Visit meridiancu.ca for details.

729150

*9695206

Statement Period Ending: January 31, 2013

Account Number: 9695206

Number of Cheques: 2

Global Mills Inc.
30 Hazelton Ave
Toronto, ON M5R 2L2

1450 Dan Mills

Deposit Accounts**Chequing 0 - Global Mills Inc.**

Date	Account Activity	Withdrawals	Deposits	Balance
31-Dec-2012	Balance Forward			127,024.47
07-Jan-2013	Pre-Authorized # 9907 TREZ CAPITAL	-127,500.00		124.47
			127,500.00	127,624.47

February 2013 – Preauthorized payment made to Trez Capital

05-Feb-2013	Pre-Authorized # 9905 TREZ CAPITAL	-127,500.00		100.98
			127.50	100.98

March 2013 – Preauthorized payment made to Trez Capital

05-Mar-2013	Pre-Authorized # 9905 TREZ CAPITAL	-127,500.00		118.15
			127.50	118.15

April 2013 – Preauthorized payment made to Trez Capital

05-Apr-2013	Pre-Authorized # 9905 TREZ CAPITAL	-127,500.00		113.54
			127.50	113.54

May 2013 – Preauthorized payment made to Trez Capital

06-May-2013	Pre-Authorized # 9905 TREZ CAPITAL	-127,500.00		9.88
			127.50	9.88

June 2013 – Preauthorized payment made to Trez Capital

05-Jun-2013	Pre-Authorized # 9905 TREZ CAPITAL	-127,500.00		102.51
			127.50	102.51

July 2013 – Preauthorized payment made to Trez Capital

05-Jul-2013	Pre-Authorized # 9305 TREZ CAPITAL LP	-127,500.00		-120,079.93 OD
				-120,079.93 OD

August 2013 – Transfer out to 7311954 wellesly cheq (R&T account)**Transaction History**

Member Number: 9695206
Account: Chequing - 0
Current Balance: \$232.13

Date	Description	Amount	Balance
Aug 20, 2013	Transfer In from 7870017 wellesly maxi	\$100.00	\$232.13
Aug 07, 2013	Transfer Out to 7311954 wellesly cheq Other Reference # 094328500	-\$127,500.00	\$132.13

Tab 4

Court File No.

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

DBDC SPADINA LTD.,
AND THOSE CORPORATIONS LISTED ON SCHEDULE A HERETO

Applicants

and

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

Respondents

and

THOSE CORPORATIONS LISTED ON SCHEDULE B HERETO, TO BE
BOUND BY THE RESULT

AFFIDAVIT OF DR. STANLEY K. BERNSTEIN

I, Dr. Stanley K. Bernstein, of the City of Toronto, in the Province of Ontario, MAKE
OATH AND SAY:

1. I am a medical doctor and the founder and principal of Dr. Bernstein Diet and Health Clinics. I am also the beneficial owner of DBDC Spadina Ltd. and the corporations listed on Schedule A to the Notice of Application, and, as such, have knowledge of the matters contained in this affidavit. Where matters are sworn to by way of information and belief, I have stated the source of that information and verily believe it to be true.

2. I first became acquainted with Norman Walton and Ronauld Walton in 2008 when I was approached to act (through one of my companies) as mortgagor for a commercial real estate property in Toronto owned by the Waltons and another investor.

3. I completed several loan transactions where the Waltons borrowed funds as mortgagors of commercial real estate properties in Toronto.

4. In 2010, Ms. Walton approached me to participate in a real estate purchase with her and Mr. Walton as an investor, rather than a lender. On September 24, 2010, we entered into an agreement to purchase together a property at 241 Spadina Avenue. Attached as Exhibit "A" to the affidavit of James Reitan sworn October 1, 2013 is a copy of that agreement.

5. I advanced a total of \$1,120,500 in equity to the Project through my holding company DBDC Investment Spadina Ltd. The Waltons advanced a total of \$350,000 in equity. Mortgages for \$6,660,000 and \$1,090,045 were placed on the Property, respectively. The budgeted capital costs of the Project were to be \$8,541,000.

6. As a result of the limited disclosure I have received it appears that the actual capital costs of the Project are to date \$9,971,201, yielding overruns of \$1,430,201. In addition, there is recorded in company accounts an intercompany amount said to be owing to The Rose & Thistle Group Ltd. ("Rose & Thistle") of \$1,790,944.

7. As part of the agreement, I was to be consulted and my approval sought for:

- (a) Any decisions concerning the selling or refinancing of the Property;

(b) Any decisions concerning the increase in the total amount of equity required to complete the Project; and

(c) Any cheque or transfer over \$50,000.

8. I was also to receive:

(a) Ongoing reports on at least a monthly basis detailing all items related to the Property;

(b) Copies of invoices for work completed the Project monthly;

(c) Bank statements monthly; and

(d) Listing of all cheques monthly.

9. I have not received the required reporting for 241 Spadina Avenue or any other Project. I have not been asked to approve any expenditures for 241 Spadina Avenue or any other Project, although I am aware that there have been invoices and payments made in excess of \$50,000. I have not received any return of capital or profits from any of my investments.

10. To date, I have invested approximately \$110,000,000 into 31 Projects. Based on the limited disclosure I have received to date, I understand that the Waltons have paid very little in the way of equity into the Projects and did not in fact contribute half of the deposit amounts to secure the Properties, as contractually required. Instead of contributing equity, they have further encumbered certain of the Properties without my knowledge or consent.

11. The Projects are all governed by agreements which have the same or similar provisions to those as set out in paragraphs 6 and 7 above.

12. As a result of the Waltons failing to contribute the equity required (the full extent of which I was not aware of until recently), over the past 6 months, certain of my equity investments in the Properties have been converted to shareholder loans, which bear interest.

13. Beginning in 2013, I became increasingly concerned about the management of the various Projects by the Waltons and Rose & Thistle and the lack of information provided to me. I requested that Jim Reitan, Director of Accounting and Finance at Dr. Bernstein Diet and Health Clinics, conduct a review of the information available to him in respect of the Projects. His review raised many concerns, which I share.

14. On June 7, 2013, Mr. Reitan wrote to Norma Walton to set out certain questions and concerns. Attached as Exhibit "B" to Mr. Reitan's affidavit sworn October 1, 2013 is a copy of the letter and email Mr. Reitan sent to Norma Walton on June 7, 2013.

15. Ms. Walton responded on June 13, 2013. A copy of her response is attached Exhibit "C" to Mr. Reitan's affidavit sworn October 1, 2013. Her response did not, in my view, answer many of the issues raised by Mr. Reitan.

16. At my instruction, Mr. Reitan continued to follow-up with Ms. Walton, but was not provided with the information that we had requested. Mr. Reitan caused title searches to be performed on all the Properties. At that time, I learned of two additional \$3 million mortgages placed on 1450 Don Mills Road and 1500 Don Mills Road, respectively. I was not informed of these mortgages by Ms. Walton, nor did Ms. Walton seek my approval, as required by our agreements.

17. On September 20, 2013, I retained Schonfeld Inc. Trustees and Receivers to conduct a review of the books and records of the various Owner Companies, as defined in the affidavit of James Reitan. I understand from Mr. Schonfeld and Mr. Reitan that they have been provided access to the books and records of only slightly more than half of the Owner Companies and that their review has raised further questions and requests for information which have not been responded to on a timely basis. I also understand that they have been informed that they will not have access to the books and records for all Owner Companies for several more weeks.

18. I request the appointment of Schonfeld Inc. as Inspector to investigate and determine:

- (a) the whereabouts and use of the funds I have invested in these Owned Companies;
- (b) the transactions that the Respondents appear to have entered into without notice to me;
- (c) the changes made to the various Properties by the Respondents; and
- (d) the many transfers of monies to Rose & Thistle and what has happened to those monies,

all as more particularly set out in the affidavits of James Reitan and Harlan Schonfeld.

19. My correspondence and dealings with Ms. Walton have done nothing to reduce my concerns, more particularly her refusal to tell us the whereabouts of the \$6 million of the mortgage proceeds on 1450 Don Mills Road and 1500 Don Mills Road and her advice to Messrs. Reitan and Schonfeld that she would only tell us the whereabouts of the monies only in the context of a without prejudice mediation.

20. I swear this affidavit in support of an Application and Motion seeking to have Schonfeld Inc. appointed as inspector of the Projects and the records of Rose & Thistle dealing with the Properties, Projects and Owner Companies, and other relief.

SWORN BEFORE ME at

.....

on,

}

Commissioner for Taking Affidavits
(or as may be)

DR. STANLEY K. BERNSTEIN

DBDC SPADINA LTD., et al
Applicants

-and- NORMA WALTON et al.
Respondents

Court File No.

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT TORONTO

AFFIDAVIT OF DR. STANLEY K. BERNSTEIN

**LENCZNER SLAGHT ROYCE
SMITH GRIFFIN LLP**

Barristers

Suite 2600

130 Adelaide Street West

Toronto ON M5H 3P5

Peter H. Griffin (19527Q)

Tel: (416) 865-2921

Fax: (416) 865-3558

Email: pgriffin@litigate.com

Shara N. Roy (49950H)

Tel: (416) 865-2942

Fax: (416) 865-3973

Email: sroy@litigate.com

Lawyers for the Applicants

Tab 5

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

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

Applicants

and

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

Respondents

and

THOSE CORPORATIONS LISTED ON SCHEDULE B HERETO, TO BE
BOUND BY THE RESULT

AFFIDAVIT OF HARLAN SCHONFELD

I, Harlan Schonfeld, of the City of Toronto, in the Province of Ontario, MAKE OATH
AND SAY:

1. I am Chartered Professional Accountant (CPA), a Trustee in Bankruptcy, and a Chartered Insolvency and Restructuring Professional. I am the principal of Schonfeld Inc. Receivers + Trustees. Attached hereto as Exhibit "A" is a copy of my curriculum vitae.
2. On September 20, 2013, I was retained by Dr. Stanley Bernstein on behalf of DBDC Spadina Ltd. and the Corporations listed on Schedule A to the Notice of Application. Attached

hereto as Exhibit "B" is a copy of my retainer letter dated September 23, 2013. As such, I have knowledge of the matters contained in this affidavit. Where matters are sworn to by way of information and belief, I have stated the source of that information and verily believe it to be true.

3. On September 20, 2013, I was tasked with gathering information related to Dr. Bernstein's investments with Norma Walton and Ronauld Walton in 31 projects (the "Projects") for 34 commercial real estate properties in Toronto (the "Properties"), as well as the companies incorporated for that purpose (the "Owner Companies"). Since September 20, 2013, along with James Reitan of Dr. Bernstein's Health and Diet Clinics and James Merryweather of my office, I have attended regularly at the offices of the Respondent The Rose & Thistle Group Inc. ("Rose & Thistle") and have requested access to records, documents and information.

4. Attached hereto as Exhibit "C" is a copy of a chart prepared by my office of the financial information available to date in respect of the various Projects. I believe that it is accurate. Information in respect of 15 Projects remains outstanding. The information provided to date on the balance of the 16 Projects is not complete.

5. By September 30, 2013, Ms. Walton promised me access to all of the leases for all of the properties, the mortgage documents for 1450 and 1500 Don Mills Road, access to 4 more property records, information and the roll out of all of the banking records for all of the properties and back up information and support for the Rose & Thistle invoices.


6. Attached at Exhibit "D" is a copy of my email exchange with Ms. Walton at the end of day on September 30, 2013. At 5:15pm on September 30, 2013, I was asked to leave Rose & Thistle without receiving any of the promised information or supporting documents.

7. I have reviewed the affidavit of James Reitan sworn October 1, 2013. Based on my review of the information available to me from the process set out in paragraph 2 above, I agree with the paragraphs 15, 16, 18-20 and 22.

8. Prior to this engagement, I have had no prior relationship with the Applicants, Dr. Bernstein, DBDC Spadina Ltd. and the Corporations listed on Schedule A or with the Respondents Norma Walton and Ronauld Walton, Rose & Thistle and Eglinton Castle Inc. I similarly had no prior relationship with the Corporations listed in Schedule B.

9. On behalf of Schonfeld Inc., I hereby consent to be appointed as Inspector for the purposes of the relief sought in the Applicants' Notice of Motion.

SWORN BEFORE ME at the City of
Toronto, in the Province of Ontario on this 1st
day of October, 2013.



Commissioner for Taking Affidavits
(or as may be)

Shar N. By.



HARLAN SCHONFELD

DBDC SPADINA LTD., et al
Applicants

-and- NORMA WALTON et al.
Respondents

Court File No.

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT TORONTO

AFFIDAVIT OF HARLAN SCHONFELD

**LENCZNER SLAGHT ROYCE
SMITH GRIFFIN LLP**

Barristers

Suite 2600

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Toronto ON M5H 3P5

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Email: pgriffin@litigate.com

Shara N. Roy (49950H)

Tel: (416) 865-2942

Fax: (416) 865-3973

Email: sroy@litigate.com

Lawyers for the Applicants

Tab A

This is Exhibit "A" referred to in the Affidavit of Harlan Schonfeld
sworn before me this 1st day of October, 2013

A handwritten signature, possibly reading "J. J. J.", is written in dark ink. It consists of a large, stylized capital letter 'J' followed by two smaller 'J's, all connected together.

A Commissioner for Taking Affidavits

S. Harlan Schonfeld, CA, CIRP

Profile

Harlan is a Chartered Accountant and Trustee in Bankruptcy with more than 35 years of experience in delivering insolvency and advisory services and is active in many professional associations. Harlan has overseen many complex and unique assignments in Canada and abroad. Harlan's areas of specialization within insolvency, restructuring, and advisory services include; commercial bankruptcy, reorganizing proposals under the Bankruptcy and Insolvency Act, trustee services pursuant to Construction Lien Act appointments, Court and private receivership appointments, and the liquidation of companies under federal and provincial business corporation's statutes, among many others.

Areas of Expertise

- Trustee in Bankruptcy and Reorganizing Proposals under the Bankruptcy Insolvency Act
- Private and Court-Appointed Receiverships
- Chief Restructuring Officer
- Monitoring
- Business and Operating Reviews
- Viability Assessment
- Liquidation of companies under federal and provincial business corporations statutes

Professional Accomplishments

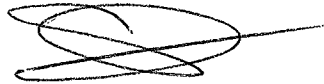
- Independent Manager – Matrimonial Proceedings: Acting as independent manager to be responsible for the control and management of a significant portfolio of residential real estate with existing co-owners, controlling receipts and disbursements, dealing with property managers, and other investments.
- Court-Appointed Liquidator – Shareholder Dispute: Acting as Liquidator to take carriage of a partition and sale of real estate, deal with sale of other investment properties, distribution of proceeds among shareholders in a tax effective manner, deal with amalgamation of corporate entities, ongoing reporting and management of the assets.
- Independent Manager – Residential Developer – Shareholder Dispute: Acting as independent manager in a shareholder dispute to a group of companies involved in residential construction and development in GTA, including overseeing all aspects of the operation to complete the construction and sale of over 200 homes in three subdivisions, managing customer service, complete obligations under various subdivision agreements, manage bank financing, relationship and letters of credit, including dealing with municipalities, engineers and contractors to successfully complete the projects. This assignment also included the valuation and division of investment assets among the shareholders.

- York Mills Centre, North York: Project management, under Court Order to complete construction to base building and tenant inducements (\$4+ million in construction costs). Negotiated operating agreements regarding public transit facilities located with 500,000 sq. ft. office/retail building. Successfully negotiated the opening of transit facilities previously unopened in the absence of significant agreements between the City of Toronto, TTC and former owners; allowed buses to operate and concluded agreements allowing for shared facilities, entrance and easement and land adjustments. Negotiated and settled significant claims from lease terminations and pursued litigation regarding damage claims from a repudiated lease.

 - Served as; Agent, Receiver, Court-Appointed Receiver, Trustee in Bankruptcy, and Chief Restructuring Officer
 - Restructured the management and recovery processes for companies in the following sectors; Banking and finance, Construction, Manufacturing, Consumer Products, Technology, and Retail
 - Conducted limited and company-wide business reviews for lenders and investors in numerous industries, including; Manufacturing, Consumer Products, Engineering, Construction, Technology, and Entertainment
 - Performed forensic accounting reviews and prepared detailed reports relating to potentially fraudulent transactions
 - Monitored and advised under the Companies' Creditors Arrangement Act
 - Conducted a loan portfolio review and financial position review on 11 Indonesian banks and assisted in the restructuring process of Bank Indonesia by performing due diligence
 - Acted as trustee in proposals under the Bankruptcy and Insolvency Act
 - Negotiated and successfully closed agreements for the sale of company assets under Court supervision
 - Assisted in the orderly closure and restructuring of 22 finance companies in Thailand. This included; loan portfolio review, asset classification, and financial position reviews.
 - Recommended and implemented a realization strategy for a Bank which included; ongoing reports to the Bank, security and preservation recommendations, monitoring the development status and issues of various assets
 - Resolved significant claims from lease terminations and pursued litigation regarding damage claims from a repudiated lease
 - Advised a Canadian chartered Bank regarding the valuation of land held for development. This included; acquiring information regarding the assets, analyzing the economics of each asset, and identifying potential realization strategies with respect to the Bank's security in consultation with Bank staff and former property owners
 - Conducted security assessments and viability studies in the High Tech sector on behalf of Banks
 - Acted as Receiver for a software development company, which included; the valuation of intellectual software and recoveries of Scientific Research and Development Tax Credits
 - procedures and determining restructuring and recapitalization alternatives for the institutions
 - Coordinated the availability and provision of Ontario's New Homes Warranty Program for all purchasers
 - Negotiated between the City of Toronto, the TTC, and former owners for the successful opening of Public Transit facilities
 - Performed monitoring duties on behalf of; secured creditors, government agencies, and other parties pursuant to specific agreements
-

Tab B

This is Exhibit "B" referred to in the Affidavit of Harlan Schonfeld
sworn before me this 1st day of October, 2013

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

A Commissioner for Taking Affidavits

September 23, 2013

Dr. S. K. Bernstein, MD
368230 Ontario Ltd.
21 Kern Road
Toronto, ON M3B 1S9

Dear Dr. Bernstein:

Re: 368230 ONTARIO LTD and Norma and Ron Walton and various joint venture

Thank you for the opportunity to offer our firm's services for the purpose of investigating and reporting to you the financial positions and affairs of various real estate joint ventures you have with Norma and Ron Walton.

