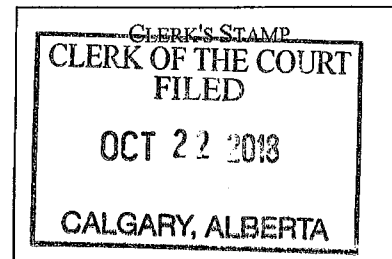


FORM 49
[RULE 13.19]



COURT FILE NUMBER 1701 – 05845

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

**IN THE MATTER OF THE COMPANIES'
CREDITORS ARRANGEMENT ACT, R.S.C. 1985,
c. C-36, as amended**

**AND IN THE MATTER OF THE COMPROMISE
OR ARRANGEMENT OF WALTON
INTERNATIONAL GROUP INC., and the
Applicants listed in Schedule "A"**

DOCUMENT

AFFIDAVIT

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT

BENNETT JONES LLP
Barristers and Solicitors
4500, 855 – 2nd Street S.W.
Calgary, Alberta T2P 4K7

Attention: Chris Simard and Alexis Teasdale
Tel No.: 403-298-4485/3067
Fax No.: 403-265-7219
Client File No. 41148.353

AFFIDAVIT NO. 47 OF WILLIAM K. DOHERTY

Sworn on October 22, 2018

I, William K. Doherty, of Calgary, Alberta, SWEAR AND SAY THAT:

1. I am a Director and Officer of many of the entities who are applicants in these proceedings. As a result of the sanction and implementation of three separate Joint Plans of Compromise and Arrangement and other orders removing parties from these proceedings, not all entities who were applicants at the commencement of these

proceedings (collectively, the "**Original Applicants**") remain as parties. Four additional entities have also been added to these proceedings as applicants. The entities who remain as parties in these proceedings, in their respective capacities, are those denoted as remaining parties in **Schedule "A"** hereto (each an "**Applicant**" and collectively, the "**Applicants**"). I have personal knowledge of the matters hereinafter deposed to, save where stated to be based on information and belief, in which case I verily believe the same to be true. I am authorized to swear this Affidavit on behalf of the Applicants.

2. I am swearing this Affidavit in support of an application by the Applicants outlined below to extend the stay of proceedings granted in these CCAA proceedings, and to terminate the 2018 SISP (as defined herein) with respect to Walton PS Industrial Ltd. ("**Pilot Sound**"). I am authorized to swear this Affidavit on behalf of certain Applicants, including:

- (a) Pilot Sound;
- (b) Walton Capital Management Inc. ("**WCMI**");
- (c) Walton Development (Shepard) Inc. ("**Walton Shepard**");
- (d) Walton Ontario Land Investment 1 Ltd. ("**Walton Ontario Land Investment**");
and
- (e) Walton Ontario Land 1 Corporation ("**Walton Ontario Land Corporation**");

(collectively the "**Stay Applicants**")

and

- (a) Walton Development and Management GP Ltd.;
- (b) Walton Development and Management Inc.;
- (c) Walton Asset Management GP Ltd.;
- (d) Walton Vita Crystallina Development Corporation;

- (e) Walton South Simcoe Residential Development Corporation;
- (f) Walton Edgemont Development Corp; and
- (g) Walton Canadian Land Development Corporation;

(collectively the "**Emerging Applicants**").

3. All capitalized terms not otherwise defined in this Affidavit have the meaning given to them in the following Affidavits sworn, and the following Orders granted in these CCAA Proceedings:

- (a) my Affidavit No. 1 sworn on April 28, 2017 (the "**Doherty Affidavit No. 1**");
- (b) the Initial Order granted on April 28, 2017 (the "**Initial Order**");
- (c) my Affidavit No. 31 sworn on June 18, 2018 (the "**Doherty Affidavit No. 31**");
- (d) the Order (Enhancement of Monitor's Powers, Distribution Protocol, and Emergence from CCAA) granted on June 8, 2018 (the "**June 8 Enhancement, Distribution and Emergence Order**"); and
- (e) the Order (Enhancement of Monitor's Powers, Distribution Protocol, and Emergence from CCAA) granted on July 19, 2018 (the "**July 19 Enhancement, Distribution and Emergence Order**", and together with the June 8 Enhancement, Distribution and Emergence Order, the "**Emergence Orders**").

Extension of Stay Period

- 4. By way of an Order (Extension of Stay and Miscellaneous Relief) granted by the Honourable Madam Justice G. A. Campbell on June 26, 2018 (the "**June 26 Order**"), this Honourable Court granted an extension of the Stay Period to October 31, 2018.
- 5. The Stay Applicants, Emerging Applicants, and WGIL, as the last remaining Non-Applicant Stay Party, are requesting three separate stay periods under one order. The reason for the different Stay Periods is that the Stay Applicants, Emerging Applicants,

and WGIL are subject to different processes or are involved in transactions to facilitate their ultimate emergence from these CCAA proceedings that will take different time periods to complete.

