Form 49
Rule 13.19

CLERK OF THE COURT
Clerk's Stamp
AUG 19 2011
CALGARY ALBERTA

COURT FILE NUMBER	**0901-11866**
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, *THE JUDICATURE ACT*, R.S.A. 200, 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 SAND 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 HARBOR BONDS LTD., ORILLIA INVESTMENT LTD.,0726028 B.C. LTD., 0675816 B.C. LTD. and BOSUN'S HOLDINGS LTD.

DOCUMENT	**AFFIDAVIT of Jennifer Lofgren** **Sworn on August 19, 2011**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	Borden Ladner Gervais LLP 1900, 520 3rd Ave. S.W. Calgary, AB T2P 0R3 Telephone: (403) 232-9657 Facsimile: (403) 266-1395 Attention: John D. Blair/Cory Ryan File No. 438120-1

BLG
Borden Ladner Gervais

I, Jennifer Lofgren, of the City of Calgary, in the Province of Alberta, SWEAR AND SAY THAT:

1. I am one of the Representative Plaintiffs in Court of Queen's Bench Action 0901-10090, (the "Investor Action") between Lucia de Wet and Jennifer Lofgren as Representative Plaintiffs, and Jeanette Cleone Couch ("Couch"), Shire International Real Estate Ltd. et al., as Defendants. I have personal knowledge of the matters deposed to in this Affidavit, except where stated to be based on information and belief, in which case I do verily believe the same to be true. Some of my information is gleaned from many discussions with other investors, some from the findings and reports of Ernst & Young Inc. as described below and some from information obtained while pursuing the Investor Action. Attached hereto and marked as **Exhibit "A"** is a copy of the Amended Statement of Claim ("the Claim") filed in the Investor Action.

2. Commencing in or about 2005, the Shire Group (as defined in the within action) and Couch solicited and converted funds from numerous investors by promoting land projects in various jurisdictions. I believe, and the Claim alleges, that they did this through misleading, illegal and improper means.

3. I believe and the Claim alleges, that the Shire investment model was a fraudulent scheme designed and carried out by the Shire Group through Couch, to acquire and convert monies from the various investors.

4. I further believe funds were solicited, raised and spent in a manner that contravened the *Securities Act (Alberta)* and equivalent legislation in other Provinces. As a result of the actions of the members of the Shire Group, the Alberta Securities Commission commenced proceedings against the Shire Group and Couch. A copy of the Notice of Hearing is attached hereto as **Exhibit "B"**. The Hearing was recently concluded and the Panel's decision is expected shortly.

5. Between 2005 and 2009, I do believe that the Shire Group illegally solicited funds from at least 2800 investors in connection with approximately ten purported real estate development projects. In total, I believe the Shire Group raised more than $~~65~~,000,000.00 from various investors.

67,000,000.00

6. The essence of the investment scheme was to create a separate company for each project, raise funds purportedly in respect of that project, represent to investors that they would receive either bonds or mortgage units that would pay interest, plus a share entitling the holder to significant eventual profits. The Shire Group would then co-mingle and misappropriate the funds for their own benefit.

7. I invested approximately $50,000.00 U.S. with the Shire Group in the project known as Halama Gardens Ltd., as well as an additional $25,000.00 in the "Fort McMoney" project. None of the money I invested has been repaid or produced a return. Instead, I believe that my money was converted by the Shire Group, who are thereby indebted to me in that amount. The Shire Group advised me that through subscriptions for units in the Halama Gardens Ltd., Fort McMoney Properties Ltd. or Fort McMoney II Properties Ltd., that I would be acquiring an interest in, and the prospect of eventual profits from real estate projects in Maui and Fort McMurray, Alberta. This was not in fact the case.

8. I believe that all of the various investors in the Shire Group have valid claims for misrepresentation, conversion, breach of trust and breach of fiduciary duty, unjust enrichment, oppression, conspiracy, knowing or dishonest assistance, all of which are more fully set out in the Claim.

9. In the Claim, the investors have requested a tracing, freezing of assets, accounting and disgorgement of the funds invested, judgment in the amount of $75 million, as well as other relief as set out in the Claim.

10. I have read the Affidavit of Ms. Couch dated August 7, 2009 (the "Couch Affidavit"), filed in this action. At paragraph 7, Ms. Couch indicates that funds to purchase properties would be raised through investors, usually by way of units of a non-voting share and a bond or, in some cases, by way of mortgage units with a mortgage held by Olympia Trust

Company Ltd. ("Olympia"). Ms. Couch indicates that for the preceding three years, the Shire Group raised in excess of $65 million from approximately 2800 investors.