Our firm

Schonfeld Inc., Receivers + Trustees is an independent professional service firm formed over 14 years ago. The professional team has deep and wide experience in serving parties in private and court proceedings to achieve solution based outcomes in an efficient and cost effective manner. We have extensive experience in acting as monitor, receiver, interim receiver, and liquidator in numerous shareholder and family disputes, family law matrimonial proceedings and other high conflict engagements.

Our people

Harlan Schonfeld is a chartered professional accountant and trustee in bankruptcy with over 35 years experience in court mandated and private engagements. His work experience covers the corporate and commercial landscape in Canada, with significant experience in real estate construction, development and management.

James Merryweather is a CGA. He has significant experience working in monitoring engagements for financial institutions and strong accounting and financial reporting skills. He has, over the past 11 years, worked on a variety of court and private engagements across various industries.

Our understanding of the engagement

368230 Ontario Ltd has signed and entered into about 31 agreements that cover about 34 properties with Norma and Ron Walton. The total amount invested by you is approximately \$110 million. You have recently become concerned about the relationship, equity investments perhaps not be made, possible other 3rd party investors, significant related party transactions, unapproved project expenses, lack of reporting, property sales without payment of mortgages, among other things.

The current engagement will be to review the books and records of the various joint venture projects and any Rose and Thistle Group Ltd's books and records related to the joint ventures and report our findings to you.

Our review will include, and not to be limited to,

Accounting documents including an accounting of the amounts invested by 368230 Ontario Ltd. and by Norma and Ron Walton;

Bank statements;

Cancelled cheques and details of cheques written or amounts withdrawn;

Copies of all invoices for work completed in respect of the properties, including those of Rose and Thistle Group Ltd. or any other company related to Norma and Ron Walton;

Lending and mortgage documents;

Rent rolls for each property detailing the rental revenues and other revenues earned;

And any other material or documents deemed relevant.

Our ability to carry out the terms of this engagement will depend on the level of cooperation and access to the records, the property, premises, books, records and financial documents of the joint venture, by Rose and Thistle Group Ltd. Arrangements have been made for access to begin on Friday September 20, 2013.

High conflict engagements

Schonfeld Inc has significant experience working in high conflict engagements, both as a court appointed officer, and under private contract. Some examples of these engagements include:

A Shareholder dispute, arbitration, wind down and dissolution:

A highly successful real estate development company became incapacitated by family disputes upon the transition of ownership to the second generation.

To preserve and protect the business the parties agreed to engage Schonfeld Inc. by private contract, to take control of the company's day-to-day operations. We efficiently wound-down business operations (including closing several hundred agreements of purchase and sale) in an effort to maximize the company's value for the benefit of the shareholders.

We were able to return significant funds to the family members, who eventually successfully mediated their dispute.

Alleged Misappropriation of Funds

A *Mareva* injunction and an *Anton Piller* order were made following a belief that an employee has defrauded a major Canadian company of over \$10 million dollars through a phony billing scheme.

Schonfeld Inc. was appointed by the court as monitor over the suspect's assets with power to control receipts and disbursement, investigate and identify assets, investigate the financial position of the monitored parties and report to the court.

Schonfeld Inc. was able to identify assets, including real estate in United States, and Canada, investment portfolios, machinery and equipment, vehicles, a cottage and recreational vehicles. Within 4 months, the engagement was converted to a receivership proceeding with enhanced powers to liquidate assets, subject to further court approval.

Marriage Breakdown

Schonfeld Inc. was called during the dissolution of a 25 year marriage. Substantial wealth was concentrated in the family business, 100% owned by one spouse. The other spouse managed the businesses, was a non shareholder and needed to be replaced.

Schonfeld Inc. was hired as manager of the family business by private contract. The engagement allowed the parties to mediate their separation and dissolve the marriage. Schonfeld Inc. played a key role in the mediation, which culminated in a settlement. The engagement continues today, long after the dispute has been resolved, as the sole shareholder has no interest in the day-to-day running of the business.

Our costs

Our fees are based on the applicable hourly rates of the professional staff member working on the engagement, plus out of pocket disbursements (legal fees) and H.S.T.

The principal staff dedicated to this engagement will include S. Harlan Schonfeld CPA, CA-CIRP, and James Merryweather, CGA. The hourly rates applicable to these professionals are \$550 and \$400 per hour respectively. We will bill our services on a monthly basis.

Upon acceptance of this engagement we require a retainer in the amount of \$15,000.

Our independence

Schonfeld Inc, its principal and its members are independent of the Walton's and Rose and Thistle Group Ltd. The acceptance of this engagement will not limit or preclude us from accepting any other engagement should this matter result in a court mandated proceeding.

If you require any further information please let me know. We are pleased to serve in this capacity.

Yours truly,
SCHONFELD INC.
Receivers + Trustees
Per:

S. Harlan Schonfeld CPA, CA-CIRP

Tab C

This is Exhibit "C" referred to in the Affidavit of Harlan Schonfeld
sworn before me this 1st day of October, 2013

A handwritten signature in black ink, consisting of a large, stylized 'S' or 'C' shape with a horizontal line extending to the right.

A Commissioner for Taking Affidavits

Dr. Bernstein Property Investment Profile

No.	Partnership	Dr. Bernstein Holding Company	Norma/Ronald Walton Holding Company	Capital Cost		Investment				Inter-company Due to (from) Rose&Thistle	Mortgages		Revenue per P&L	Since Inception			Total Paid to Rose&Thistle	Late fees and interest, mainly taxes & utilities	
				Actual	Under (Over) to date	Dr. Bernstein		Norma/Ronald Walton			Mortgagor	Amount		% of Revenue	Maintenance Fee	Total % of Revenue			
						Equity	Debt	Equity	Debt										
1	Twin Dragons Corporation	DBDC Investments Spadina Ltd.		9,971,201	8,541,000 (1,430,201)	1,120,500	0	350,000	0	1,790,944	3,68230 Ont Windsor	6,660,000 1,090,045	953,400	47,000	4.9%	0	4.9%	180,631	22,346
2	Bannockburn Lands Inc.	DBDC Investments Eglinton Ltd		15,863,271	13,203,800 (2,659,471)	100	2,449,300	100	0	1,656,934	Atrium	12,000,000	3,390	0	0.0%	0	0.0%	1,791,050	149,234
3	Wynford Professional Centre Ltd	2272551 Ontario Ltd.		12,093,746	14,709,180 2,615,434	0	0	0	0	853,757	3,68230 Ont. 3,68230 Ont.	9,468,721 (81,339)	4,207,235	0	0.0%	0	0.0%	3,945,741	89,281
4	Liberty Village Lands Inc.	DBDC Investments Atlantic Ltd.		2,278,874 incl. below		100	396,636	100	0	641,400	3,68230 Ont.	2,000,000	0	0	0	0	0	250,000	76
5	Liberty Village Properties Ltd.	DBDC Investments Atlantic Ltd.		14,109,276	15,796,340 (591,810)	100	2,029,959	100	11,351	2,070,503	TCE Beta	13,500,000	1,469,437	63,185	4.3%	135,000 \$10,000/month	13.5%	2,561,500	5,811
6	Riverdale Mansion Ltd.	DBDC Investment Pape Ltd.		3,781,787	3,940,946 159,159	100	470,373	100	0	487,871	3,68230 Ont.	3,000,000	0	0	60,000 \$2,500/month	0	0	1,183,981	3,671
7	Royal Agincourt Corp.	DBDC Investments Hwy 7 Ltd.		16,078,997	16,115,000 36,003	100	2,371,148	100	0	1,601,511	Harbour Mge	11,600,000	2,546,832	79,608	3.1%	205,000 \$10,000/month	11.2%	508,100	11,167
8	Hidden Gem Development Inc.	DBDC Investments Trent Ltd.		3,401,849	4,492,300 1,090,451	100	1,166,050	100	0	553,746	Variety Club	2,160,000	166,333	0	0	0	0	700,000	4,704
11	Lesliebrook Holdings Ltd.	DBDC Investments Lesliebrook Ltd.		7,185,439	0 (7,185,439)	100	1,212,728	100	0	(79,922)	BMC	5,120,347	7,241,131	52,195	4.2%	148,750 \$8,500/month	16.2%	415,000	4,141
12	Lesliebrook Lands Ltd.	DBDC Investments Leslie Ltd.		2,154,627	0 (2,154,627)	100	187,600	100	0	450,672	Atlantis	1,750,000	0	0	43,750 \$2,500/month	0	0	220,000	415
15	Queen's Corner Corp.	DBDC Queen's Corner Corp.		3,964,754	5,171,650 1,206,896	100	582,365	100	0	324,104	3,68230 Ont.	4,000,000	0	0	0	0	0	1,175,000	58
16	Northern Dancer Lands Ltd.	DBDC Queen's Plate Holdings Inc.		4,822,999	10,896,560 6,073,561	100	1,657,180	100	0	353,913	Carevest	3,270,000	5,770	0	0.0%	0	0.0%	250,000	0
20	Global Mills Inc.	DBDC Global Mills Ltd.		24,898,758	31,020,625 6,121,867	100	6,510,213	100	0	(6,581)	Computershare	18,000,000	2,286,619	154,244	6.7%	0	6.7%	150,000	13,576
21	Donalda Developments Ltd.	DBDC Donalda Developments Ltd.		46,050,236	56,823,908 10,773,672	100	13,371,900	100	0	841,828	Otera	30,562,642	4,366,770	190,000	4.4%	237,500 \$25,000/month	9.8%	1,841,380	3,119
23	Cityview Industrial Ltd.	DBDC Cityview Industrial Ltd.		5,717,289	5,983,750 266,461	100	991,775	100	0	195,100	3,68230 Ont.	4,650,000	197,899	6,750	3.4%	42,000 \$3,500/month	24.6%	295,000	801
26	Skyway Holdings Ltd.	DBDC Skyway Holdings Ltd.		3,868,544	4,305,300 436,756	100	752,550	100	0	1,050	3,68230 Ont.	2,800,000	280,615	11,324	4.0%	29,750 \$3,500/month	14.6%	175,000	0

No.	Partnership	Dr. Bernstein Holding Company	Norma/Ronald Walton Holding Company	Capital Cost			Investment			Inter-company		Mortgages		Revenue per P&L	Since Inception		Total Paid to Rose&Thistle	Late fees and interest, mainly taxes & utilities
				Actual	Budget	Under (Over) to date	Dr. Bernstein Equity	Debt	Norma/Ronald Walton Equity	Debt	Due to (from) Rose&Thistle	Mortgagor	Amount		% of Revenue	Maintenance Fee	Project Costs	
9	Ascalon Lands Ltd.	DBDC Investments St. Clair Ltd.		0	8,055,200	8,055,200	0	0	0	0	0			0	INFORMATION NOT PROVIDED			
10	Tisdale Mews Inc.	DBDC Investments Tisdale Ltd.		0	15,492,000	15,492,000	0	0	0	0	0			0	INFORMATION NOT PROVIDED			
13	Fraser Lands Ltd.	DBDC Fraser Lands Ltd.		0	51,644,125	51,644,125	0	0	0	0	0			0	INFORMATION NOT PROVIDED			
14	Fraser Properties Corp.	DBDC Fraser Properties Ltd.		0	0	0	0	0	0	0	0			0	INFORMATION NOT PROVIDED			
17	Dupont Developments	DBDC Dupont Developments Ltd.		0	16,950,625	16,950,625	0	0	0	0	0			0	INFORMATION NOT PROVIDED			
18	Red Door Developments Inc.	DBDC Red Door Developments Inc.		0	11,641,925	11,641,925	0	0	0	0	0			0	INFORMATION NOT PROVIDED			
19	Red Door Lands Ltd.	DBDC Red Door Lands Inc.		0	0	0	0	0	0	0	0			0	INFORMATION NOT PROVIDED			
22	Salmon River Properties Ltd.	DBDC Salmon River Properties Ltd.		0	1,674,284	1,674,284	0	0	0	0	0			0	INFORMATION NOT PROVIDED			
24	Weston Lands Ltd.	DBDC Weston Lands Ltd.		0	8,270,750	8,270,750	0	0	0	0	0			0	INFORMATION NOT PROVIDED			
25	Double Rose Developments Ltd.	DBDC Double Rose Developments Ltd.		0	14,651,750	14,651,750	0	0	0	0	0			0	INFORMATION NOT PROVIDED			
27	West Mall Holdings Ltd.	DBDC West Mall Holdings Ltd.		0	17,323,125	17,323,125	0	0	0	0	0			0	INFORMATION NOT PROVIDED			
28	Royal Gate Holdings Ltd.	DBDC Royal Gate Holdings Ltd.		0	28,925,913	28,925,913	0	0	0	0	0			0	INFORMATION NOT PROVIDED			
29	Dewhurst Developments Ltd.	DBDC Dewhurst Developments Ltd.		0	5,522,000	5,522,000	0	0	0	0	0			0	INFORMATION NOT PROVIDED			
30	Eddystone Place Ltd.	DBDC Eddystone Place Ltd.		0	0	0	0	0	0	0	0			0	INFORMATION NOT PROVIDED			
31	Richmond Row Holdings Inc.	DBDC Richmond Row Holdings Ltd.		0	22,515,776	22,515,776	0	0	0	0	0			0	INFORMATION NOT PROVIDED			
				176,241,647	393,667,832	217,426,185				11,736,830			604,305	901,750	15,642,383	17,148,439	308,400	

Tab D

This is Exhibit "D" referred to in the Affidavit of Harlan Schonfeld
sworn before me this 1st day of October, 2013

A handwritten signature consisting of several overlapping loops and a horizontal line extending to the right.

A Commissioner for Taking Affidavits

Shara N. Roy

From: harlan@schonfeldinc.com
Sent: Tuesday, October 01, 2013 7:42 AM
To: Shara N. Roy
Subject: Fw: Bank statements

Sent wirelessly from my BlackBerry device on the Bell network.
Envoyé sans fil par mon terminal mobile BlackBerry sur le réseau de Bell.

From: Norma Walton <nwalton@roseandthistle.ca>
Date: Mon, 30 Sep 2013 20:49:22 +0000
To: harlan@schonfeldinc.com<harlan@schonfeldinc.com>
Cc: Jim Reitan<Jim@drbdiet.com>
Subject: RE: Bank statements

It may be your day's end but is not yet ours. Kendra will unlock access to the four entities when she leaves; Trudy will leave the memory stick in the downstairs boardroom when she leaves; I will leave copies of the mortgage documents in the downstairs boardroom when I leave; and Sarita will continue scanning and sending you bank statements this week.

Regards,
Norma

From: harlan@schonfeldinc.com [mailto:harlan@schonfeldinc.com]
Sent: Monday, September 30, 2013 4:46 PM
To: Norma Walton
Cc: Jim Reitan
Subject: Re: Bank statements

Norma:

Days end is upon us. I am downstairs.

Might I have today's promised materials?

Should I come to your office to get them?

Sent wirelessly from my BlackBerry device on the Bell network.
Envoyé sans fil par mon terminal mobile BlackBerry sur le réseau de Bell.

From: Norma Walton <nwalton@roseandthistle.ca>
Date: Mon, 30 Sep 2013 18:01:41 +0000
To: Harlan Schonfeld<harlan@schonfeldinc.com>
Cc: Jim Reitan<Jim@drbdiet.com>
Subject: RE: Bank statements

Dear Harlan,

Yes

Trudy is working on providing you with all leases as agreed.

Tom and I will chase down and send the mortgage documents for 1450 and 1500 before day's end.

Sarita is scanning all bank statements first then will roll to invoices.

Kendra and I are updating the four entities with a view to providing access.

Regards,
Norma

From: Harlan Schonfeld [<mailto:harlan@schonfeldinc.com>]

Sent: Monday, September 30, 2013 1:57 PM

To: Norma Walton

Cc: Jim Reitan

Subject: Re: Bank statements

Norma:

And I expect to receive today mortgage documents for the 2 Don Mills properties (1450 and 1500) that relate to \$6 million in increased mortgages; and copies of all of the property leases.

You also said you would let us know (within 2 hours) about us getting access to the files for supporting documents and provide 4 more entities records.

S.Harlan Schonfeld, CPA, CA CIRP
SCHONFELD INC. Receivers + Trustees
438 University Avenue, 21st Floor
Toronto, ON M5G 2K8
Tel 416.862.7785
Cell 416.254.1992
Fax 416.862.2136



~~Experience acquired. Experience applied.~~

This email may contain confidential information and no rights to privilege have been waived. If you are not the intended recipient, please notify us immediately. Thank you.

On Mon, Sep 30, 2013 at 12:56 PM, Norma Walton <nwalton@roseandthistle.ca> wrote:

Dear Jim and Harlan,

You had requested bank statements on Friday. Sarita provided you with Global Mills bank statements on Friday afternoon and will provide the remainder of statements this week.

Regards,

Norma

Tab 6

2011 222
Court File No.

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

B E T W E E N:

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

Applicants

and

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

Respondents

and

THOSE CORPORATIONS LISTED ON SCHEDULE C HERETO, TO BE
BOUND BY THE RESULT

AFFIDAVIT OF CHRISTOPHER HUNTER

I, Christopher Hunter, of the City of Toronto, in the Province of Ontario, MAKE OATH
AND SAY:

1. ~~I am a Student-At-Law at Lenczner Slaght Royce Smith Griffin LLP and therefore have~~
knowledge of the matters contained therein.

2. Attached hereto as Exhibit "A" is a copy of a Record of Discipline History against Norma
Jean Walton dated December 21, 2007.

