

Edith A. Ryan #1
Sworn June 28, 2010

Action No. 0901-11866

IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE OF CALGARY

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED, THE *JUDICATURE ACT*, R.S.A. 2000, c. J-2,
AS AMENDED AND THE *BUSINESS CORPORATIONS ACT*, R.S.A. 2000, c. B-9,
AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF SHIRE
INTERNATIONAL REAL ESTATE INVESTMENTS LTD., SHIRE CAPITAL LTD.,
HALAMA GARDENS LLC, SHIRE ASSET MANAGEMENT LTD., WINN RIVER RESORT
LTD., FORT MCMONEY PROPERTIES II LTD., HALAMA GARDENS LTD., MAPLES
AND WHITE SANDS INVESTMENT LTD., FORT MCMONEY PROPERTIES LTD.,
CHEMAINUS PROPERTIES LTD., SKAHA LAKE DEVELOPMENT LTD., TSEHUM
HARBOUR LTD., BEARSPAW AT 144TH AVENUE LTD., BEARSPAW AT 144TH
EQUITIES LTD., BEARSPAW AT 144TH BONDS INC., TSEHUM HARBOUR EQUITIES
LTD., TSEHUM HARBOUR BONDS LTD., ORILLIA INVESTMENTS LTD., 0726028 B.C.
LTD., 0675816 B.C. LTD. and BOSUN'S HOLDINGS LTD.

AFFIDAVIT

I, Edith A. Ryan, Barrister and Solicitor, of 2900 - 595 Burrard Street, in the City of
Vancouver, Province of British Columbia, MAKE OATH AND SAY AS FOLLOWS:

1. I am an associate with Owen Bird Law Corporation, solicitors for Romspen Investment
Corporation ("**Romspen**"), the DIP Lender herein, and as such have personal knowledge of the
facts and matters hereinafter deposed to, save and except where stated to be based on information
and belief and where so stated I verily believe them to be true.

STATUTORY RIGHT OF WAY AT CHEMAINUS

2. Romspen has received two offers to purchase the property over which it has conduct of
sale located at 9933 Esplanade St., Chemainus, B.C. and legally described as PID: 001-387-677
Lot A Section 18 Range 5 Plan 29495 ("**Chemainus Property**");

- a) an offer of Jones Marine Services Ltd. (or Nominee) for \$150,000.00 (attached as Exhibit "A"); and
 - b) an offer of Terry Petras for \$100,000.00 (the "**Petras Offer**") (together with cover letter, attached as Exhibit "B").
3. A title search for the Chemainus Property dated March 3, 2010 is attached as Exhibit "C".
4. A B.C. Assessment search for the Chemainus Property dated June 17, 2010 (attached as Exhibit "D"):
 - a) discloses that the Chemainus Property has an assessed value of \$484,000.00; and
 - b) confirms that the Chemainus Property was purchased on July 6, 2006 for \$780,000.00.
5. There is a statutory right of way registered against title to the Chemainus Property under registration no. CA995387 (the "**SRW**"). A copy of the SRW is attached as Exhibit "E". The rights granted under the SRW are quite broad in nature.
6. The transferee and grantee of the SRW is Chemainus Quay & Marina Complex Ltd. ("**CQMC**"). CQMC is the owner of certain land along the foreshore adjacent to the Chemainus Property. A corporate search for CQMC dated May 26, 2010 is attached as Exhibit "F". The corporate search discloses that Terry Petras is the president and a director of CQMC.
7. Romspen obtained an appraisal of the Chemainus Property dated April 29, 2009 (sic – actually 2010) prepared by Doyle D. Childs of Cunningham and Rivard Appraisals Ltd. (attached as Exhibit "G"). The appraised value of the Chemainus Property as at April 1, 2010 if the SRW were removed (together with all charges related to judgments and builders' liens – totalling approximately \$100,000.00) is \$760,000.00.
8. In the cover letter to the Petras Offer (see Exhibit "H"), his counsel states, *inter alia*:
 - a) there is no connection or relation between Chemainus Properties Ltd. (the owner of the Chemainus Property) and CQMC; and

- b) Chemainus Properties Ltd. and CQMC had never entered into a written joint venture agreement.

9. A copy of a covenant registered against title to the Chemainus Property under registration no. FB230740 is attached as Exhibit "I". Mr. Petras appears to have executed the covenant as an authorized signatory of Chemainus Properties Ltd.