11. At paragraph 19 of the Couch Affidavit, she admits that money was transferred between companies within the Shire Group.

12. At paragraph 21 of the Couch Affidavit, she indicates that the Shire Group received approximately $48,402,000 from bond holders and approximately $16,500,000 from mortgage unitholders.

13. At paragraph 22 of the Couch Affidavit, she notes that Olympia Trust holds mortgages (on behalf of investors) including a $6,500,000 mortgage for unitholders over property owned by Fort McMoney Properties II Ltd ("FM II") and a $10,000,000 mortgage for unitholders over property owned by Maples and White Sands Investment Ltd. ("MWS"), both being companies within the Shire Group.

14. The accounting firm of Ernst & Young Inc. ("the Monitor") prepared a report in relation to the Shire Group in these proceedings on October 7, 2009 (the "Third Report"). A copy of the Third Report is attached hereto as **Exhibit "C".** Under the heading, "**Key Findings From The Investigation",** the Monitor concludes that funds were co-mingled and misused, stating the following at paragraph 17(page 13, <u>emphasis added</u>):

> *Consolidation of funds within Shire and Inter-Company transactions between Shire and the Project Companies*
>
> i.) Each Project Company is a separate legal entity and had its own bank account; however, the majority of the transactions relating to a specific project were made by and through Shire as opposed to the Project Companies.
>
> j.) While the majority of the investor's funds were deposited into the intended Project Company's bank account, <u>a significant portion of the funds initially deposited into the Project Company's bank account, were subsequently transferred to Shire</u>.

k.) For example, as detailed further in this Third Report, of the approximately $67,400,000.00 in cash receipts from investors received in the bank accounts of the individual Project Companies during the Investigation Period, approximately $51,300,000.00 was subsequently transferred to the Shire Group, on an "as needed" basis.

n.) The $51,300,000 in funds received by Shire from the Project Companies was primarily used to:

i) Reimburse Shire for 10% selling commissions Shire earned in raising the funds;

ii) Reimburse Shire for certain payments made by Shire on behalf of the Project Companies, such as deposits made by Shire to acquire the property or other items;

iii) Allow Shire to acquire assets in its own name. Shire acknowledges that there is an intercompany payable from Shire to certain project companies and that the assets held by Shire in its own name, and are held for the benefit of its creditors and investors.

iv) Pay Shire's overhead costs, including advertising, salaries and wages, travel expenses and other general and administrative expenses.

Lack of approval/formal documentation of Inter-Company transactions

q.) The Inter-Company transactions occurred between Project Companies and between the Project Companies and Shire, without apparent investor approval or supporting documentation such as Promissory Notes or other information evidencing the advances. Furthermore, the inter-company transactions between entities do not balance in the underlying general ledgers.

Legal Due Diligence

v.) Documentation relating to property acquisitions and structures

i) For certain projects, the corporate structure set out in the offering memorandum was not followed. The Bearspaw project contemplated a series of entities and transactions, however, it appears that only one bank account and general ledger was maintained;

ii) In certain circumstances, the transactions contemplated in the offering memoranda were not completed, however funds were not returned to the investors;

iii) At times, the current owner of the project is not as contemplated or disclosed in the offering memorandum; and

iv) Certain Project Companies arranged for third party mortgages when it appears that sufficient funds should have existed from the investors to acquire the properties.

15. At paragraph 19 (page 19) of the Third Report, the Monitor states that Shire's primary relationship with respect to the Project Companies was to facilitate the raising of the funds required by the Project Companies from individual investors.

16. At paragraph 20 (page 19) of the Third Report, the Monitor states:

> 20. The Monitor understands that Shire's management maintained control of the books and records of each of the Project Companies, as well as having significant authority on each bank account. In addition, the Monitor understands that Shire essentially acted as project manager for each Project Company, with the exception of Orillia, Chemainus and Skaha Lake, and controlled the funds and related disbursements.

17. At paragraph 29 (page 23) of the Third Report, the Monitor states:

> 29. In total, the Project Companies received approximately $67,000,000 of administered funds, with these funds being deposited into the individual bank accounts of the Project Companies. Of this amount, the Project Companies made the following net disbursements over the investigation period:
>
> a) approximately $51,300,000 was transferred to Shire;
>
> b) $14,100,000 was used for equity for the project companies in an attempt to acquire properties or commence development; and
>
> c) $4,100,000 was used for the payment of interest and other expenses.