3. Attached hereto as Exhibit "B" is a Notice of Application filed by the Law Society against Norma Jean Walton on March 7, 2011.
4. Attached hereto as Exhibit "C" is an interlocutory decision by the Law Society Hearing Panel denying an adjournment to Ms. Walton of the Law Society's Disciplinary Proceedings.
5. Attached hereto as Exhibit "D" is a copy of the Law Society Decision rendered on July 25, 2013.
6. Based on my review of the decision, the Law Society panel found *inter alia*:
 - (a) that there was not proper reporting by Walton to two individuals found to be her clients regarding the placing of mortgages ;
 - (b) that there was not proper disclosure as to the identity of the borrower. Walton led the clients to believe the Borrower was a third party, when in fact the funds were borrowed by Walton and/or her companies;
 - (c) Walton failed to register the Mortgages in a timely fashion; discharged the Mortgages without consent; and rolled the funds into other Mortgages without consent;
 - (d) the Mortgages were registered in the name of Walton and her firm in trust without consent;
 - (e) the proper ledgers which should have been maintained with Mortgage funds that were being administered for third parties were not maintained;

- (f) Walton failed to provide the appropriate forms with respect to disclosure of the investments;
 - (g) Walton failed to properly protect the interests of the clients;
 - (h) Walton failed to arrange for the clients to receive independent representation in a private Mortgage transaction;
 - (i) Walton improperly comingled personal and/or her corporate funds with clients' funds;
 - (j) Walton filed misleading member annual reports; and
 - (k) the panel found that while Walton may have been negligent, she did not deliberately mislead the Law Society;
7. I understand that penalties have not yet been imposed on Ms. Walton as a result of this disciplinary finding.
8. I swear this affidavit in support of an Application and Motion seeking to have Schonfeld Inc. appointed as inspector of the Projects and the records of Rose & Thistle dealing with the Properties, Projects and Owner Companies, among other relief.

SWORN BEFORE ME at the City of
Toronto, in the Province of Ontario on
October 1, 2013.



Commissioner for Taking Affidavits
(or as may be)



CHRISTOPHER HUNTER

DBDC SPADINA LTD., et al
Applicants

-and- NORMA WALTON et al.
Respondents

Court File No.

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT TORONTO

AFFIDAVIT OF CHRISTOPHER HUNTER

**LENCZNER SLAGHT ROYCE
SMITH GRIFFIN LLP**

Barristers
Suite 2600
130 Adelaide Street West
Toronto ON M5H 3P5

Peter H. Griffin (19527Q)

Tel: (416) 865-2921

Fax: (416) 865-3558

Email: pgriffin@litigate.com

Shara N. Roy (49950H)

Tel: (416) 865-2942

Fax: (416) 865-3973

Email: sroy@litigate.com

Lawyers for the Applicants

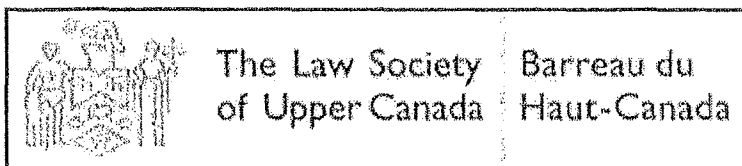
Tab A

2010 3: /

This is Exhibit "A" referred to in the Affidavit of Christopher Hunter
sworn before me this 1st day of October, 2013

A handwritten signature, possibly reading "S. Hunter", written in dark ink. The signature is stylized with a large, sweeping loop.

A Commissioner for Taking Affidavits



Lawyer and Paralegal Directory

Discipline History Information

[New Search](#)

[Back to Discipline Summary Page](#)

Norma Jean Walton , Lawyer, In Private Practice

Conduct Proceeding: 21-Dec-2007

Norma Jean Walton was found to have engaged in professional misconduct OR conduct unbecoming a barrister and solicitor for failing to cooperate with a Law Society investigation by failing to produce requested in numerous communications. By Decision and Order dated December 21, 2007, the Hearing Panel ordered that the lawyer: (1) be reprimanded; (2) successfully complete, by April 30, 2008, the Financial Management, Professional Responsibility and Personal Management modules of the Private Practice Refresher Program; and (3) pay \$3,750.00 in costs to the Law Society.

Let Right Prevail
[More Info](#)

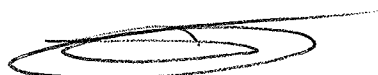
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Tab B

This is Exhibit "B" referred to in the Affidavit of Christopher Hunter
sworn before me this 1st day of October, 2013



A Commissioner for Taking Affidavits

Law Society Hearing Panel File No. LCN 14/11

LAW SOCIETY HEARING PANEL

BETWEEN	
TRIBUNALS OFFICE	
FILED	
Date	<u>March 7, 2011</u>
Time	<u>10:50 a.m.</u>
<u>[Signature]</u>	
Staff Signature	

The Law Society of Upper Canada

Applicant

and

Norma Jean Walton

Respondent

APPLICATION UNDER subsection 34 (1) of the *Law Society Act*, R.S.O. 1990, c.L.8, as amended.

NOTICE OF APPLICATION

TO THE RESPONDENT:

A CONDUCT PROCEEDING HAS BEEN COMMENCED by the applicant. The claim made by the applicant appears on the following page.

YOU ARE REQUIRED TO ATTEND at a proceeding management conference on **Monday, April 18, 2011, at 9:00 a.m.** at the offices of The Law Society of Upper Canada, Osgoode Hall, 130 Queen Street West, Toronto, Ontario. You may elect to attend by your representative.

IF YOU OR YOUR REPRESENTATIVE FAIL TO ATTEND AT THE PROCEEDING MANAGEMENT CONFERENCE, THE PANELIST CONDUCTING THE CONFERENCE MAY PROCEED IN YOUR ABSENCE.

Date of issue: March 7, 2011

TO: Norma Jean Walton
Walton Advocates
30 Hazelton Ave.
Toronto, ON M5R 2E2

APPLICATION

1. The applicant makes application for:
 - (a) a determination that the respondent has contravened section 33 of the *Law Society Act* by engaging in professional misconduct, and
 - (b) its costs of this application.
2. The grounds for the application are: it is alleged that the respondent has engaged in professional misconduct.
3. The particulars of the application are:

Clients D.N. and A.O.

- (1) The Lawyer acted in a conflict of interest when she represented her clients D.N. and A.O. in relation to the following transactions:
 - a. a company wholly owned by the Lawyer and her spouse (the "Lawyer's Company") borrowed approximately \$429,750 from D.N. and A.O. without the Lawyer ensuring that D.N. and A.O.'s interests were fully protected by the nature of the case and by independent legal representation, contrary to Rule 2.06 (5) of the Rules of Professional Conduct (the "Rules"), and
 - b. the Lawyer represented both borrower and lender in private mortgage transactions totalling approximately \$429,750 in respect of loans by D.N. and A.O. to the Lawyer's Company, contrary to Rule 2.04 (11).
- (2) The Lawyer failed to serve her two lender clients, D.N. and A.O., contrary to Rule 2.01 (2), by:
 - a. failing to report to D.N. and A.O. with respect to their mortgage transactions;
 - b. failing to advise A.O. as to the identity of the borrower;
 - c. failing to advise D.N. and A.O. as to the priority of their mortgages;

- d. failing to register the mortgages securing loan advances by D.N. and A.O. in a timely manner, and
 - e. registering the mortgages in the name of the Lawyer's law firm in trust without obtaining instructions from D.N. and A.O.
- (3) The Lawyer misled her client A.O. about the nature and particulars of A.O.'s investments in private mortgages, contrary to Rules 2.02 (1) and 6.01 (1).
- (4) The Lawyer failed to complete an Investment Authority and Report on Investment (Forms 18A and 18B, respectively),
- a. in connection with the funds borrowed by the Lawyer's Company from D.N. and A.O., contrary to the by-law in effect at the time, By-Law 18, s.7 (1), and
 - b. in connection with the release of collateral or security held for D.N. and A.O.'s loans, contrary to By-Law 18, s.7 (4) until May 1, 2007, and the By-Law 9, s.24 (4) thereafter.
- (5) The Lawyer failed to maintain a mortgage asset ledger, mortgage liability ledger and monthly comparisons in connection with the mortgages held in trust by the Lawyer's law firm, contrary to By-Law 18, s.3 until May 1, 2007, and By-Law 9, s.20 thereafter.
- (6) The Lawyer failed to obtain the written consent of her clients, D.N. and A.O., for the substitution of security held for their loans, contrary to By-Law 18, s.7 (7) until May 1, 2007, and By-Law 9, s.24 (7) thereafter.
-
- (7) The Lawyer misled the Law Society about the nature and particulars of her client A.O.'s investments in private mortgages, contrary to Rule 6.01 (1).
- (8) The Lawyer failed to conduct herself in a way that maintains the integrity of the profession by filing inaccurate or misleading Member Annual Reports, contrary to Rule 6.01 (1).

Condominium Purchasers

- (9) The Lawyer misappropriated approximately \$383,598 held in trust on behalf of purchasers of condominium units by disbursing those funds without authority and, in particular, contrary to the Agreements of Purchase and Sale, the provisions of the *Condominium Act, 1998* and the by-law in effect at the time, By-Law 19, s.4 (1).
- (10) The Lawyer co-mingled personal/corporate funds with client funds, contrary to the by-law in effect at the time, By-Law 19, s.3 (2).

Jan Parnega-Welch
Discipline Counsel
The Law Society of Upper Canada
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M5H 2N6

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LAW SOCIETY HEARING PANEL

Proceeding commenced at Toronto

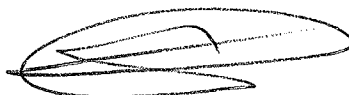
NOTICE OF APPLICATION

Jan Parnega-Welch, Discipline Counsel
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Tab C

This is Exhibit "C" referred to in the Affidavit of Christopher Hunter
sworn before me this 1st day of October, 2013



A Commissioner for Taking Affidavits

LAW SOCIETY HEARING PANEL

Citation: *Law Society of Upper Canada v. Norma Jean Walton*, 2012 ONLSHP 0017

Date: January 24, 2012

Docket: 2011-00022

File No.: LCN17/11

BETWEEN:

The Law Society of Upper Canada, Applicant

v.

Norma Jean Walton, Respondent

Before: Linda R. Rothstein (chair)

Heard: January 23, 2012, in Toronto, Ontario

Counsel: Jan Parnega-Welch, for the applicant
Rabinder Sidhu, for the respondent

commercial real estate and real estate development. Ms. Walton's law practice is now restricted to providing legal advice to these companies. Ms. Walton testified that these companies employ 20 people directly on pay-roll and another 30 to 40 on a "weekly basis". She told the panel that she and her husband are very active in the running of their companies and that they "do not run themselves".

- [5] The Lawyer also described in detail the impact of her in-laws' illnesses on the family schedule. She explained that she drops her young children off at school first thing in the morning and then goes to work. This conforms with the schedule prior to the hospitalization of her father-in-law. Her husband collects the children from school at 3:15 p.m. and takes them home. However, unlike the situation that pertained prior to her father-in-law's hospitalization when she would stay at work until 6 or 6:30 p.m., she now leaves the office between 4:30 and 5 p.m. in order to give her husband an opportunity to attend the hospital or his mother's home. In other words, the Lawyer testified that this has "truncated her work day by approximately three hours". It is clear that this calculation is in error and that her work day has been truncated by approximately an hour and a half. Ms. Walton testified that she continues to be able to meet the minimum requirements of her law practice and of the companies that she and her husband run. However, this truncated schedule and the additional stresses have unduly impacted her preparation for the hearing.
- [6] Counsel for Ms. Walton argued strenuously for an adjournment until July 2012. Although the prognosis for Ms. Walton's father-in-law is still unclear, he submitted that the additional five months will permit Ms. Walton to prepare for the hearing to the extent that is required. He argued that to force her to a hearing in February would cause her great prejudice and there was no countervailing prejudice to the Law Society. In contrast, counsel for the Law Society argued that the hearing ought to proceed in February. She explained that the Law Society's main witness is 85 years of age, has previously suffered from cancer, and has filed an affidavit which has been in the hands of Ms. Walton and her counsel since the summer of 2011. On two previous occasions, counsel for Ms. Walton had agreed to cross-examine her and the cross-examinations were cancelled at the last minute. Counsel for the Law Society argued that it will cause an undue strain on an important witness to adjourn her examination for a third time.
- [7] The Ontario Court of Appeal decisions in *Igbinosun*, and *Dominion Bank*, the Divisional Court decision *Howett and the College of Physicians and Surgeons* all make clear that there is no absolute right to an adjournment before an administrative tribunal, including a disciplinary body. Rather, whether or not the adjournment should be granted should be considered in light of the specific facts of the case, having regard to the right of the Applicant to a fair hearing weighed against the obvious desirability of a speedy and expeditious hearing into charges of professional misconduct. When balancing these two factors, the right of an applicant to a fair hearing must be paramount.
- [8] However, fairness to a licensee does not mean that a panel must accede to her view of the time necessary for her to properly prepare with her counsel. In this case, there can be no doubt that the Lawyer has had many months to prepare for the Law Society's evidence at the hearing scheduled for February. The affidavit of the key witness has been in her

hands for six months or more. Nor is it common for the key Law Society witness to have sworn an affidavit in advance of testifying at a hearing. Likewise, the report of the Law Society's expert witness has been in the hands of the Lawyer and her counsel since September. A draft of the Agreed Statement of Facts was sent to the Lawyer in May of last year. Moreover, the Lawyer concedes that she and her counsel have been hard at work preparing for the hearing for some time with the result that Mr. Cohen has recently comprehensively responded to the Law Society's proposed Agreed Statement of Facts.

- [9] Nor is this a case where it is the Lawyer's own health condition that undermines her ability to adequately prepare for a hearing. It is apparent from the Lawyer's evidence that the stresses that affect her family have taken a toll. Nevertheless, she is putting in what many would consider to be full days at the office attending to her responsibilities as an owner of a business. It is inevitable that preparation for a Law Society hearing would interfere with one's regular schedule and would require one to delegate the responsibilities of one's business to a greater degree than might be ideal.
- [10] I am not persuaded that the fact that Ms. Walton's days have been "truncated" has caused significant prejudice such as to make an adjournment of the Law Society's evidence necessary in order to prevent unfairness. The Lawyer still has three weeks to assist Mr. Cohen to prepare his cross-examinations. This is a reasonable time.
- [11] That said, I agree with counsel for the Law Society that the Lawyer has provided a basis upon which to consider, on compassionate grounds, that she be relieved of the responsibility of testifying. Her counsel resisted this accommodation; he argued that there is an inherent unfairness in hearing the Law Society witnesses followed by a lengthy break before the Lawyer and her witnesses are called.
- [12] I disagree. Indeed, this is frequently the way long hearings evolve. Panels take careful notes, review transcripts as required and understand the dangers of drawing premature conclusions.
- [13] For all of these reasons, an adjournment of the hearing scheduled for February 13 to 17, 2012 is denied. Should the Law Society's evidence be completed before the end of that week, an adjournment will be granted for the remainder of the week.

Tab D

This is Exhibit "D" referred to in the Affidavit of Christopher Hunter
sworn before me this 1st day of October, 2013

A handwritten signature, possibly reading "J. Hunter", is written in dark ink. The signature is somewhat stylized and is positioned above a horizontal line.

A Commissioner for Taking Affidavits



The Law Society of
Upper Canada

Barreau
du Haut-Canada

LAW SOCIETY HEARING PANEL

Citation: *Law Society of Upper Canada v. Norma Jean Walton*, 2013 ONLSHP 0110

Date: July 25, 2013

File No.: LCN17/11

2013 ONLSHP 110 (CanLII)

BETWEEN:

The Law Society of Upper Canada, Applicant

v.

Norma Jean Walton, Respondent

Before: Gerald A. Swaye, Q.C., C.S. (chair)
Jacqueline A. Horvat
Jan Richardson

Heard: February 13, 14, 15; August 14, 15 and 16, 2012 in Toronto, Ontario

Counsel: Jan Parnega-Welch and Joshua Elcombe, for the applicant
Howard Cohen and Lesia Jennifer Lawrence, for the respondent

Summary:

WALTON - Findings of Misconduct - Lawyer acted in a conflict of interest when she represented her clients D.N. and A.O. in relation to the following transactions: a company wholly owned by the Lawyer and her spouse borrowed from D.N. and A.O. without the Lawyer ensuring that D.N. and A.O.'s interests were fully protected by the nature of the case and by independent legal representation - Lawyer represented both borrower and lender in private mortgage transactions in respect of loans by D.N. and A.O. to the Lawyer's Company - Lawyer failed to serve her two lender clients, failing to register the mortgages securing loan advances by D.N. and A.O. in a timely manner; and registering the mortgages in the name of the Lawyer's law firm in trust without obtaining instructions from D.N. and A.O. - Lawyer misled her client A.O. about the nature and particulars of A.O.'s investments in private mortgages - Lawyer failed to complete an Investment Authority Report on Investment in connection with the funds borrowed by the Lawyer's Company from D.N. and A.O. - Lawyer failed to maintain a mortgage asset ledger, mortgage liability ledger and monthly comparisons in connection with the mortgages held in trust by the Lawyer's law firm, Lawyer failed to obtain the written consent of her clients, D.N. and A.O., for the substitution of security held for their loans - Lawyer co-mingled personal/corporate funds with client funds - Expert evidence: Lawyer "fell below the standard of care of a reasonably competent solicitor" - Even in cases where no one loses money, or no measurable harm is done, a finding of professional conduct may be made

REASONS FOR DECISION ON FINDING**THE ALLEGATIONS**

[1] Jacqueline A. Horvat (for the panel):— On March 7, 2011 the Law Society of Upper Canada ("Law Society") brought an application for a finding of professional misconduct against Norma Jean Walton (the "Lawyer") under s. 33 of the *Law Society Act* on the following particulars:

- 1) The Lawyer acted in a conflict of interest when she represented her clients D.N. and A.O. in relation to the following transactions:
 - (a) a company wholly owned by the Lawyer and her spouse (the "Lawyer's Company") borrowed approximately \$429,750 from D.N. and A.O. without the Lawyer ensuring that D.N. and A.O.'s interests were fully protected by the nature of the case and by independent legal representation, contrary to Rule 2.06(5) of the *Rules of Professional Conduct* (the "Rules"); and
 - (b) the Lawyer represented both borrower and lender in private mortgage transactions totaling approximately \$429,750 in respect of loans by D.N. and A.O. to the Lawyer's Company, contrary to Rule 2.04(11).
- 2) The Lawyer failed to serve her two lender clients, D.N. and A.O., contrary to Rule 2.01(2), by:

- (a) failing to report to D.N. and A.O. with respect to their mortgage transactions;
 - (b) failing to advise A.O. as to the identity of the borrower;
 - (c) failing to advise D.N. and A.O. as to the priority of their mortgages;
 - (d) failing to register the mortgages securing loan advances by D.N. and A.O. in a timely manner; and
 - (e) registering the mortgages in the name of the Lawyer's law firm in trust without obtaining instructions from D.N. and A.O.
- 3) The Lawyer misled her client A.O. about the nature and particulars of A.O.'s investments in private mortgages, contrary to Rules 2.02(1) and 6.01(1).
 - 4) The Lawyer failed to complete an Investment Authority Report on Investment (Forms 18A and 18B, respectively),
 - (a) in connection with the funds borrowed by the Lawyer's Company from D.N. and A.O., contrary to the by-law in effect at the time, By-Law 18, s. 7(1); and
 - (b) in connection with the release of collateral or security held for D.N. and A.O.'s loans, contrary to By-Law 18, s. 7(4) until May 1, 2007, and By-Law 9, s. 24(4) thereafter.
 - 5) The Lawyer failed to maintain a mortgage asset ledger, mortgage liability ledger and monthly comparisons in connection with the mortgages held in trust by the Lawyer's law firm, contrary to By-Law 18, s. 3 until May 1, 2007, and By-Law 9, s. 20 thereafter.
 - 6) The Lawyer failed to obtain the written consent of her clients, D.N. and A.O., for the substitution of security held for their loans, contrary to By-Law 18, s. 7(7) until May 1, 2007, and By-Law 9, s. 24(7) thereafter.
-
- 7) The Lawyer misled the Law Society about the nature and particulars of her client A.O.'s investments in private mortgages, contrary to Rule 6.01(1).
 - 8) The Lawyer failed to conduct herself in a way that maintains the integrity of the profession by filing inaccurate or misleading Member Annual Reports, contrary to Rule 6.01(1).
 - 9) The Lawyer misappropriated approximately \$383,598 held in trust on behalf of purchasers of condominium units by disbursing those funds without authority and,

in particular, contrary to the Agreements of Purchase and Sale, the provisions of the *Condominium Act, 1998* and the by-law in effect at the time, By-Law 19, s. 4(1).