Continuation of Claims Process

6. Throughout the stay extension period, all of the Original Applicants have been working with the Monitor to review and determine the treatment of claims against them, made pursuant to the Order (Claims Procedure) granted on September 18, 2017, as amended from time to time (the "**Claims Procedure Order**"), and attempting to consensually resolve such claims. The claims filed pursuant to the Claims Procedure Order are largely resolved, with very few claims (in proportion to the number of claims filed) that remain to be resolved.

The Enhancement Orders

7. Before and after obtaining the June 26 Order, the Emerging Applicants successfully applied for the Enhancement Orders from this Honourable Court, each of which relate to different members of the group of Emerging Applicants, and which:
 - (i) authorize the Monitor to manage and administer the Emerging Applicants and their property, business and undertaking;
 - (ii) approve the Distribution Protocol with respect to the Emerging Applicants and authorize and direct the Monitor to implement the Distribution Protocol; and
 - (iii) authorize a mechanism to terminate these CCAA Proceedings with respect to each of the Enhanced Entities.
8. Following the issuance of these orders, the Monitor has worked with the Emerging Applicants to manage and administer them in accordance with the Enhancement Orders.

The 2017 SISP and the 2018 SISP

9. Walton Ontario Land Corporation is the general partner of Walton Ontario Land LP 1, which is the beneficial owner of lands comprising the Ontario Land pre-development land investment (the "**Ontario Land PDLI**"). Walton Ontario Land Investment was an entity incorporated to raise funds for Walton Ontario Land Corporation.
10. Pursuant to an order of this Court dated May 9, 2017, the Original Applicants and the Monitor conducted a sale and investment solicitation process (the "**2017 SISP**"), which included lands comprising the Ontario Land PDLI and the Pilot Sound LDP. The 2017 SISP was comprised of two phases, the first concluding with the submission of non-binding letters of intent ("**LOI**"), and the second phase concluding with binding offers for sale or investment in the various LDPs and PDLIs being marketed in the 2017 SISP.
11. Only one Phase 1 Qualified Bidder submitted a non-binding LOI for Walton Ontario Land Corporation's interest in the Ontario Land PDLI in the 2017 SISP. The Monitor assessed this LOI and determined that it was materially lower than the fair market value of the interest to be sold. As a result, the Original Applicants, in consultation with the Monitor, determined that the best way to maximize the value of the Ontario Land PDLI assets was to explore alternative methods to monetize the assets, and obtained approval of this Honourable Court to terminate the 2017 SISP with respect to the Ontario Land PDLI on August 16, 2017. The Monitor and Walton Ontario Land Corporation were unable to identify any viable alternative to a further sales process, and a second two-phase SISP (the "**2018 SISP**") was authorized by this Honourable Court on June 28, 2018 to market the lands comprising the Ontario Land PDLI and the Pilot Sound LDP.
12. The 2018 SISP followed the same two-phase process as the 2017 SISP, the first phase ending with the submission of LOIs, and the second phase ending with the submission of binding offers. During Phase 1 of the 2018 SISP, the Monitor contacted 153 Known Potential Bidders. 11 parties executed NDAs in the 2018 SISP (or expressed their interest in participating in the 2018 SISP but were not required to execute an NDA, as they participated and executed an NDA in the 2017 SISP).

13. The Monitor received no qualified bids for the Pilot Sound Industrial LDP lands through the 2018 SISP.
14. The Monitor received two qualified LOIs for the Ontario Land assets from Phase 1 Qualified Bidders prior to the Phase 1 Bid Deadline of August 23, 2018. The Monitor, as enhanced Monitor of Walton Ontario Land PDLI, assessed the LOIs received in Phase 1 of the SISP and determined that both parties would advance to Phase 2 of the SISP as Phase 2 Qualified Bidders.
15. Binding offers for the Ontario Land PDLI were solicited prior to the Phase 2 Bid Deadline of September 13, 2018. In total, three Phase 2 Qualified Bids were submitted by two Phase 2 Qualified Bidders for the purchase of the Ontario Land PDLI, two of which were submitted by the Purchaser. All three of the Phase 2 Qualified Bids submitted by Phase 2 Qualified Bidders were determined to be compliant with the requirements for formal binding offers, as set out in the 2018 SISP.
16. The Monitor on behalf of Walton Ontario Land, and in conjunction with Walton Ontario Land's legal counsel, reviewed and evaluated the Phase 2 Qualified Bids received in advance of the Phase 2 Bid Deadline, and identified that one of the Purchaser's Phase 2 Binding Bids was the highest or otherwise best bid.
17. On or about September 26, 2018, pursuant to the 2018 SISP, the Monitor, in WOLLP's name, entered into an Agreement of Purchase and Sale with respect to the Walton Ontario Land PDLI, between WOLLP, as Vendor, and 10987077 Canada Inc., as Purchaser, with an effective date of September 26, 2018 (the "**Sale Agreement**").
18. On October 19, 2018, this Court approved the transaction set out in the Sale Agreement and granted an approval and vesting order, vesting the Ontario Land PDLI in 10987077 Canada Inc.