10. A copy of a certificate of pending litigation registered against title to the Chemainus Property BY CQMC under registration no. FB258704 is attached as Exhibit "J". The certificate of pending litigation alleges "In November of 2005, CQMC and CPL [Chemainus Properties Ltd.] entered into a joint venture agreement to develop an upland, foreshore, and marina complex in the Chemainus area. In doing so the parties agreed that the upland property known as *Lot 'A' Section 18, Range 5, Chemainus District, Plan 29495, PID 001 387 677* (hereafter the "Property") would be developed and CQMC's interest in the fees simple of the Property would be held in trust by CPL pending completion and sale of the development."

11. Attached as Exhibit "K" is a copy of s. 218 of the *Land Title Act*, R.S.B.C. 1996, c. 250. To the extent I have been able to determine, CQMC is not an entity described in s. 218(a), (b) or (d).

12. I am advised by Mr. Frydenlund, counsel to Romspen, and verily believe that during a conversation he had with Mr. Petras' counsel, she stated that no consideration had been given by CQMC to Chemainus Properties Ltd. in respect to the SRW.

13. I am advised by Doyle D. Childs of Cunningham and Rivard Appraisals Ltd. and verily believe that Mr. Petras is living in a cottage on the Chemainus Property.

Sorrento

14. Attached as Exhibit "L" is a copy of a letter received from Gerald K. Watson, solicitor to 0750258 B.C. Ltd., advising that 0750258 B.C. Ltd.:

- a) operates a pub, "the Billabong Pub," located on the property located at 1277 Trans Canada Highway, Sorrento, B.C., PID: 008-545-944, Lot 1 Section 16 Township

22 Range 11 West of the 6th Meridian Kamloops Division Yale District Plan 16715 (the "**Sorrento Property**"); and

b) leases a portion of the Sorrento Property, which lease is up for renewal.

15. I am advised by Mary Gianfriddo of Romspen, and verily believe, that the Sorrento Property generates cash flow and, further, that Romspen wishes to appoint a receiver to collect the cash flow and deal with the lease.

Amendment of the Order Pronounced December 4, 2009 and January 11, 2010 (the "Order")

16. Attached as Exhibit "**M**" is a copy of the "D.R.R. Rejection Notice" received by our agent from the Alberta Land Titles Office. To be registrable, the Order must be amended to include, in paragraph 8, the registration nos. for the previous orders that are to be terminated and discharged from title. Those registration nos. are 092 444 926 and 091 370 919.

17. There were typographical errors in the legal descriptions contained Schedule "**A**" to the Order. Attached as Exhibit "**N**" are copies of title searches for all properties at issue in respect to which there were discrepancies. Attached as Exhibit "**O**" is an amended Schedule "**A**" correcting the discrepancies in both blackline and final form.

Modena Homes

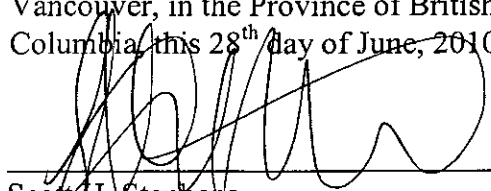
18. Attached as Exhibit "**P**" are copies of the titles for two properties located in Alberta: Plan 0213566 Block 12 Lot 6 Excepting Thereout all Mines and Minerals and Plan 0213566 Block 12 Lot 7 Excepting Thereout all Mines and Minerals (the "**Modena Properties**"). A caveat is registered against the Modena Properties under registration no. 101 176 273.

19. I am advised by Ted Coderre of Small Business Legal Centre, counsel to Modena Homes Inc., and verily believe that this caveat was originally registered in 2008 in conjunction with an investment agreement between Modena Homes Inc. and Shire International Real Estate Investments Ltd. ("**Shire**") in August of 2008, that the caveat was mistakenly discharged in January 2010, and that it has since been re-registered by Mr. Coderre on June 14, 2010.

20. Attached as Exhibit "Q" is a copy of the investment agreement between Modena Homes Inc. and Shire, *inter alia*, providing for Shire to receive a proportion of the profits from any sale of the Modena Properties (i.e. after the 1st mortgagee is paid out).

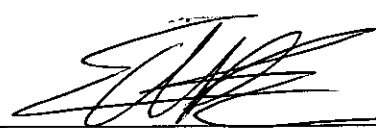
21. There is an offer to purchase the Modena Properties. Its terms have yet to be finalized.

SWORN BEFORE ME at the City of
Vancouver, in the Province of British
Columbia, this 28th day of June, 2010.



Scott H. Stephens
A Commissioner for taking
Affidavits for British Columbia

SCOTT H. STEPHENS
BARRISTER & SOLICITOR
2900 - 595 BURNARD STREET
VANCOUVER, B.C. V7X 1J5
604-688-0401



EDITH A. RYAN

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AS AMENDED AND THE BUSINESS CORPORATIONS
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AFFIDAVIT

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