- 10) The Lawyer co-mingled personal/corporate funds with client funds, contrary to the by-law in effect at the time, By-Law 19, s. 3(2).
- [2] The Lawyer admitted service of the Notice of Application and the hearing in this matter proceeded on February 13, 14, 15 and August 14, 15, 16, 2012. The Law Society and the Lawyer agreed that the hearing should be held in public pursuant to s. 9 of the *Statutory Powers Procedure Act* and Rule 18.01 of the *Rules of Practice and Procedure* made pursuant to s. 61.2 of the *Law Society Act*.
- [3] We find that the Lawyer engaged in the professional misconduct alleged in Particulars 1, 2, 3, 4, 5, 6 and 10 above for the reasons that follow.

FACTS NOT IN DISPUTE

- [4] The Law Society and the Lawyer filed an Agreed Statement of Facts (“ASF”). The ASF was admitted as Exhibit 1. The Lawyer admitted the authenticity of the documents in the accompanying Document Book, admitted as Exhibit 2. The undisputed facts follow.

(a) Relevant Persons

- [5] The Lawyer was born in 1970. She received her law degree and an Executive MBA from the University of Western Ontario and was called to the Bar in 1995. The Lawyer is a partner at Walton Advocates located at 30 Hazelton Avenue in Toronto, Ontario (the “Firm”) where she practises 50% real estate and 50% corporate/commercial. The Lawyer is responsible for the bookkeeping and the accounting at the Firm. The only other partner of the Firm is the Lawyer’s husband. The Firm advertises as an in-house law firm and trade mark agent that provides litigation, corporate and real estate services to The Rose and Thistle Group (“Rose and Thistle”).
- [6] Since approximately 2001, the Lawyer has been involved in the real estate development business, including the development of properties located at 185 Davenport Road in Toronto (the “Davenport Property”) and 1246 Yonge Street in Toronto (the “Yonge Property”). ~~The Lawyer arranges the financing for the developments.~~
- [7] Rose and Thistle was incorporated on June 16, 2003 and has its registered address as 30 Hazelton Avenue. The Lawyer and her husband are the only shareholders, directors and officers of Rose and Thistle. Rose and Thistle is a private land and investment company that owns and operates a stable of commercial real estate properties in the Greater Toronto Area.
- [8] Hazelton Property Management Ltd. (“Hazelton”) was incorporated on September 16, 2002 and has as its registered address 30 Hazelton Avenue. The Lawyer uses Hazelton to manage and develop properties.

[9] D.N. was born on October 27, 1917 and is not related to the Lawyer by blood, marriage or adoption. The Lawyer began acting for D.N. in 1998 when she prepared a will and a power of attorney for D.N. Subsequently, the Lawyer prepared an additional four or five revised wills for D.N. The Lawyer is the sole estate trustee for D.N. and holds a continuing power of attorney for property and a power of attorney for personal care for D.N.

[10] A.O. was born in 1927 and is a friend of D.N. A.O. was introduced to the Lawyer in or about January 2003 by D.N. A.O. is not related to the Lawyer by blood, marriage or adoption. Prior to meeting the Lawyer, A.O. owned three properties that were mortgaged and the Lawyer was not aware of the extent of A.O.'s previous investment experience.

(b) Particular 1: Alleged Conflict of Interest

[11] On July 5, 2002 the Lawyer and her husband purchased all of the shares of 364808 Ontario Limited ("Davenport"), a company that owned the Davenport Property. At the time, the Davenport Property was subject to a \$1 million first mortgage in favour of Foremost Financial Corp. (the "Foremost Mortgage"). The Foremost Mortgage was assumed by the Lawyer and her husband when they purchased Davenport.

[12] In October 2002 the Lawyer acted for D.N. on the sale of D.N.'s home. On October 26, 2002 the Lawyer deposited the purchaser's \$12,000 deposit into the Firm's trust account. On December 12, 2002 the sale closed and the Lawyer received the net proceeds of sale of \$221,242.66 into the Firm's trust account. The Lawyer transferred \$1,836.88 to the Firm's general account for fees on the sale. D.N. loaned \$150,000 to Davenport ("First D.N. Loan"). From the net proceeds, the Lawyer transferred \$150,000 to the credit of Davenport and the balance, being \$81,405.78, was paid to D.N. The First D.N. Loan was secured by a mortgage, discussed further below. The Lawyer did not recommend, and D.N. did not obtain, independent legal advice or independent legal representation with respect to the First D.N. Loan.

[13] On January 6, 2003 the Lawyer registered a second collateral mortgage for \$4.5 million against the Davenport Property in favour of Laurentian Bank of Canada ("Laurentian Mortgage"). The Laurentian Mortgage was collateral security for a mortgage registered against the Yonge Property. The Laurentian Mortgage was discharged against the Davenport Property on December 17, 2003.

[14] A.O. learned from D.N. that D.N. had made an investment with the Lawyer with a favourable interest rate. A.O. then contacted the Lawyer about making a similar investment and on January 24, 2003, A.O. gave the Lawyer a cheque in the amount of \$129,750, made out to the Firm in trust ("First A.O. Loan"). The Lawyer deposited the First A.O. Loan into the Firm's trust account. The First A.O. Loan was secured by a mortgage, discussed further below. The Lawyer did not recommend, and A.O. did not obtain, independent legal advice or independent legal representation with respect to the First A.O. Loan. The Lawyer disbursed the First A.O. Loan from the Firm's trust account as follows:

DATE	DISBURSED TO	AMOUNT
January 31, 2002	Hazelton	\$40,000
January 31, 2003	The Firm	\$18,725
February 3, 2003	Hazelton	\$50,000
February 11, 2003	Mark M. Orkin, in trust	\$21,025

- [15] On April 25, 2003 D.N. loaned an additional \$80,000 to Davenport ("Second D.N. Loan"). The funds were deposited into the Firm's trust account and secured by a mortgage discussed below. The Lawyer did not recommend, and D.N. did not obtain, independent legal advice or independent legal representation with respect to the Second D.N. Loan. On April 25, 2003, the Lawyer paid the Second D.N. Loan to Hazelton.
- [16] On April 25, 2003 A.O. loaned an additional \$70,000 ("Second A.O. Loan"). The funds were deposited into the Firm's trust account and secured by a mortgage discussed below. The Lawyer did not recommend, and A.O. did not obtain, independent legal advice or independent legal representation with respect to the Second A.O. Loan. The Lawyer disbursed the Second A.O. Loan from the Firm's trust account as follows:

DATE	DISBURSED TO	AMOUNT
May 13, 2003	Hazelton	\$30,000
May 20, 2003	The Firm	\$40,000

- [17] The Lawyer acted for Davenport in relation to the loans made by D.N. and A.O. The Lawyer acted for D.N. and A.O. in relation to their loans to Davenport in that she prepared, registered and discharged all mortgage documents securing the loans.
- (c) **Particulars 2 & 3: Alleged Failure to Serve D.N. and A.O. and Alleged Misleading of A.O. about the Nature and Particulars of Her Investments**
- [18] On December 30, 2002 the Lawyer sent D.N. a reporting letter regarding the sale of D.N.'s home. The letter stated, in part:

As discussed, we have arranged a mortgage on a condominium in Yorkville in the amount of \$150,000 paying 6% interest only. This will provide income of \$750 per month or \$9,000 per year, commencing February 28, 2003, to assist you in paying your rent without depleting your capital. [...] I have transferred the \$150,000 to [Davenport], the owner of the property, with interest of 1.5 % from now until then. The mortgage will begin paying on January 31, 2003.

The schedule of payments into your account will be as follows:

January 31, 2003: \$281.25 (approximately)

[...]

January 31, 2004: \$750

The amount of \$150,000 will then be due and payable back to you, unless you wish to extend the mortgage term for a further year. Each year, you will have the option of extendingn [sic] for a further year (assuming the purchaser wants to continue to extend as well).

The address is Suite 100, 185 Davenport Road, Toronto, Ontario. It is a 1,550 square feet main floor suite that will be registered as a condominium. A fellow named [J.G.] has purchased the condominium for \$373,000 and he is taking possession on January 31, 2003. [...]

- [19] On January 16, 2003 the Lawyer sent A.O. a reporting letter regarding "Mortgage of 185 Davenport, Suite 100." The letter stated, in part:

As discussed, a purchaser named [J.G.] is purchasing Suite 100 at 185 Davenport Road with the purchase to close January 31, 2003. He is paying \$373,000 for the condominium, and requires a mortgage of 75% of the value of the condominium at a rate of 6% interest only for 12 months. The total mortgage is thus for \$279,750. [D.N.] will be investing \$150,000 of that amount leaving \$129,750 available for you to invest.

Your \$129,750 mortgage will provide income of \$648.75 per month or \$7,785 per year, commencing February 28, 2003. The benefit of an interest-only mortgage is it provides interest income without depleting your capital. As you requested, I will arrange a direct deposit into your account starting February 28, 2003. [...] We will need a cheque prior to January 24th for \$129,750 payable to [the Firm] in trust.

The schedule of payments into your account will be as follows:

February 28, 2003: \$648.75

[...]

January 31, 2004: \$648.75

The amount of \$129,750 will then be due and payable back to you, unless you wish to extend the mortgage term for a further year. Each year, you will have the option of extending for a further year (assuming the purchaser wants to continue to extend as well).

[...]

- [20] On February 13, 2003 the Lawyer sent a second reporting letter to A.O. stating, in part:

As promised, enclosed is a copy of the mortgage registered against Suite 100 at 185 Davenport Road. You will note the amount of \$129,750 beside your name, being the amount of your principal.

As discussed, we will deposit \$648.75 into your bank account at the end of every month commencing February 28, 2003 and ending January 31, 2004, at which time the \$129,750 you loaned will be due and payable in full. We in turn will be collecting this amount from [J.G.], the purchaser of Suite 100.

If at the end of the first 12 months you wish to renew for another 12 months and [J.G.] also wishes to renew, the mortgage will be renewed for a further 12 months. If not, I will attempt to find another source of mortgage interest income for you.

- [21] The enclosed mortgage document identified Davenport as the borrower and the lender as the Firm, trustee for D.N. as to \$150,000 and for A.O. as to \$129,750. The lands subject to the mortgage were identified as the Davenport Property as a whole. The mortgage document was registered on February 7, 2003 in the amount of \$279,750 ("First Davenport Mortgage"). Neither the Lawyer nor her husband personally guaranteed the First Davenport Mortgage, or any subsequent mortgage securing D.N.'s or A.O.'s loans. The loans were ultimately paid in full.

- [22] On May 5, 2003 the Lawyer sent a third reporting letter to A.O. stating, in part:

As discussed Suites 200 and 250, being the entire second floor of 185 Davenport Road, have been sold to [J.H.] for \$600,000. We will be registering a mortgage against both suites at 185 Davenport Road in the amount of \$450,000 – 75% of the purchase price – of which you have contributed \$70,000. It will bear interest of 6% for the next 12 months.

We will deposit \$350.00 into your bank account at the end of every month (in addition to the \$648.75 already being deposited from the \$129,750 mortgage) commencing May 31, 2003 and ending April 30, 2004, at which time the \$70,000 you loaned will be due and payable in full. We in turn will be collecting this amount from [J.H.], the purchaser of Suites 200 and 250.

If at the end of the first 12 months you wish to renew for another 12 months and [J.H.] also wishes to renew, the mortgage will be renewed for a further 12 months. If not, I will attempt to find another source of mortgage interest income for you.

[...] We will forward a copy of the charge once registered.

- [23] On March 5, 2004 the Lawyer sent a fourth reporting letter stating, in part:

Enclosed is a copy of the mortgage registered against Suites 200 and 250 at 185 Davenport Road. You will note we are the Trustee for you and [D.N.] as to the amounts provided. You will note the amount of \$70,000 beside your name, being the amount of your principal.

We will continue to deposit \$350.00 into your bank account at the end of every month, having commenced those deposits on May 31, 2003 continuing to April 30, 2004, at which time the \$70,000 you loaned will be due and payable in full. We in turn will be collecting this amount from [J.H.], the purchaser of Suites 200 and 250 (the entire second floor).

If at the end of the first 12 months you wish to renew for another 12 months and [J.H.] also wishes to renew, the mortgage will be renewed for a further 12 months. If not, I will attempt to find another source of mortgage interest income for you.

- [24] On March 8, 2004 the Lawyer registered a mortgage in the amount of \$429,500 against the Davenport Property as a whole ("Second Davenport Mortgage"). The borrower is identified as Davenport and the lender as the Firm, trustee for D.N. as to \$230,000 and for A.O. as to \$199,500 [sic]. The Second Davenport Mortgage ought to have been in the amount of \$429,750 and had an interest rate of 6%. The Lawyer intended the Second Davenport Mortgage to replace the First Davenport Mortgage and secure all of D.N.'s and A.O.'s investments.
- [25] On January 18, 2005 a Condominium Declaration for the Davenport Property was registered as Toronto Standard Condominium Plan No. 1652. A number of the units at the Davenport Property were sold prior to this registration. The final closing of the sold units took place following the registration. On the closings, the Lawyer was required to register partial discharges of the Second Davenport Mortgage. All of the units were sold with the exception of Suite 300, which was retained by Davenport.
- [26] On April 19, 2005 the Lawyer sent a fifth reporting letter to A.O. setting out the mortgage renewal particulars for A.O.'s combined loans in the amount of \$199,750. The letter only contained reference to Suites 200 and 250. The letter stated, in part:

We will continue to collect the monies owing from the purchaser on your behalf, and deposit into your bank account at the end of each month. Your mortgage will be due and payable in full on April 30, 2006. If at that time you wish to renew for another 12 months, the mortgage will be renewed for a further 12 months.

- [27] By November 25, 2005 the Second Davenport Mortgage had been discharged against all five suites, being 100, 150, 200, 250 and 300. The Lawyer did not provide written notice to D.N. or to A.O. regarding these discharges and there are no written instructions from D.N. or A.O. authorizing the discharges.
- [28] On November 29, 2005 the Lawyer registered a mortgage in the amount of \$429,500 against the Davenport Property, Suite 300, owned by Davenport. The borrower is identified as Davenport and the lender as the Firm, trustee for D.N. in the amount of \$230,000 and for A.O. in the amount of \$199,500 [sic] (the "Third Davenport Mortgage"). The Third Davenport Mortgage had an interest rate of 6% and ought to have been in the amount of \$429,750. At the time of registration, the Third Davenport Mortgage was in second place behind a new first mortgage for \$650,000 in favour of The

Equitable Trust Company.