Progress Following June 26, 2018 Stay Extension

19. Since the last extension of the Stay Period on June 26, 2018, the Applicants have made significant progress in these proceedings, as outlined below in regards to each individual Applicant:

Walton Ontario Land Investment and Walton Ontario Land Corporation

20. As noted above, the Ontario Land PDLI owned by Walton Ontario Land Corporation was successfully marketed through the 2018 SISP, and a purchase and sale agreement was entered into as a result of an offer made in the 2018 SISP, which purchase and sale agreement and the transaction represented therein were approved by this Honourable Court on October 19, 2018.
21. The Monitor, on behalf of Walton Ontario Land Corporation, requires an extension of the Stay Period in order to implement the transaction with 10987077 Canada Inc. pursuant to the purchase and sale agreement approved by this Honourable Court on October 19, 2018, and distribute the proceeds of the sale.
22. Both Walton Ontario Land Corporation and Walton Ontario Land Investment requires an extension of the Stay Period to consider and determine the best means to emerge from the within CCAA proceedings.

Pilot Sound

23. Pilot Sound participated in the 2018 SISP, as described above. No qualifying LOIs were received for the Pilot Sound LDP lands in the first phase of the 2018 SISP. Since that time, the Monitor and Pilot Sound have been working with ATB, Pilot Sound's primary secured creditor, to implement a solution to monetize the Pilot Sound LDP for the benefit of ATB, as primary secured lender.

WCMI

24. The Monitor continues to work with WCMI to identify opportunities to sell its remaining assets and consider and determine a means to allow WCMI to emerge from these CCAA Proceedings.

Walton Shepard

25. The Monitor and Walton Shepard are working to resolve certain secured and unsecured claims filed against Walton Shepard, and determine if there is a viable way for Walton Shepard to emerge from these CCAA Proceedings.

Purpose of Extensions*The Stay Applicants*

26. The requested extension of the Stay Period for the Stay Applicants to January 31, 2019 is required to:
- (a) maintain the *status quo* in order to preserve the value of the Stay Applicants, their undertakings and assets, and to ensure that no creditor obtains preferred treatment relative to other creditors.
 - (b) provide certain of the Stay Applicants with the time necessary to complete sales of their assets.
 - (c) allow the Monitor to distribute proceeds of assets as they become available.
 - (d) allow the Monitor to continue negotiations with certain of the Stay Applicants' creditors and resolve any claims that remain outstanding; and
 - (e) provide certain of the Stay Applicants with the opportunity to consider, determine, and finalize arrangements to emerge from these CCAA Proceedings, where possible.
27. The Stay Applicants expect to make significant progress in the requested extended Stay Period up to January 31, 2019, including, among other things:
- (a) distributing the proceeds obtained from the sale of the Ontario Land PDLI;
 - (b) working with ATB to implement a solution to monetize the Pilot Sound LDP for the benefit of ATB, as primary secured lender; and

(c) finalizing the arrangements and agreements necessary to enable certain Stay Applicants to formally present CCAA Plans for approval by their creditors and this Honourable Court, or formulate and seek Court approval of alternative mechanisms to emerge from these CCAA Proceedings.

28. The Monitor has advised me that it considers the length of the stay extension period requested for the Stay Applicants to be reasonable taking into account the above required steps necessary for the Monitor to complete the administration of these proceedings.

The Emerging Applicants

29. The requested extension of the Stay Period for the Emerging Applicants to December 31, 2019 is required to:

(a) maintain the *status quo* in order to preserve the value of the Emerging Applicants, their undertakings and assets, and to ensure that no creditor obtains preferred treatment relative to other creditors; and

(b) allow the Monitor to implement the Distribution Protocol with respect to the Emerging Applicants.

30. The Monitor, as enhanced Monitor of the Emerging Applicants, expects to make significant progress in the requested extended Stay Period up to December 31, 2019, including, among other things:

(a) implementing the Distribution Protocol; and

(b) filing Monitor's Certificates following the final payment of all distributions with respect to each Emerging Applicant.