- [29] On March 2, 2006 the Lawyer sent a sixth reporting letter to A.O. enclosing an "income tax receipt for 2005 interest income from your mortgage registered against 185 Davenport." The letter referred only to units 200 and 250 and the attached income tax receipt stated that the "mortgage principal amount owing as of December 31, 2005" was \$199,750.
- [30] In September 2006 the Lawyer repaid A.O.'s loans and advised A.O. that "the mortgage that was registered against 185 Davenport Road" was discharged on September 21, 2006. The Lawyer did not provide A.O. with copies of any trust statements showing disbursement of A.O.'s loans.
- [31] On October 4, 2006 the Lawyer discharged the Third Davenport Mortgage and registered a new mortgage to secure D.N.'s continuing loans against Suite 300, in favour of the Firm, as trustee for D.N., and the Lawyer's parents (the "Fourth Davenport Mortgage"). There are no written instructions from D.N. authorizing the discharge of the Third Davenport Mortgage.
- [32] On December 18, 2008 suite 300 was sold. On closing, the Fourth Davenport Mortgage was discharged. There are no written instructions from D.N. authorizing the discharge of the Fourth Davenport Mortgage.
- [33] On January 5, 2009 the Lawyer registered a new mortgage against 247 Ranee Drive in Toronto, Ontario (the "Ranee Property") in the name of D.N. (the "Ranee Mortgage"). The Ranee Property was owned by 1304362 Ontario Limited, a company owned by the Lawyer and her husband. The Ranee Mortgage was in second place behind a first mortgage in the amount of \$700,000 in favour of B & M Handelman Investments Limited and others.
- [34] The Ranee Property was sold with a closing date of June 9, 2009. On June 3, 2009 the Lawyer discharged the Ranee Mortgage. There are no written instructions from D.N. authorizing the discharge of the Ranee Mortgage. Following the sale of the Ranee Property, D.N.'s loans were not secured by a registered mortgage on any property.
- [35] On February 4, 2010 the Lawyer repaid D.N.'s loans, paying \$168,230.97 in principal and \$2,165 in interest.
- [36] With the exception of the December 30, 2002 letter sent by the Lawyer to D.N., the Lawyer did not provide any written reports to D.N. regarding her total loan investment of \$230,000. The Lawyer did not report to D.N. in writing regarding the:
- (a) discharge of the First Davenport Mortgage on March 8, 2004;
 - (b) registration of the Second Davenport Mortgage on March 8, 2004;
 - (c) discharges of the Second Davenport Mortgage between January 18, 2005 and November 25, 2005;

- (d) registration of the Third Davenport Mortgage on November 29, 2005;
- (e) discharge of the Third Davenport Mortgage on October 4, 2006;
- (f) registration of the Fourth Davenport Mortgage on October 4, 2006;
- (g) discharge of the Fourth Davenport Mortgage on December 18, 2008;
- (h) registration on the Ranee Mortgage on January 5, 2009; and
- (i) discharge of the Ranee Mortgage on June 3, 2009.

[37] Also with respect to D.N., the Lawyer did not:

- (a) provide D.N. with copies of any trust statements showing disbursements of D.N.'s loans (and there is no evidence that D.N. requested copies of trust statements showing disbursements of her loans);
- (b) ask D.N. to provide written authorization to discharge her mortgage security; or
- (c) provide D.N. with copies of any mortgages registered, discharged or substituted on D.N.'s behalf as security for her loans.

[38] The Lawyer did obtain written authorizations from her parents, also clients, to discharge a mortgage they held against suite 100 of the Davenport Property, signed in advance of the final closing of the sale of Suite 100 to J.G.

(d) Particular 2(d): Alleged Failure to Register Mortgages in a Timely Manner

[39] The First D.N. Loan was transferred to Davenport by December 30, 2002. The funds from the First A.O. Loan were received by the Firm on January 24, 2003. The Lawyer registered the First Davenport Mortgage securing these loans on February 7, 2003 – 39 days after the First D.N. Loan and 14 days after the First A.O. Loan.

[40] The Second D.N. Loan and the Second A.O. Loan were advanced on April 25, 2003. The Lawyer registered the Second Davenport Mortgage securing the total combined loans of \$429,500 (which ought to have been \$429,750) on March 8, 2004 – 319 days after receiving the loans from D.N. and A.O.

[41] The Lawyer registered the final discharge of the Second Davenport Mortgage on November 25, 2005 but did not register the Third Davenport Mortgage until November 29, 2005, four days later.

[42] The Lawyer discharged the Fourth Davenport Mortgage on December 18, 2008 and registered the Ranee Mortgage on January 5, 2009, leaving a gap of 18 days.

[43] On June 3, 2009 the Lawyer discharged the Ranee Mortgage and did not register any replacement mortgage security securing D.N.'s loans.

(e) **Particular 4: Alleged Failure to Complete Forms 18A and 18B Regarding Loans and Release of Collateral or Substitution of Security**

- [44] The Lawyer did not prepare an Investment Authority (Form 18A). Neither D.N. nor A.O. signed a Form 18A in connection with their first respective advances of funds to, or on behalf of, Davenport.
- [45] The Lawyer did not deliver a complete Report on the Investment (Form 18B) to either D.N. or A.O. with respect to any of their loans, nor did she provide them with a reporting letter containing all of the required information, including the name and address of the borrower, the legal description of the property and the rank of the particular mortgage.
- [46] The Lawyer did not complete Forms 18A and 18B regarding the discharges of the First Davenport Mortgage, the Second Davenport Mortgage, the Third Davenport Mortgage, the Fourth Davenport Mortgage or the Rancee Mortgage.

(f) **Particular 5: Alleged Failure to Maintain a Mortgage Asset Ledger, Mortgage Liability Ledger and Monthly Comparisons**

- [47] The Lawyer did not maintain a mortgage asset ledger, a mortgage liability ledger, or monthly reconciliations of the principal balances outstanding on the mortgages and the balances held on behalf of D.N. and A.O. in relation to any of the mortgages.

(g) **Particular 8: Alleged Filing of Inaccurate or Misleading Member's Annual Reports**

(i) Reporting Borrowing from Clients

- [48] Lawyers are required to report in their Member's Annual Report ("MAR") to the Law Society whether they are indebted, directly or indirectly, to a person who, at the time of borrowing, was or had been a client.
- [49] The First D.N. Loan was made to Davenport in December 2002 and the last mortgage, being the Rancee Mortgage, was discharged on February 4, 2010. The Lawyer's MARs from 2002 to 2006 do not report any indebtedness to D.N.
- [50] The First A.O. Loan was made on January 24, 2003 and A.O. was repaid on September 21, 2006. The Lawyer's MARs from 2003 to 2006 do not report any indebtedness to A.O.
- [51] On her 2007 MAR the Lawyer answered "Yes" in response to whether she was indebted, directly or indirectly, to a client. The Lawyer provided the following particulars: "Our company [Davenport] borrowed money from my parents [J.R. and D.M.R.], who are clients of our firm, and my adopted grandmother, [D.N]." The particulars do not include the amount of the loan, the security provided or particulars of independent legal representation for the lender, as required by the MAR. The Lawyer did not consult the *Income Tax Act (Canada)* for the definition of "related person" before completing her 2007 MAR. D.N. and the Lawyer are not related persons.

- [52] The Lawyer's MAR for 2008 does not report her indebtedness to D.N.
- [53] On her 2009 MAR the Lawyer answered "Yes" in response to whether she was indebted, directly or indirectly, to a client. While the Lawyer provided the following particulars, she failed to include the name of the borrower, the amount of the loan, the security provided and particulars of independent legal representation for the lender, as required by the MAR:

From 2003 through to February 2010, [my husband] and I borrowed monies from [D.N.], a good friend of mine and also a client. We also were indebted to [A.O.] for the period from 2003 through to 2006 when she was paid back in full, although [A.O.] was never a legal client of ours. Finally, we borrowed monies from my parents during that same time period - 2003 to 2010 - and remain indebted to them and they are clients of ours as well.

The above-described loans were sometimes processed through corporations that [R. W.] and I owned to the three parties already mentioned above, namely [D.N.], [A.O.] and [J.R and D.M.R.].

(ii) Reporting Mortgage Transactions

- [54] Lawyers are required to report on their MAR (i) whether they hold, directly or indirectly, mortgages or other charges on real property in trust for clients or other persons, and (ii) whether they acted for, or received money from, lenders whose loans were secured by a charge or charges on real property.
- [55] The Lawyer received money from D.N. into the Firm's trust account in December 2002 and on April 25, 2003. The Firm is listed as the lender in trust for D.N. on the First Davenport Mortgage, the Second Davenport Mortgage, the Third Davenport Mortgage and the Fourth Davenport Mortgage, spanning 2003 to 2008.
- [56] The Lawyer received money from A.O. into the Firm's trust account on January 24, 2003 and on April 25, 2003. The Firm is listed as the lender in trust for A.O. on the First Davenport Mortgage, the Second Davenport Mortgage and the Third Davenport Mortgage, spanning 2003 to 2006.
- [57] The Lawyer answered "No" on her 2002 and 2003 MARs in response to whether she acted for or received money from a lender who was lending money secured by a charge on real property.

(h) **Particular 9: Alleged Misappropriation of Trust Funds**

- [58] In 2002 and 2003 the Lawyer and her husband developed the Davenport Property and the Yonge Property for sale as residential condominiums.
- [59] The *Condominium Act, 1998* (the "Act") applies to the sale of residential condominium units. Under the Act, a "declarant" of a condominium is the company that owns the land

and registers the declaration and description. Section 81 of the Act requires that all deposit moneys paid by a prospective purchaser, including funds paid on interim occupancy, be held in trust by the declarant's solicitor or by a prescribed trustee until the completion of the transaction, unless the declarant delivers "prescribed security" to the purchaser to protect the deposits.

(i) The Davenport Property

- [60] On November 25, 2002 J.G. entered into an agreement of purchase and sale ("APS") with Davenport to purchase Suite 100 at 185 Davenport for \$373,000. The APS was executed by the Lawyer on behalf of Davenport. Under the APS, J.G. paid an immediate deposit of \$25,000 to Davenport's real estate agent with the balance of the purchase price due on completion of the transaction. The APS also provided that an additional 25% of the purchase price, less the deposit paid to the agent, was due on the interim occupancy date "to be held in trust" by the Firm pending completion or other termination of the APS. J.G. was represented by a lawyer on both the interim occupancy and final closing.
- [61] The interim occupancy closing for J.G. took place on January 30, 2003 and the Possession Statement of Adjustments directs J.G. to pay \$68,397.24 to the Firm in trust, representing the supplementary deposit or interim occupancy funds, pursuant to the APS. This amount was paid by J.G. and deposited to the Firm's trust account on February 3, 2003.
- [62] By April 4, 2003 the Lawyer disbursed all of J.G.'s interim occupancy funds to the Firm's general account by eight trust cheques, each signed by the Lawyer. The Lawyer relied on a document entitled Bond, Guarantee and Indemnity, dated December 6, 2002, and a document entitled Bonding Agreement, dated January 30, 2003 (collectively the "Bonding Agreements"), as her authority for using J.G.'s trust funds in this manner. The Lawyer did not provide a copy of the Bonding Agreements to J.G. or his solicitor.
- [63] The Bond, Guarantee and Indemnity states:
- 364808 Ontario Limited ("364808") is receiving monies from Walton Advocates in trust to finance construction of the five condominium suites at 185 Davenport Road. In consideration of the advance of these funds, and recognizing that something may happen prior to the closing of the sale of these five suites that requires repayment of the monies to Walton Advocates in trust or ultimately to the purchasers, both 364808 and Ron and Norma Walton personally, them being the only directors of 364808, hereby bond, guarantee and indemnify Walton Advocates in trust and ultimately the purchasers for the monies being advanced to 364808. If under any circumstances the monies advanced need to be re-paid to Walton Advocates in trust, 364808 and Norma and Ron Walton will repay such funds forthwith upon the request being made by Walton Advocates in trust. Otherwise they will be applied against the ultimate purchase of units once condominium registration is obtained.
- [64] The Bonding Agreement states:

WHEREAS 364808 is constructing condominium units for re-sale at 185 Davenport Road, Toronto, Ontario;

AND WHEREAS there will be purchasers who provide deposit monies to Walton Advocates in trust towards the purchase of one of those condominium units;

AND WHEREAS 364808 wishes to use those purchaser deposits to pay for the completion of construction;

AND WHEREAS Norma and Ron Walton are Directors and Shareholders of 364808;

THEREFORE 364808 and Norma and Ron Walton in their personal capacity hereby agree as follows:

1. 364808 will use the funds to pay to complete the construction of the units being purchased.
2. Forthwith upon demand, 364808 will return to Walton Advocates in trust the full amount of the deposits that are being used for construction.
3. If 364808 does not forthwith return the monies, Norma and Ron Walton personally will forthwith return the monies and will in turn collect the monies from 364808.

[65] On March 4, 2003 J.H. signed an APS to purchase Suites 200 and 250 at the Davenport Property for the initial price of \$600,000. The Lawyer and her husband accepted J.H.'s APS on behalf of the vendor, Davenport, on March 8, 2003. The APS required that J.H. pay an immediate deposit of \$25,000 to the vendor's real estate agent to be held in trust pending completion or other termination of the APS, with the balance of the purchase price due on completion of the transaction. The APS also provided that an additional \$125,000 was due on the interim occupancy date "to be held in trust" by the Firm pending completion or other termination of the APS. The initial interim occupancy date was in July 2003 but was later changed to August 27, 2003. J.H. was represented by a lawyer on the interim occupancy closing.

[66] On June 27, 2003 the Lawyer requested an additional deposit of \$35,000 be paid to the Firm, in trust, to bring the total deposit up to 10% of the purchase price. On July 3, 2003 J.H. provided a bank draft for \$35,000 payable to the Firm, in trust. The funds were deposited to the Firm's trust account on July 4, 2003. J.H. also provided an additional \$20,000 to the Firm for extra construction work. By July 18, 2003 the Lawyer disbursed J.H.'s additional deposit of \$35,000 from the Firm's trust account to Hazelton.

[67] The interim occupancy closing took place on August 28, 2003 and the Possession Statement of Adjustments directs that \$89,012.64 (this reflects the unadjusted original

amount due on the interim closing, being \$125,000, with a credit of \$35,000), representing the additional sum required pursuant to the APS, be paid to the Firm, in trust. J.H. provided a certified cheque dated August 29, 2003 in the amount of \$89,012.64 payable to the Firm, in trust. The cheque was deposited to the Firm's trust account on September 2, 2003.

- [68] By November 1, 2003 the Lawyer disbursed all of J.H.'s additional deposit and interim occupancy funds, totaling \$124,012.64, to Hazelton, Rose and Thistle, the vendor's real estate agent and the Firm's general account. The Lawyer signed all the trust cheques disbursing the funds. The Lawyer relied on the Bonding Agreements as her authority for using J.H.'s trust funds in this manner.

(ii) The Yonge Property

- [69] 1549670 Ontario Inc. ("154") is a company owned by the Lawyer and her husband and Located at 30 Hazelton Ave., Toronto. 154 owns the Yonge Property, a mixed use project containing both residential and commercial units. 154 sold five residential units in the Yonge Property, namely Suites 204, 205, 206, 207 and 304 in five separate transactions. Hazelton acted as agent for the vendor, 154, and the Lawyer acted for both Hazelton and 154 on each transaction. The five APSs for the Yonge Property all had the following provisions:

- a) the APS was made between the purchaser and Hazelton;
- b) there were staged deposits payable by the purchaser to Hazelton, in trust; and
- c) the following clause was the heading "General":

30. The Purchaser acknowledges that amounts payable to the Vendor's solicitors pursuant to this Agreement, if any, may be paid by the Vendor's solicitors to the Vendor or as the Vendor may direct, upon delivery of prescribed security to the Purchaser for repayment in accordance with the provisions of the Act or upon the Purchaser's default hereunder and the Purchaser hereby irrevocable [sic] authorizes and directs the Vendor's solicitors to release such funds, if any, to the Vendor or as it may direct in such event. The foregoing may be pleaded as an estoppel or bar to any subsequent action by the Purchaser against the Vendor or the Vendor's solicitor with respect to such deposit funds.

- [70] On the interim occupancy closings of the five units, the Firm received a total of \$191,188.23, in trust, from the purchasers. These funds were immediately disbursed from the Firm's trust account by the Lawyer to Hazelton in trust. The Lawyer relied on the Bonding Agreement for the Yonge Property as her authority for using the trust funds in this manner.

(j) **Particular 10: Alleged Co-Mingled Personal/Corporate Funds with Client Funds**

- [71] During 2003 to 2006 the Firm regularly received and deposited into its trust accounts funds belonging to Davenport, Rose and Thistle and 154, all corporations owned by the Lawyer and her husband. The Lawyer acknowledges that corporate and personal funds were put through the Firm's trust accounts and co-mingled with client funds.
- [72] In addition to the facts agreed upon by the parties in the ASF, the parties also agreed that fact witnesses would be called at the hearing to give evidence that does not contradict the facts agreed upon in the ASF. The Law Society called the following witnesses: Jan Walker, an intake resolution officer with the Law Society; Vicki MacArthur of Teranet; Auldeen Oldham, otherwise known as A.O. (D.N. has not waived solicitor-client privilege but A.O. has waived her privilege); and Catherine Helen Campbell, assistant manager, legal counsel to Investigations at the Law Society. An expert report by Reuben Rosenblatt was admitted on consent. The Lawyer gave oral evidence at the hearing on her own behalf. The Lawyer did not call any additional witnesses.

EVIDENCE OF THE LAW SOCIETY

(a) Jan Walker

- [73] A.O. filed a complaint against the Lawyer with the Law Society on June 13, 2006. Ms. Walker is an intake resolution officer at the Law Society. She has been employed with the Law Society since 1997. Ms. Walker was assigned A.O.'s complaint and first contacted the Lawyer in early August 2006. The Lawyer explained to Ms. Walker that the reason for the delay in repayment of A.O.'s loan was that "[J.H.] was trying to arrange other financing." Ms. Walker spoke to the Lawyer again on August 15, 2006 and the Lawyer advised her that A.O. "did not appear to understand that the mortgage was not with [the Lawyer]." On August 30, 2006 Ms. Walker spoke to A.O. and A.O. asked Ms. Walker to hold off taking any further action with the Lawyer because the Lawyer told A.O. that "if she went back to the Law Society to cause a problem then there would be no payment." Ms. Walker kept contemporaneous notes of her conversations with both the Lawyer and A.O.
- [74] Ms. Walker confirmed that the Lawyer did not advise her of any health issues or of the birth of her twins during their telephone conversations. Ms. Walker stated that if the Lawyer had, then Ms. Walker would have made a notation in her notes. There were no such notations.

(b) Vicki MacArthur

- [75] The affidavit of Ms. MacArthur sworn on February 3, 2012 was submitted on consent. Ms. MacArthur is the director of product development at Teranet. Attached to the Lawyer's March 5, 2004 reporting letter to D.N. was a document purporting to be a mortgage registered against the Davenport Property (the "Purported Mortgage"). Ms. MacArthur's affidavit explains that when a document is being prepared, prior to submission to the Land Registry Office, Teranet automatically generates the notation "This document has not been submitted and may be incomplete" and the text "In preparation on [date] at [time]" on the mortgage document. Ms. MacArthur goes on to

explain that once the document has been successfully submitted to the Land Registry Office, text such as "The applicant(s) hereby applies to the Land Registrar" and the text "Received as [instrument number] on [date] at [time]." Ms. MacArthur concluded her affidavit by stating "I am not aware of any circumstances in which the [Purported Mortgage] would be generated by Teraview, without the report requirements identified above regarding documents in preparation, submitted or certified." There was no cross-examination of Ms. MacArthur.

(c) **Auldeen Oldham**

[76] On February 7, 2008 A.O. swore an affidavit. A.O. also attended the hearing to give her evidence orally, adopting her affidavit. A.O. was cross-examined.

[77] The Lawyer told A.O. that J.G. needed to borrow money for the purchase of a unit at the Davenport Property and that the Lawyer would arrange a mortgage. A.O. stated: "I thought the mortgage was for [J.G.] and that it would be a first mortgage. I probably assumed the mortgage would be a first mortgage. The Lawyer did not specifically discuss that issue with me." Further, A.O. thought "the mortgage would be held in the name of [D.N.] and me," that J.G. "was paying the interest on our loan and that the Lawyer was depositing the payments into our accounts as a matter of convenience" and she "expected the mortgage to be registered immediately." A.O. had the same beliefs about the Second A.O. Loan that she believed to be a mortgage to J.H. She went on to state:

I never would have loaned money to a number company owned by the Lawyer and her husband. I would have investigated the whole situation if I had known a number company was borrowing the money. ...

[78] With respect to the Second A.O. Loan, made on April 25, 2003, A.O. "expected the new mortgage to be registered right away by the Lawyer." Regarding the Second Davenport Mortgage, A.O. confirmed that the Lawyer never asked her if she and D.N. wanted their loans rolled into one mortgage.

[79] A.O.'s loan was due and payable on April 30, 2006. On April 4, 2006 she informed the Lawyer that she did not wish to renew the mortgage and asked that her \$199,750 principal be remitted to her bank account on April 30, 2006. When the funds were not returned to A.O. by June 10, 2006, she submitted a complaint to the Law Society. On June 12, 2006 A.O. advised the Lawyer that she wanted her money and was going to seek assistance from the Law Society. A.O. kept notes of her conversations with the Lawyer. A.O. stated that the Lawyer became upset with her and told her: "We have your money not the Law Society. All the Law Society will do is call us and we will explain what's going on." The Lawyer agreed to pay A.O. 11% interest on her loan from June 1st to the date she received repayment. Through the summer of 2006 the Lawyer continued to tell A.O. that she would receive her money by a certain date but each time she failed to make payment. On August 15, 2006 the Lawyer telephoned A.O. and stated: "If you call the Law Society again I will not pay you." It was not until September 21, 2006 that A.O. finally received full repayment of her loans.

- [80] In her evidence, A.O. was clear that she relied on the Lawyer to protect her interests and she did not enquire about the details of the mortgages because "[the Lawyer] was looking after it; she was the lawyer." A.O. confirmed that she never authorized or consented to the Lawyer registering discharges of any of the mortgages and that the Lawyer had never suggested to A.O. that she ought to consult another lawyer regarding the loans.

(d) Catherine Campbell

- [81] Ms. Campbell, legal counsel to Investigations at the Law Society, interviewed the Lawyer on February 19, 2010. The Lawyer admitted in her interview that "in hindsight" she appreciated that D.N. was a client at the time of the loans but maintained that she did not appreciate that D.N. was her client at the time of the loans. Similarly, with respect to Rule 2.06(5), the Lawyer stated that in hindsight she realized that the loan transactions were "neither sensible nor in accordance with the Law Society's rules" and that she "would do it differently in the future." The Lawyer also confirmed that she did not provide Form 18A to D.N. or A.O. at any time. During the interview, the Lawyer took the position that the reporting letters described in detail above were simply chatty letters and not formal reporting letters. With respect to the Purported Mortgage, the Lawyer could not offer any reasonable explanation for it during her interview and undertook to find out if it was ever registered.

- [82] In November 2006 Ms. Campbell wrote to the Lawyer seeking a written response to a number of questions. The Lawyer replied on January 31, 2007, writing that J.G. and J.H. required mortgages to finance their purchases of condominium units and that the Lawyer arranged for D.N. and A.O. to provide the money for these mortgages. The Lawyer stated that J.G. and J.H. paid the interest on the mortgages. The Lawyer wrote:

[J.G.] took possession of Suite 100 ... and he paid interest on a mortgage of \$279,750, representing 75% of the purchase price ... We arranged with [D.N.] and [A.O.] to provide the funds for that mortgage which was registered against [the Davenport Property] for \$279,750. We agreed to collect the monies from [J.G.] each month and automatically deposit them into [D.N.'s] and [A.O.'s] and accounts, which we did. This trusteeship arrangement was for banking convenience only, and was to the benefit of [A.O.] and [D.N.] and they were both delighted with the arrangement.

- [83] In that same letter, the Lawyer responded to specific questions asked by Ms. Campbell:

1. ... I considered it a non-arms length transaction and therefore did not provide either [A.O.] or [D.N.] with Forms 18a and 18b. I did provide them with most of the information contained on those forms verbally. In future, I will provide forms 18a and 18b in any private transactions to avoid any misunderstandings.
2. I did not prepare a Client Ledger or Mortgage Asset Ledger ... In future, I will prepare them even if the loan is between family or friends;

3. [A.O.] was paid interest only on the first day of each month for the prior month, and [J.G.] and [J.H.] paid the interest income and we then transferred it to [A.O.];

...

- [84] Ms. Campbell testified that there is no evidence in any of the Lawyer's files that show that any money was ever loaned to J.G. or J.H. by either D.N. or A.O. The interim occupancy fees being paid by J.H. and J.G. were used to pay the interest to D.N. and A.O. on the monies loaned. During the interview the Lawyer explained to Ms. Campbell that she felt that she was "administering" the mortgages for A.O. and D.N. and this was her reasoning for registering them in the name of the Firm in trust for A.O. and D.N. At no time did the Lawyer obtain a written consent, authorization or direction from A.O. or D.N.
- [85] During her interview with Ms. Campbell the Lawyer said that she relied on the Bonding Agreements as her authorization for using the purchaser's deposit funds and releasing them from the trust account because she believed that the Bonding Agreements protected the deposit funds. The Lawyer prepared the Bonding Agreements and told Ms. Campbell that she did not consult with any other lawyers. The Lawyer did speak to three builders about the Bonding Agreements and she relied on their advice that she was permitted to use the deposits as long as they were bonded. Despite the wording of the Bonding Agreements, the funds were never paid to Davenport but were rather paid to the Firm because the Firm had paid the vendors. The funds were deposited into the Firm's trust account and then transferred to the general account.
- [86] In her interview, the Lawyer stated: "Now with the benefit of time and far more knowledge about how you go about doing these sorts of developments, I realize that the fact that I was both the developer and the lawyer was a real problem because I did not differentiate between [the Firm] in trust and the developer because we were one and the same in my mind." But the Lawyer maintained her position that at the time of the creation of the Bonding Agreements she "had no question in [her] mind" and she "was a hundred percent confident ... that everything we were doing was proper." The Lawyer admitted that, in hindsight, it was "very stupid" not to look at the relevant legislation and regulations concerning "prescribed security."
- [87] The Lawyer confirmed in her interview with Ms. Campbell that no notice was given to the purchasers or their lawyers regarding the dispersing of the deposit funds from the trust account and the Lawyer also confirmed that there were no assets backing up the Bonding Agreements. During the interview, the Lawyer also stated that, in hindsight, she agreed that the Bonding Agreements did not entitle her to use the trust funds. In correspondence to the lawyers for two purchasers, the Lawyer assured them that "the deposit will be held in trust at TD Canada Trust attracting interest, albeit a nominal amount, until the condominium is registered and title can be transferred." During the interview, Ms. Campbell put to the Lawyer that it appeared that the Lawyer was trying to mislead the purchasers and their lawyers. The Lawyer responded: "That was never my intention. I was always very confident that what we were doing with the bonding

agreement was in accordance with generally accepted practices in the construction industry ...”.

[88] Ms. Campbell testified that she viewed a number of deficiencies in the Lawyer’s reporting letters to D.N. and A.O. including the borrower of the funds not being clearly identified, no reference to the priority of the mortgage, and no reference to any prior encumbrances. In reviewing the Lawyer’s files, there was no evidence that any money was ever lent by D.N. or A.O. to J.G. or J.H. and there was no evidence of any written consents or authorizations from either D.N. or A.O. Further, there was no evidence in the Lawyer’s file about reporting to A.O. on the registration of the Third Davenport Mortgage or any of the discharges.

[89] There was no cross-examination of Ms. Campbell.

(e) Report of Reuben Rosenblatt

[90] The report of Mr. Rosenblatt was admitted on consent. Mr. Rosenblatt’s opinion was that the Lawyer “fell below the standard of care of a reasonably competent solicitor” both in the manner that she dealt with D.N.’s and A.O.’s mortgage transactions and in disbursing the trust funds of the purchasers of proposed condominium units. He also concluded that a reasonably competent solicitor would have recognized that D.N. was her client at the time of the loans, that the *Rules* required that D.N. have independent legal representation, and that Forms 18A and 18B were required to be completed. In addition, a reasonably competent solicitor would have explained the risks of the loan to D.N. The same conclusions apply to A.O.

[91] Mr. Rosenblatt was also of the opinion that the Lawyer fell below the standard of care of a reasonably competent solicitor practicing in Ontario in the following ways:

- (a) by failing to recognize that A.O. and D.N. were her clients;
- (b) by failing to advise A.O. and D.N. to obtain independent legal representation;
- (c) by failing to disclose who the borrowers were and who was financially obligated to repay the loans;
- (d) by failing to explain the risks of the loan and mortgage investments and failing to disclose material facts;
- (e) by signing discharges of mortgages without written authorizations or directions from D.N. or A.O.; and
- (f) by failing to register mortgages in a timely manner.

[92] Further, Mr. Rosenblatt expressed the opinion that the Firm was in breach of the terms of the trust in favour of the purchasers of condominium units by releasing the trust funds without authorizations or directions, and that the Lawyer fell below the standard of care

of a reasonably competent solicitor by releasing those trust funds.

- [93] The report also explained the concept of a phantom mortgage as follows: when a building is being developed into a condominium, a vendor may require the purchasers to take possession of their unit as soon as they are fit for occupancy, but before closing; this date is called the interim occupancy date or closing; title does not transfer on this date and the purchaser is not required to pay the purchase price; but the vendor does charge an occupancy fee while the purchaser is living in the unit prior to the final closing date and transfer of title. To calculate a reasonable occupancy fee, an APS sets out a number of factors such as taxes, monthly common expenses and interest that the purchaser would hypothetically pay if they had a mortgage for the balance of the purchase price that would eventually be due on closing. This hypothetical mortgage interest component of the interim occupancy fee is called the phantom mortgage.

EVIDENCE OF THE LAWYER

- [94] The Lawyer gave evidence on her own behalf. She was born in 1970 in London, Ontario and received her LL.B. in 1993. The Lawyer articulated with the family law firm Epstein Cole LLP and was called to the Bar in February 1995 along with her husband. From 1995 to 2000 the Lawyer's practice was focused on family law, with some ancillary wills/estate and real estate work. In 2002 the Lawyer obtained an Executive MBA. The Lawyer also self-published a book called "Seven Steps to Successful Separation." In 2002/2003 approximately 20-30% of the Lawyer's practice related to real estate. The Lawyer's current practice is 50% real estate and 50% corporate/commercial.
- [95] The Lawyer first entered into the real estate development business in 2001 when she purchased a property on Hazelton Avenue in Toronto with her husband. They used part of the property as the office for the Firm, and they severed and redeveloped the remainder of the property resulting in a \$1.2 million increase in its value.
- (a) **D.N. and A.O.**
- [96] The Lawyer described in detail how she met D.N., initially did some wills/estate work for her, and then developed what the Lawyer described as a close relationship with D.N. that continued to the date of the hearing. With respect to D.N.'s loans, the Lawyer said that the only reason that she felt comfortable with D.N. investing with her was because J.G. had just agreed to purchase Suite 300 at a price that validated the investment. The Lawyer said that she would never have agreed to D.N. investing unless J.G. made the purchase and that she saw D.N.'s investment as a win-win situation because the Lawyer would also be benefitting with a better mortgage rate. At the time of her investment, D.N. was in her mid-eighties.
- [97] During her evidence, the Lawyer stated that she did not believe that independent legal advice was necessary for D.N. because the Lawyer believed that her and D.N.'s interests were the same and she viewed her relationship with D.N. as one of grandmother-granddaughter and not one of lawyer-client or lender-borrower. While the Lawyer considered herself to be D.N.'s lawyer on the sale of her home, she did not view her role

as one of a lawyer in D.N.'s investment "because it was between me and her, as opposed to me as the lawyer representing her with a third-party lender." She also stated that she was unaware of the *Rules*, the By-Laws and Forms 18A and 18B at the time of D.N.'s investment. Under cross-examination the Lawyer did not disagree that she was D.N.'s lawyer, but took the position that with respect to D.N.'s loans, she viewed them as an investment opportunity and not as a solicitor-client relationship.

- [98] The Lawyer described being introduced to A.O. by D.N. and A.O.'s desire to invest and receive the same return that D.N. was receiving. A.O. and the Lawyer did not develop a close relationship like the Lawyer testified she did with D.N., but the Lawyer said that she treated A.O. the same way that she treated D.N. and did not view A.O. as a client. The Lawyer hired A.O.'s son to work at the Firm and he was privy to all the conversations concerning Davenport. At the time of her investments, A.O. was in her mid-seventies.
- [99] The Lawyer stated that it was "crystal clear" that A.O. understood that she was loaning the funds to the Lawyer and the Lawyer's husband and not to J.G. or J.H. because the Lawyer advised her verbally. With respect to the First A.O. Loan, the Lawyer told the panel that all of the funds had been used to renovate the Davenport Property. Concerning the various reporting letters sent to A.O., the Lawyer said the letters were intended to be "chatty" personal letters and not formal reporting letters. The Lawyer admitted that she was paying less interest than an institutional lender would have charged for a second mortgage, which is what D.N.'s and A.O.'s loans were secured by. Following the condominium registration of the Davenport Property in January 2005, the Lawyer said that she telephoned both D.N. and A.O. to advise them that their mortgages would be discharged against the individual suites, with the exception of Suite 300, and that their mortgage would remain as against Suite 300 only.
- [100] In her evidence, the Lawyer described what she called a "perfect storm" in early 2006: The Lawyer began winding down her practice in preparation for a maternity leave; in March A.O. called the Lawyer and demanded her investment be returned; this caught the Lawyer by surprise; the Lawyer gave birth to twins on April 22, 2006; after only a month, the Lawyer returned to the office and brought her twins to the office with her; the Lawyer described the lack of sleep and stress about paying A.O. back as hampering her law practice; from March 2006 to October 2006 (when the money was returned to A.O.) was the only time in the Lawyer's professional career that she could not meet her obligations. The Lawyer stated that she and her husband simply did not have the funds available to pay back A.O. at the time. It took the Lawyer from April to September of 2006 to pay back A.O. and she did so in the following installments:
- (a) on June 9, 2006 the first \$50,000 repayment came from the Lawyer's legal receipts; and
 - (b) on September 21, 2006 the remaining \$149,750 was repaid to A.O. (the Lawyer borrowed \$100,000 from her parent and the remainder came from additional funds owed to the Lawyer by her clients).

- [101] Throughout her evidence the Lawyer was very respectful to A.O.'s position and appeared to be genuinely embarrassed and upset by the fact that she was unable to repay A.O. immediately upon A.O.'s demand. During this period in 2006 the Lawyer decided to wind down her family law practice and continue to only do legal work for the companies that she owned.
- [102] Concerning the threat that A.O. says the Lawyer made to her about contacting the Law Society and filing a complaint, the Lawyer explained that A.O. told the Lawyer that if the Lawyer did not pay her back, then the Law Society would. The Lawyer denied ever threatening A.O. but did admit to being sharp with A.O. on the phone because she was getting frustrated with her. She explained that emotions were running high on both sides during the telephone conversation but the Lawyer apologized to A.O. and promised that she would get A.O.'s money back to her. The Lawyer also stated that during the various telephone exchanges she had with A.O., A.O. told her that she had another investment opportunity that would pay her 11% and as a result, the Lawyer agreed to increase the interest rate to 11% on A.O.'s loans.
- [103] Under cross-examination the Lawyer reiterated her position that she did not consider A.O. to be a client. The Lawyer blamed the Law Society for poisoning A.O.'s mind and stated that A.O.'s understanding of her investment changed after A.O.'s contact with the Law Society. The Lawyer could not recall if she ever told A.O. that her mortgage was second in priority and she confirmed that there were never any discussions with D.N. or A.O. regarding loan to value ratios. The Lawyer also stated that she did not inform A.O. about the Laurentian Mortgage because she forgot that it was registered against the Davenport Property. With respect to independent legal advice for D.N. and A.O., the Lawyer stated that if it had ever occurred to her that they needed it, then she would have encouraged them to obtain it.
- [104] With respect to the Laurentian Mortgage, the Lawyer said that she forgot that she agreed that Laurentian could register a collateral mortgage against the Davenport Property, which essentially gave D.N. and A.O. third priority. D.N.'s and A.O.'s loans were registered behind a \$1 million mortgage to Foremost and a \$4.5 million collateral mortgage to Laurentian, totaling \$5.5 million. The Laurentian Mortgage was severable from the principal mortgage registered against the Yonge Property. In the event of a default, Laurentian could enforce its security on the Davenport Property and the Yonge Property simultaneously. The Lawyer explained that she did not immediately register the various Davenport Mortgages because she viewed the investments of D.N. and A.O. as incredibly strong and secure and she did not perceive any immediate risks to their loans. Further, the Lawyer stated that she did not perceive the collateral mortgage as a significant risk to D.N.'s and A.O.'s loans.
- [105] In cross-examination the Lawyer denied that any of the letters sent to D.N. or A.O., described above, were reporting letters. She explained that she registered the mortgages in trust on behalf of D.N. and A.O. because the Lawyer felt that they wanted her to handle everything and D.N. and A.O. did not want any hassle. The Lawyer agreed that not registering the Second Davenport Mortgage for 319 days was an obscene gap and stated that it was not registered for that long through inadvertence. With respect to the

Purported Mortgage, it was sent to A.O. because A.O. had asked for a copy of the mortgage document securing her second loan a few weeks prior. The Lawyer testified that the document was a mystery and that her law clerk completes all of her Teranet work. The Lawyer did not call her law clerk as a witness.