31. The Monitor has advised me that it considers the length of the stay extension period requested for the Emerging Applicants to be reasonable taking into account the above required steps necessary for the Monitor to complete the administration of these proceedings.

The Stay LPs and WGIL

32. As set out in the Doherty Affidavit No. 1, the Stay LPs and WGIL, the only remaining Non-Applicant Stay Party, are integrally related to certain Stay Applicants and Emerging Applicants and their businesses and operations, such that a continued stay of proceedings against those parties is necessary for the success of the restructuring or monetization of assets and emerging of the Stay Applicants and Emerging Applicants from these CCAA Proceedings.

33. WGIL requires an extension of the Stay Period to April 30, 2019 to allow it to avoid its stakeholders attempting to enforce rights and remedies against it, and to enable WGIL to continue to carry on business, which in turn will allow it to support the restructuring of the Applicants in these proceedings.

General

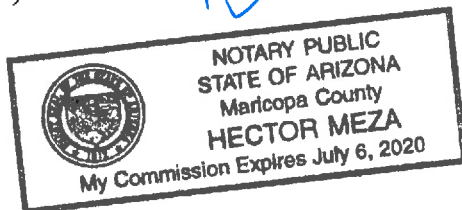
34. The Emerging Applicants and the Stay Applicants are acting in good faith and with due diligence. Circumstances exist that make the extensions of the Stay Period being sought appropriate and the extensions are reasonable in light of the progress continuing to be made through these proceedings.

Conclusion

35. I swear this Affidavit in support of an Application for an Order extending the Stay Period to and including January 31, 2019 for the Stay Applicants, to and including April 30, 2019 for WGIL, and to and including December 31, 2019 for the Emerging Applicants, and for no other or improper purpose.

SWORN BEFORE ME at Scottsdale, Arizona)
this 22nd day of October, 2018)
)
)
Hector Meza)
A Notary Public in and for)
the State of Arizona, U.S.A.)

William K. Doherty
WILLIAM K. DOHERTY



SCHEDULE "A" – APPLICANTS

Management, Financing and Holding Entities		
	Entity	Remaining Parties in these Proceedings
1.	Walton G.P. Holdco Ltd. (" Walton GP Holdco ")	No
2.	1389211 Alberta Ltd.	No
3.	1453373 Alberta Inc.	No
4.	Walton Development and Management GP Ltd. (" WDM ")	Yes
5.	Walton Development and Management Inc. (" WDMI ")	Yes
6.	Walton Development and Management (Ontario) GP Ltd. (" WDM Ontario ")	Yes
7.	Walton Asset Management GP Ltd. (" WAM GP ")	Yes
8.	Walton Capital Management Inc. (" WCMI ")	Yes

LDP Entities		
	Entity	Remaining Parties in these Proceedings
9.	Walton PS Industrial Ltd.	Yes
10.	Walton South Simcoe Residential Development Corporation	Yes
11.	Walton Vita Crystallina Development Corporation	Yes
12.	Walton Canadian Land 1 Development Corporation	Yes
13.	McConachie Asset Management Corporation	No
14.	McConachie Development Investment Corporation	No
15.	Walton Development (Shepard) Inc.	Yes
16.	Walton Edgemont Development Corporation	Yes
17.	Walton Alliston Development Corporation	Yes

18.	Walton Alliston Development Investment Corporation	Yes
19.	Riverbend Asset Management Corporation	Yes
20.	Brant County Riverbend Development Investment Corporation	Yes

Walton Note Issuers		
	Entity	Parties Remaining in these Proceedings
21.	Walton Income 5 Investment Corporation	No
22.	Walton Income 6 Investment Corporation	No
23.	Walton Income 7 Investment Corporation	No
24.	Walton Income 8 Investment Corporation	No
25.	Walton Income 9 Investment Corporation	No
26.	Walton Income 10 Investment Corporation	No
27.	Walton Income 11 Investment Corporation	No
28.	Walton Income 12 Investment Corporation	No
29.	Walton CA Highland Falls Investment Corporation	No
30.	Walton AB Southridge Debt and Equity Corporation	No
31.	Walton U.S. Dollar Income 1 Corporation	No
32.	Walton U.S. Dollar Income 2 Corporation	No
33.	Walton 2016 Bond Corporation	No
34.	Walton 2016 Income Corporation	No

PDLI Entities		
	Entity	Remaining Parties in these Proceedings
35.	Walton Ontario Land Investment 1 Ltd.	Yes

36.	Walton Ontario Land 1 Corporation	Yes
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