- [106] With respect to her failure to report the various mortgages held in trust by the Firm for D.N. and A.O. on her MAR, the Lawyer stated under cross-examination that it never occurred to her that D.N. and A.O. were clients until Ms. Campbell explained it to the Lawyer during their interview.

(c) J.H.

- [107] In her evidence the Lawyer described in detail the purchase by J.H. and the resulting legal proceeding and complaint against the Lawyer by J.H. The Lawyer testified that J.H. did not drive but wanted a parking space at the Davenport Property so that he could rent it out. The APS entered into by J.H. bargained for a parking space. As a result of a zoning issue, there were not enough parking spaces available at the Davenport Property and the Lawyer offered J.H. a reduction in his purchase price if he agreed to complete the purchase without a parking space. The Lawyer says that following the offer J.H. was silent for a couple of months and then the Lawyer received a letter from J.H.'s lawyer advising that J.H. did not want to complete the purchase. Negotiations between J.H.'s lawyer and the Lawyer followed and the Lawyer testified that an agreement was reached whereby J.H.'s deposit money could be used by the Lawyer to upgrade and renovate the suites J.H. intended to purchase to make them more marketable. The renovations were completed and the two units were sold to two new purchasers. The Lawyer was then required to complete an accounting and she stated that it was her belief that she owed J.H. approximately \$40,000.
- [108] Following the accounting J.H. fired his lawyer and hired a new lawyer who made a number of demands on behalf of J.H., including that the Lawyer continue to hold the deposit in trust, and filed an application against the Lawyer and a complaint with the Law Society. The Lawyer stated that ultimately a settlement was reached with J.H. where the Lawyer was required to pay J.H. approximately \$125,000. She said that this was because J.H. had a contingency fee agreement with his lawyer and he required this amount to break even. Unsigned minutes of settlement were produced at the hearing; however, the Lawyer could not locate a copy of the signed minutes of settlement. The Lawyer was represented by counsel during these proceedings and negotiations and she stated that her lawyer and J.H.'s first lawyer had an agreement that the Lawyer could use J.H.'s deposit (trust funds) to complete the improvements and renovations to the suites at the Davenport Property. None of J.H., J.H.'s first or second lawyer, nor the Lawyer's lawyer were called as witnesses.
- [109] During cross-examination various letters from J.H.'s first lawyer demanding repayment of J.H.'s deposit money were put to the Lawyer. The Lawyer stated that these demands were only made to show mitigation of damages and so that J.H. could secure a potential court action.

- [110] In her evidence the Lawyer explained that she and her husband gave personal guarantees in the J.H. dispute and the Laurentian Mortgage but did not offer personal guarantees to either A.O. or D.N.

(d) The Lawyer as Condominium Developer

- [111] The Lawyer admitted that in hindsight, her knowledge of condominiums was very limited in 2002 and neither she nor her husband sought outside counsel on the conversion to condominiums process. At the time, the Lawyer and her husband only consulted with architects and surveyors and the Lawyer believed that she knew what she was doing.
- [112] Additionally, the Lawyer admitted that at the time that she drafted the Bonding Agreements she was seven years out and she did not understand what they were, or what "prescribed security" meant under s. 81 of the Act. It never occurred to her that the Bonding Agreements did not satisfy the requirements. The Lawyer's only familiarity with the Act at the time was with respect to the disclosure requirements for purchasers. Under cross-examination the Lawyer admitted to not reading the entire *Act* and that she only referred to the Act when specific issues arose as the development process moved forward. The Lawyer also admitted that none of the purchasers or their lawyers knew about the Bonding Agreements or her intention to use their deposits. The Lawyer did not give a copy of the Bonding Agreements to any of the purchasers or their lawyers. The Lawyer believed that the Bonding Agreements were her authority to release the deposit funds from trust and to use those funds for renovations.
- [113] The Lawyer also emphasized during her evidence that she had no concept that she was doing anything wrong and that at all times, all the funds were fully covered. Further, the Lawyer stated that the only reason she co-mingled the funds was because she was the lawyer for all of the companies.
- [114] Under cross-examination the Lawyer described herself as overly confident about her abilities in the condominium development process and that she now realizes that she has more and more to learn about the law. The Lawyer stated that she did not seek third party legal advice regarding the conversion to condominiums of the Davenport Property or the Yonge Property because she was her own client on the condominium developments and she felt that she could be more relaxed with legal formalities.
- [115] The Lawyer did not call any other witnesses. The Lawyer did seek to rely upon a statement of D.N. given on February 5, 2010. The Law Society did not object to the statement being admitted as proof that it was given; however it took the position, correctly, that the statement cannot be admitted as proof of the truth of its contents.

CREDIBILITY AND ADVERSE INFERENCES

- [116] The Law Society submits in its written submissions that the various explanations provided by the Lawyer for the events described above "lack an air of plausibility or are unreasonable when placed in the context of other evidence" and as a result the Lawyer was not a credible witness and no weight should be given to her evidence. The Law

Society relies on the Court of Appeal's decision in *Law Society of Upper Canada v. Neinstein*,¹ and the Hearing Panel's decision in *Law Society of Upper Canada v. Wong*.² The Lawyer in response relies on the Supreme Court of Canada's decision in *R. v. W.(D.)*³ on the issue of credibility.

- [117] We respectfully decline the Law Society's invitation to find that no weight should be given to the Lawyer's evidence.
- [118] In addition to asking this panel to find that the Lawyer was not a credible witness, the Law Society asks this panel to draw an adverse inference from the Lawyer's failure to call various witnesses that the Lawyer said could corroborate her position, including her law clerk, various builders and architects who she conferred with during the development of the Davenport Property and the Yonge Property, her lawyer in the proceedings brought by J.H. and J.H. himself. The Law Society relies on the Court of Appeal's decision in *Bernardi (c.o.b. Bruno's Pizzeria & Main Street Billiards) v. Guardian Royal Exchange Assurance Co.*⁴ With respect to D.N., the Law Society asks this panel to reject the Lawyer's claims concerning D.N. because they are not supported, but rather contradicted, by other evidence.
- [119] In response the Lawyer takes the position that the evidence of these witnesses would have been "superfluous and unnecessary" and that the Law Society equally chose not to call these witnesses. We agree with the Lawyer's position to the extent that the Law Society had an equal opportunity to call these witnesses but chose not to. Adverse inferences are to be drawn sparingly. We do not find it appropriate to draw an adverse inference in the circumstances of this case and rely upon the decision of Justice Lax in *Andersen v. St. Jude Medical, Inc.*⁵ In short, we do not see any evidentiary gaps on material issues that demanded a response from the Lawyer and, as a result, we decline to draw any adverse inference.

ANALYSIS

- [120] There was some disagreement between the Law Society and the Lawyer on the appropriate standard of proof. We agree with the Law Society's submission that the appropriate standard is proof on a balance of probabilities and that all of the relevant evidence must be scrutinized "with care to determine whether it is more likely than not that an alleged event occurred."⁶
- [121] The Lawyer has taken the position that no professional misconduct has occurred, that her conduct was as a result of a series of honest mistakes, and that she did things because of her own faith and belief in her own abilities. While some of her actions, including the

¹ 2010 ONCA 193

² 2009 ONLSHP 60

³ [1991] 1 S.C.R. 742

⁴ [1979] O.J. No. 553 (C.A.) at paras. 28-32.

⁵ 2012 ONSC 3660 (S.C.J.) at paras. 31-37.

⁶ *F.H. v. McDougall*, [2008] 3 S.C.R. 41 at paras. 45 and 49.

Lawyer's reliance on the Bonding Agreements, could be described as technical violations of the *Rules*, the Lawyer takes the position that her actions did not bring discredit to the profession and that everyone who invested with her made money. The Lawyer submitted that it is difficult to characterize her actions as misconduct under circumstances where A.O. and D.N. were satisfied with her representation, where neither received a poor bargain and where the Lawyer continues to obligingly manage D.N.'s financial affairs. We are of the view that even in cases where no one loses money, or no measurable harm is done, a finding of professional conduct may be made.

Particular 1: Conflict of Interest

[122] Rule 2.06(5) states:

In any transaction, other than a transaction within the provisions of subrule (4), in which money is borrowed from a client by a lawyer's spouse or by a corporation, syndicate, or partnership in which either the lawyer or the lawyer's spouse has, or both of them together have, directly or indirectly, a substantial interest, the lawyer shall ensure that the client's interests are fully protected by the nature of the case and by independent legal representation. [Emphasis added]

[123] While the Lawyer now agrees in hindsight that both D.N. and A.O. were her clients during the loan transactions, she has taken the position she did not realize that D.N. and A.O. were her clients while her corporation was borrowing money from them and, as a result, she is not guilty of professional misconduct. The Lawyer says that she merely saw her role as one of facilitator for the investments, as opposed to acting as a lawyer. The Law Society, on the other hand, takes the position that the Lawyer knew at all material times that both D.N. and A.O. were her clients because: (i) she sent reporting letters to D.N. and A.O.; (ii) she had a longstanding solicitor-client relationship with D.N.; (iii) the Lawyer was providing legal services; (iv) the Lawyer knew that neither D.N. nor A.O. were legally sophisticated; and (v) the Lawyer admitted her awareness during her initial interview with Ms. Campbell.

[124] We agree with the submissions of the Law Society and find that, on the balance of probabilities, the Lawyer knew at the time of the loans from each of D.N. and A.O. that D.N. and A.O. were her clients. In her evidence the Lawyer stated that she did not consider D.N. and A.O. to be her clients on the loan transactions because the transactions were mutually beneficial to her and to D.N./A.O. We agree with the following submission of the Law Society: "If a lawyer finds herself in a business transaction with a client that would benefit the lawyer, it is submitted that the rules regarding conflict of interest operate to put the lawyer on guard, not at ease." Given the Lawyer's intelligence and sophistication, which was evident in her oral evidence, we find it difficult to believe that it never occurred to her that D.N. and A.O. were her clients. Further, the Lawyer's position was not supported by any of the evidence and flew in the face of the plain reading of the various reporting letters, the mortgage documents and A.O.'s evidence that she believed that the Lawyer was acting in her interests and acting as her lawyer.

[125] There is no dispute on the facts that the Lawyer did not advise either D.N. or A.O. to

obtain independent legal advice or representation, and that neither D.N. nor A.O. sought such advice. Given that Rule 2.06(5) requires that the client's interests be protected by the nature of the case "and" by independent legal representation, the fact that neither D.N. or A.O. were represented by independent legal counsel is enough to find a breach of Rule 2.06(5). We find, however, that in addition to the lack of independent legal representation, D.N.'s and A.O.'s interests were not fully protected. The most compelling reasons, in our view, are: (i) the third priority placement of the Davenport Mortgage; (ii) the 319 day gap in the registration of the Second Davenport Mortgage; and (iii) the fact that the Lawyer controlled the mortgages by naming herself as chargee. We are of the view that, A.O.'s and D.N.'s interests were not "fully protected" as Rule 2.06(5) requires. As a result, we find that the Lawyer is in breach of Rule 2.06(5).

[126] Rule 2.04(11) states:

Subject to subrule (12), a lawyer or two or more lawyers practising in partnership or association shall not act for or otherwise represent both lender and borrower in a mortgage or loan transaction.

[127] None of the exceptions listed in subrule (12) apply in this case and the Lawyer does not rely on any. Given our finding under Particular 1 above concerning the Lawyer's knowledge that D.N. and A.O. were her clients and the agreed fact that the Lawyer acted for 364 and D.N./A.O. on the mortgages, we also find that the Lawyer has contravened Rule 2.04(11).

Particular 2: Failure to Serve

[128] The Law Society argues that the Lawyer has failed to serve D.N. and A.O., contrary to Rule 2.01(2), in various ways including by failing to report to D.N. and A.O. regarding their mortgage transactions, failing to advise A.O. of the identity of the borrower, failing to advise both D.N. and A.O. as to the priority of their mortgages, failing to register the mortgages in a timely manner, and registering the mortgages in the name of the Firm in trust rather than in D.N.'s and A.O.'s names. We are of the view that the agreed to facts establish each of these failings on the part of the Lawyer. The question for this panel now is did the Lawyer act to the standard of a competent lawyer?

[129] Rule 2.01(2) states: "A lawyer shall perform any legal services undertaken on a client's behalf to the standard of a competent lawyer." Rule 2.01(1) defines a "competent lawyer" as:

2.01 (1) In this rule

"competent lawyer" means a lawyer who has and applies relevant skills, attributes, and values in a manner appropriate to each matter undertaken on behalf of a client including

(a) knowing general legal principles and procedures and the substantive law and procedure for the areas of law in which the lawyer practises,

[Amended – June 2007]

- (b) investigating facts, identifying issues, ascertaining client objectives, considering possible options, and developing and advising the client on appropriate courses of action,
- (c) implementing, as each matter requires, the chosen course of action through the application of appropriate skills, including,
 - i. legal research,
 - ii. analysis,
 - iii. application of the law to the relevant facts,
 - iv. writing and drafting,
 - v. negotiation,
 - vi. alternative dispute resolution,
 - vii. advocacy, and
 - viii. problem-solving ability,
- (d) communicating at all stages of a matter in a timely and effective manner that is appropriate to the age and abilities of the client,
- (e) performing all functions conscientiously, diligently, and in a timely and cost-effective manner,
- (f) applying intellectual capacity, judgment, and deliberation to all functions,
- (g) complying in letter and in spirit with the Rules of Professional Conduct,
- (h) recognizing limitations in one's ability to handle a matter or some aspect of it, and taking steps accordingly to ensure the client is appropriately served,
- (i) managing one's practice effectively,
- (j) pursuing appropriate professional development to maintain and enhance legal knowledge and skills, and

- (k) adapting to changing professional requirements, standards, techniques, and practices.

[130] The commentary to Rule 2.01(2) states:

This rule does not require a standard of perfection. An error or omission, even though it might be actionable for damages in negligence or contract, will not necessarily constitute a failure to maintain the standard of professional competence described by the rule.

[...]

The Act provides that a lawyer fails to meet standards of professional competence if there are deficiencies in (a) the lawyer's knowledge, skill, or judgment, (b) the lawyer's attention to the interests of clients, (c) the records, systems, or procedures of the lawyer's professional business, or (d) other aspects of the lawyer's professional business, and the deficiencies give rise to a reasonable apprehension that the quality of service to clients may be adversely affected.
[Emphasis added]

[131] Neither the Law Society nor the Lawyer provided any authorities to the panel concerning the interpretation of this Rule. On the facts of this case, based on the evidence presented and a plain reading of the Rule, we are satisfied that the Law Society has proven on the balance of probabilities that the Lawyer did not perform legal services to the standard of the competent lawyer, most notably by not communicating at all stages to D.N. and A.O. on the full particulars of their mortgage transactions.

Particular 3: Misleading A.O.

[132] The Law Society argues that the Lawyer breached Rules 2.02(1) and 6.01(1) by misleading A.O. about the nature and particulars of her loans. Rule 2.02(1) requires a lawyer to be honest and candid when advising clients and Rule 6.01(1) states: "A lawyer shall conduct himself or herself in such a way as to maintain the integrity of the profession." It submits that the Lawyer misrepresented the nature of the mortgages to A.O. and concealed a number of risk factors about the loans such as who the true borrower was, the priority of the mortgage security, and that the project had not yet received condominium status.

[133] The Lawyer submits that there was a "distinct correlation between D.N.'s and A.O.'s investments and J.G.'s and J.H.'s purchases" and that "there was a very distinct and discernible indirect relationship among [D.N./A.O. and J.G./J.H.]." The Lawyer further argues that a "superficial reading" of the letters may lead one to mistakenly infer that J.G./J.H. were the borrowers and that the Lawyer provided full details to D.N. and A.O. "of their investments through other media (*i.e.* through property tours and frequent verbal communications, as well as through A.O.'s son ..."). She also attempts to defend her letters by arguing that she never explicitly stated in her letters that J.G./J.H. would be responsible for payment of interest on the loans and repayment of the principal

investments. With respect, a plain reading of the letters is all that should be required of a client and we reject the Lawyer's submissions. We also reject the Lawyer's self-serving evidence that she did not further particularize the letters because she verbally told D.N. and A.O. the full particulars. We prefer the evidence of A.O. on this point and find that the Lawyer did not at any point communicate the full particulars of the investments to A.O.

- [134] The Lawyer argued that the reliability of the evidence of A.O. is diminished because she could not recall fundamental details of her conversations with the Lawyer, particularly regarding priority of the mortgages. We find that the reliability of the evidence of A.O. was not diminished in any respect. A.O. did not recall being told about the priority of the mortgages. The Lawyer confirmed that she did not provide fundamental details of the investments and mortgages to A.O. in her reporting letters, but claimed that that was because she advised A.O. of those details verbally. The Lawyer had no evidence to support her claim. We prefer the evidence of A.O. on this point.
- [135] It is apparent on the face of the reporting letters to A.O., as described in detail above, that the Lawyer misled A.O. with respect to various aspects of her loan, including the fact that the Lawyer was the actual borrower and not J.H./J.G. The Lawyer did not provide any explanation or reason for the inaccuracies in her reporting letters or for the Purported Mortgage sent to A.O., other than to say that full particulars were provided to A.O. verbally.
- [136] In her written submissions the Lawyer argues that A.O. "shares significant responsibility" for not being concerned "about conducting a documentary review" and for failing "to seek clarification ... regarding any issue or confusion." We reject this submission. Whether or not A.O. should have sought clarification, completed her own legal research, or hired another lawyer to review all of the Lawyer's correspondence is not a question for us and it does not change the fact that the Lawyer's reporting letters to A.O. were misleading in many respects.
- [137] Most troubling to this panel is the Purported Mortgage sent to A.O. on March 5, 2004. Only three days following the Purported Mortgage being sent to A.O., the Lawyer registered the Second Davenport Mortgage consolidating the four loans made by D.N. and A.O. The Second Davenport Mortgage was never disclosed to A.O. The Lawyer's only explanation for the Purported Mortgage is that she has no explanation for it as she relies exclusively on her law clerk to use the Teraview software. The Lawyer chose not to call her law clerk as a witness.
- [138] We find that on the balance of probabilities, the Lawyer was not honest and candid when reporting to A.O. and as a result, she did not conduct herself in a manner so as to maintain the integrity of the profession. The Lawyer has contravened Rules 2.02(1) and 6.01(1).

Particular 4: Failure to Complete Forms 18A and 18B

- [139] At the material times, s. 7(1) of By-Law 18 required the Lawyer to maintain a number of

documents relating to the loans including an investment authority completed by D.N. and A.O. for each mortgage, and a report on the investment for each mortgage completed by the Lawyer. Section 7(4) of By-Law 18 required the Lawyer to obtain a new investment authority and complete a new report on investment each time that she discharged one of D.N.'s or A.O.'s mortgages. The Forms 18A (investment authority) and 18B (report on the investment) are prescribed by the By-Laws. On May 1, 2007 By-Law 18 was revoked and replaced with By-Law 9.

- [140] As we found above, the Lawyer knew that D.N. and A.O. were her clients at the time of their loans. The Lawyer admitted in the ASF, during her interview with Ms. Campbell and in her evidence at the hearing that she did not have D.N. or A.O. complete a Form 18A at any time, and the Lawyer did not complete any reports on investment for their loans. In her evidence the Lawyer took the position, however, that she did not know about the requirements of the By-Laws and that her failure to complete the forms was a function of her overall approach to D.N. and A.O. as non-arms length investors.
- [141] We agree with the Law Society's submission that ignorance of the By-Laws is no defence. The evidence establishes that the Lawyer failed to complete the required forms even after she wrote to Ms. Campbell in January 2007 stating that "[i]n future, given this experience, I will always prepare and provide Forms 18a and b ...". More than a year later she discharged the Fourth Davenport Mortgage (December 18, 2008) and two years following the letter she registered the Ranee Mortgage and discharged it without completing the required forms.
- [142] On the balance of probabilities, we therefore find that the Lawyer failed to complete Forms 18A and 18B and contravened By-Law 18.

Particular 5: Failure to Maintain Mortgage Asset Ledger, Mortgage Liability Ledger and Monthly Comparisons

- [143] Section 3 of By-Law 18 required the Lawyer to maintain extensive financial records, including a mortgage asset ledger, a mortgage liability ledger, a record of monthly reconciliations of the outstanding principal balances held in trust and the outstanding balances as they appeared on the financial documents. Section 3 provides precise requirements for the documents.
- [144] The Lawyer admitted in the ASF that she did not maintain a mortgage asset ledger, mortgage liability ledger, or monthly reconciliations for any of D.N.'s or A.O.'s mortgages. This non-compliance continued following her assurance to Ms. Campbell in January 2007 that she would prepare the documents and comply with the requirements of By-Law 18 going forward.
- [145] We therefore find, on the balance of probabilities, that the Lawyer breached s. 3 of By-Law 18.

Particular 6: Failure to Obtain Written Consent

- [146] Section 7(7) of By-Law 18 required the Lawyer to obtain the written consent of D.N. and A.O. for the substitution of the security held for their loans, before the substitution is made. The Lawyer admitted that she did not receive any written instructions, consents or authorizations from D.N. or A.O. regarding the discharges of their mortgages or the substitution of the mortgage security. A.O. was clear in her evidence that at no time had she provided any written instructions or consents to the Lawyer, and the Lawyer did not dispute this.
- [147] The Lawyer substituted D.N.'s and A.O.'s mortgage security at least four times without written consent: (i) the discharge of the First Davenport Mortgage and the registration of the Second Davenport Mortgage; (ii) the discharge of the Second Davenport Mortgage and the registration of the Third Davenport Mortgage; (iii) the discharge of the Third Davenport Mortgage and the registration of the Fourth Davenport Mortgage; and (iv) the discharge of the Fourth Davenport Mortgage and the registration of the Rancee Mortgage. As a result, we find that, on the balance of probabilities, the Lawyer contravened s. 7(7) of By-Law 18.

Particular 7: Misleading the Law Society

- [148] Rule 6.01(1) states: "A lawyer shall conduct himself or herself in such a way as to maintain the integrity of the profession." The Commentary to the Rule states:

Integrity is the fundamental quality of any person who seeks to practise as a lawyer. If a client has any doubt about his or her lawyer's trustworthiness, the essential element in the true lawyer-client relationship will be missing. If integrity is lacking, the lawyer's usefulness to the client and reputation within the profession will be destroyed regardless of how competent the lawyer may be.

Public confidence in the administration of justice and in the legal profession may be eroded by a lawyer's irresponsible conduct. Accordingly, a lawyer's conduct should reflect credit on the legal profession, inspire the confidence, respect and trust of clients and the community, and avoid even the appearance of impropriety.

- [149] The Law Society submits that the Lawyer misrepresented to Ms. Walker the borrower in A.O.'s loan and misrepresented to Ms. Campbell that A.O. and the Lawyer were non-arm's length parties. With respect to Ms. Walker, the Lawyer misled her by suggesting that A.O.'s mortgage was with J.H. and that J.H. was having difficulty repaying the loan. The Lawyer did not disclose to Ms. Walker that she was the true borrower. The Law Society also submits that the Lawyer's letter to Ms. Walker stating that she and her husband will personally pay A.O. and replace her as mortgagee is also misleading because it suggests that the Lawyer was not the borrower. With respect to her communications with Ms. Campbell, the Law Society argues that the Lawyer's January 31, 2007 letter, responding to Ms. Campbell's request for a full and frank response, conveyed two misleading impressions: it obscured the identity of the real borrower and exaggerated her friendship with A.O. before the loans were advanced.
- [150] In response, the Lawyer submits she did not intend to mislead the Law Society in her

communications with Ms. Walker and Ms. Campbell and that she was truthful and forthcoming with the Law Society at all times.

- [151] Neither the Law Society nor the Lawyer submitted any authorities or provided any guidance on the interpretation of Rule 6.01(1).
- [152] While we agree with the Law Society's position that the Lawyer was less than full and frank in her communications with Ms. Walker and Ms. Campbell, we are not satisfied that the Law Society has satisfied its burden of proving that the Lawyer conducted herself in such a manner as to breach Rule 6.01(1).

Particular 8: Filing Inaccurate or Misleading MARs

- [153] The Law Society submits that the Lawyer failed to conduct herself in a way that maintains the integrity of the profession, contrary to Rule 6.01(1) (reproduced above), by filing inaccurate or misleading MARs. The Law Society argues that MARs play an important part in the regulation of the profession and when a lawyer provides misleading information in the MAR, this "damages the Law Society's ability to protect the public and undermines the reputation of lawyers as a well-regulated profession."
- [154] The MAR at the relevant times required a lawyer to answer the following two questions:
 - (a) "were you indebted, either directly or indirectly, to a client or person who at the time of borrowing was or had been your client or a client of a firm of which you were then a member?" and
 - (b) "did you directly or indirectly through a related person or corporation, hold mortgages or other charges on real property in trust for clients or other persons?"
- [155] The Lawyer remained indebted to A.O. from January 2003 to September 2006 and to D.N. from December 2002 to February 2010 and registered the mortgages with the Firm as "in trust" for D.N. and A.O. The Lawyer admitted in the ASF that she failed to report her indebtedness to D.N. and A.O. and her role and the Firm's role in the mortgages on her MARs from 2002 to 2006. The evidence establishes that the Lawyer also failed to report her indebtedness to D.N. in her MAR for 2008. While the Lawyer responded in the affirmative to whether she was indebted directly or indirectly to a client in her 2007 MAR, the Lawyer admitted that she failed to provide full particulars of D.N.'s loan. Even if D.N. and A.O. were not the Lawyer's clients at the relevant times, the failure of the Lawyer to respond in the affirmative to the question of whether she held property or mortgages in trust for "other persons" was an inaccurate answer.
- [156] The Law Society has not relied on any authorities for their position and we are not satisfied, in all of the circumstances and facts of this case, that the failure of the Lawyer to provide accurate answers in her MARs is a breach of Rule 6.01(1). While we find that the Lawyer provided inaccurate answers in her MARs for the years 2002 to 2006 and 2008, we are not satisfied that the Law Society has satisfied its burden of showing on a

balance of probabilities that the Lawyer acted in contravention of Rule 6.01(1).

Particular 9: Misappropriation

[157] The Law Society submits that the Lawyer misappropriated approximately \$383,598 held in trust by the Firm on behalf of purchasers of condominium units by disbursing those funds without authority and in contravention of the APS, the provisions of the Act and s. 4(1) of By-Law 19. The definition of “professional misconduct” in Rule 1.02 provides that it includes “misappropriating or otherwise dealing dishonestly with a client’s or a third party’s money or property.” The fact that the purchasers were not the Lawyer’s clients does not relieve her from dealing with their deposits in accordance with the *Rules*. Section 4(1) of By-Law 19 states:

A member may withdraw from a trust account only the following money:

1. Money properly required for payment to a client or to a person on behalf of a client.
2. Money required to reimburse the member for money properly expended on behalf of a client or for expenses properly incurred on behalf of a client.
3. Money properly required for or toward payment of fees for services performed by the member for which a billing has been delivered.
4. Money that is directly transferred into another trust account and held on behalf of a client.
5. Money that under this By-Law should not have been paid into a trust account but was through inadvertence paid into a trust account.

[158] The Law Society relies on *Sullivan*⁷ for the following definition of misappropriation: “any unauthorized use ... of clients’ funds entrusted to [a lawyer], including not only stealing, but also unauthorized temporary use for the lawyer’s own purposes, whether or not he derives any personal gain or benefit therefrom.” The Law Society must establish on a balance of probabilities that the Lawyer knew at the time that the disbursing of the funds was unauthorized. In *Law Society of Upper Canada v. Reiten*⁸ the Appeal Panel defined misappropriation as follows:

[47] “Misappropriation” refers to a deliberate (*i.e.*, knowing) taking with a dishonest intention, usually theft, or fraud or some other serious wrong. Such allegations are among the most serious that can be brought. The usual consequences – disbarment, or permission to resign, subject to unusual

⁷ *Law Society of Upper Canada v. Sullivan*, 2011 ONLSHP 40 at paras. 20-21.

⁸ 2007 ONLSAP 7.

circumstances such as a small amount, the absence of loss, medical or psychological evidence – are commensurate with that specific intent. They do not form a rule, but rather reflect the experience of the Bench year after year, case after case. [Emphasis added]

[48] A person who is reckless or willfully blind in the operation of a trust account has committed an act or omission of professional misconduct that requires no such specific intent. Each state of mind, the equivalent of knowledge, is sufficient to justify a finding of professional misconduct, but the appropriate penalty will reflect all the circumstances. There will be cases where disbarment or permission to resign is appropriate, and others where suspensions, fines or remedial measures will properly protect the public. The Hearing Panel will consider the previous history of the licensee, the harm caused, and any considerations of ungovernability.

[49] There can also be a merely negligent operation of a trust account, based on a failure to take proper care. Negligence, unless rebutted by evidence of due diligence, is also an appropriate state of mind to characterize professional misconduct.

- [159] The Law Society submits that *Reiten* was overruled by the Appeal Panel's subsequent decision in *Kazman*.⁹ We do not interpret the decision in *Kazman* as overruling *Reiten* and the *Reiten* definition of "misappropriation" has been adopted and applied by the Hearing Panel subsequent to the *Kazman* decision.¹⁰ *Kazman* was in the context of allegations of a mortgage fraud and when analyzing the Supreme Court of Canada's decision in *R. v. Sansregret*,¹¹ the appeal panel in *Kazman* stated (at para. 60):

While the Court does later say that culpability for recklessness may [our emphasis] be less than culpability for willful blindness in the criminal context, nowhere does the Court say that the difference exists in the administrative law context (the issue was not before them). The Court does say that culpability is "justified" under either recklessness or willful blindness and describes the two means by which the culpability is established (consciousness of risk or deliberate failure to inquire). Therefore, while recklessness may result in less culpability, it may also result in identical culpability.

- [160] The Lawyer argues that the decision in *Reiten* shows comparable circumstances to the present case, particularly, the manner in which Ms. Reiten was overwhelmed by her inexperience. The Lawyer relies on the hearing panel's decision in *Law Society of Upper Canada v. Farant*¹² and argues that the Law Society must adduce clear and cogent evidence of intent to take the funds and that the standard of proof is higher than on the

⁹ *Law Society of Upper Canada v. Kazman*, 2008 ONLSAP 7.

¹⁰ See *Law Society of Upper Canada v. Leslie Andrew Vantor*, 2012 ONLSHP 66 at para. 134; *Law Society of Upper Canada v. Pradeep Bridglal Pachai*, 2010 ONLSHP 130 at para. 38; *Law Society of Upper Canada v. Terence Austin Kelly*, 2009 ONLSHP 81 at para. 64.

¹¹ [1985] 1 S.C.R. 570.

¹² 2005 ONLSHP 1.

balance of probabilities. In *Reiten*, the appeal panel stated that “cogent” evidence was required along with proof that is “clear and convincing.” In reply, the Law Society vehemently opposes the Lawyer’s interpretation of *Reiten*.

- [161] With great respect to the position of the Law Society, the definition of misappropriation in *Sullivan* has not been adopted by the Appeal Panel. We feel bound to follow, and prefer, the definition of misappropriation as outlined by the Appeal Panel in *Reiten*.
- [162] The undisputed facts before us are as follows: the Lawyer and her husband received approximately \$383,598 in deposit funds on the sale of units in the Davenport Property and the Yonge Property; the Lawyer was obligated under the APS, s. 81 of the Act and its regulations to hold the funds in trust until the renovations were complete and title transferred to the purchasers; rather than keeping the funds in trust, the Lawyer transferred the deposits into the Firm’s general account and spent the funds on renovating the suites.
- [163] In her written submissions, the Lawyer stated that the “purchasers were not, at any time, clients of the [Lawyer]” and relies on the Bonding Agreements as the reason that she believed at the time that she was permitted to withdraw and use the deposits from the trust account. Additionally, the Lawyer says that she was confident in her abilities as a lawyer and developer and “genuinely believed” that she was able to be in legal compliance without requiring the assistance of a real estate lawyer despite her inexperience. Despite this, the Lawyer has taken the position that while now she realizes that the Bonding Agreements are not in compliance with the Act, at the time she was not aware of the provisions of the Act relevant to prescribed security. The Lawyer also says that at the time that she drafted and put in place the Bonding Agreements (in 2002 and 2003), she and her husband had substantial equity and that, in her view, this provided sufficient security for the repayment of the purchasers’ deposits.
- [164] While the Lawyer now admits that the Bonding Agreements do not constitute prescribed security under the Act, the Lawyer has maintained the position throughout that at the time she believed that she was entitled to use the funds because of the Bonding Agreements. She submits that while she may have been overly confident in her abilities, this does not disclose the mindset of a lawyer “involved in furtive and clandestine activities that are criminal in nature.” We agree. And we equally agree with the Lawyer’s submissions that her actions with respect to the deposit funds are as a result of her “inexperience, tremendous self-confidence and zeal.” The standard before us is not a criminal one. We must be satisfied on the balance of probabilities that the Lawyer deliberately took the deposits from the trust account with a dishonest intention.¹³
- [165] We are unable to find, on the balance of probabilities, that it is more likely than not that the Lawyer knew at the time that she was unauthorized to disburse the funds. Further, we are unable to find on the balance of probabilities that the Lawyer was reckless (as the Law Society explains in its submissions, the Lawyer would have to appreciate the risk

¹³ *Reiten*, *supra* at para. 47.

associated with improper use of trust funds yet proceed in any event) or wilfully blind (as the Law Society explains in its submissions, the Lawyer had numerous opportunities to ask qualified advisors for their advice, or to research the matter herself, but preferred not to inform herself). On recklessness, the Lawyer did appreciate the risk but she took steps that she believed authorized her to use the funds (the Bonding Agreements), and only proceeded to use the funds after she put those agreements in place in 2002 and 2003. We therefore find that recklessness cannot apply. On wilful blindness, the Lawyer did ask for advice and while she perhaps completed her legal research negligently, we cannot ignore that she took the step of putting the Bonding Agreements in place and believe that they authorized her to use the funds. We are of the view that the Lawyer's actions with the Bonding Agreements are more akin to negligence than to recklessness or wilful blindness.

- [166] In the result, we find that the Law Society has not discharged its burden of proving on the balance of probabilities that the Lawyer misappropriated approximately \$383,598 held in trust by the Firm on behalf of purchasers of condominium units.

Particular 10: Co-Mingling Personal/Corporate Funds with Client Funds

- [167] Section 3(2) of By-Law 19 prohibits lawyers from using their firm trust account to conduct their own affairs. The Lawyer has admitted in the ASF that she used the Firm's trust account to hold her personal funds and that her personal funds were co-mingled with client funds. The Lawyer also admitted that she used the Firm's trust accounts to hold funds belonging to the various companies owned by the Lawyer and her husband.
- [168] We therefore find on a balance of probabilities that the Lawyer contravened s. 3(2) of By-Law 19.

FINDINGS OF PROFESSIONAL MISCONDUCT

- [169] In summary, the Lawyer engaged in professional misconduct as set out in Particulars 1, 2, 3, 4, 5, 6, and 10 of the Notice of Application. Given this finding of professional misconduct, arrangements should be made through the Tribunals Office to set a date for the penalty hearing.
- [170] We thank both counsel for the Law Society and for the Lawyer for their thoughtful and thorough written submissions.

DBDC SPADINA LTD., et al
Applicants

-and- NORMA WALTON et al.
Respondents

Court File No.

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT TORONTO

**APPLICATION AND MOTION RECORD OF THE
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