18. At paragraph 33 (page 24) of the Third Report, the Monitor states:

> 33. Shire received approximately $51,300,000.00 in net receipts from the Project Companies over the Investigation Period. <u>It appears that basically since inception, the Shire Group operated on the basis of consolidating the funds raised by the individual project companies to Shire's account, with Shire using the funds to cover the related selling costs, overhead, general and administrative costs, as well as Shire being reimbursed for amounts paid by Shire on behalf of the Project Companies.</u>

19. It appears clear that money from investors in other projects had to have been used to acquire FM II's and MWS ' interests in the respective lands comprising those projects. It is therefore my view on behalf of all Shire investors that the investors as a whole have a claim to these lands, not just the more limited group of investors who believed they were investing in these two projects.

20. I am advised by my counsel, John D. Blair a partner at the law firm of Borden Ladner Gervais LLP ("BLG"), and believe that do date, BLG has been retained by more than 800 individuals who invested in the Shire Group Projects.

21. I make this Affidavit in response to the Application brought by the MAWSIL Retail Investors, as well as in support of the Application brought by myself, requesting the relief more particularly set out therein.

SWORN BEFORE ME at Calgary, Alberta, this 19th day of August, 2011. (Commissioner for Oaths in and for the Province of Alberta) PRINT NAME AND EXPIRY/LAWYER /STUDENT-AT-LAW	)))))))))))	Jennifer Lofgren

CORY H. D. RYAN
Barrister & Solicitor

AMENDED this 10TH day
JULY 2009 Pursuant to
Rule 130
dated the 10TH day of JULY, 2009
V.A. BRANDT
CLERK OF THE COURT
COURT SEAL

Action No. 0901-10090

THIS IS EXHIBIT "A"
referred to in the Affidavit of
Jennifer Lofgren
Sworn before me this 19th
day of August A.D. 2011
A Commissioner for Oaths in and for the Province of Alberta
CORY H. D. RYAN
Barrister & Solicitor

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

BETWEEN:

LUCIA de WET and JENNIFER LOFGREN,
as Representative Plaintiffs

Plaintiffs

- and -

JEANETTE CLEONE COUCH, SHIRE INTERNATIONAL REAL ESTATE INVESTMENTS LTD., SHIRE ASSET MANAGEMENT LTD., THICKWOOD REAL PROPERTY INC., MAPLES AND WHITE SAND INVESTMENT LTD., HALAMA GARDENS LTD., HALAMA GARDENS LLC, PHILIP ARCHER, CDN MAUI LLP, CHEMAINUS PROPERTIES LTD., SKAHA LAKE DEVELOPMENT LTD., ORILLIA INVESTMENT LTD., BEARSPAW AT 144TH AVENUE LTD., FORT MCMONEY PROPERTIES LTD., FORT MCMONEY PROPERTIES II LTD., AC&C DEVELOPMENT GROUP LTD., TSEHUM HARBOUR LTD., BOSUN'S HOLDINGS LTD., TSEHUM HARBOUR PLACE HOLDINGS LTD., TSEHUM HARBOR BONDS LTD., EYELOGIC SYSTEMS INC., TARMAN INC., CC MANAGEMENT INC., KMC CAPITAL INC., WILLIAMSON & ASSOCIATES INC., LUREE WILLIAMSON, BOB COUCH, DENNIS BLAIN and ANDREW SIMON

Defendants

AMENDED STATEMENT OF CLAIM

1. The Representative Plaintiffs are residents of Alberta. They bring this action on their own behalf and on behalf of all persons (the "Class Members") who invested in or with, or loaned money to any of the Defendants or who were defrauded, misled, harmed or not repaid by any of the Defendants, or with respect to, in the Investment Scheme described below.

2. The individual Defendants, referred to hereafter as "Couch, "Archer", "Blain", "Williamson" and "Simon" are all residents of Alberta to the best of the Plaintiffs' knowledge.

3. The corporate Defendants or entities (except Eyelogic Systems Inc.) were organized, incorporated and employed by the Defendants (or some combination of the Defendants) for the purpose of implementing and perpetrating the Investment Scheme described below.

4. The allegations in this Statement of Claim, and the generic references to "the Defendants" do not apply to Defendant Eyelogic Systems Inc. ("Eyelogic") or its related companies Tarman Inc., CC Management Inc. and KMC Capital Inc. The cause of action against Eyelogic and those other defendants is described in paragraphs 58 - 67 below.

THE INVESTMENT SCHEME - GENERALLY

5. Commencing in 2005, the Defendants conspired and acted jointly together to mislead the Plaintiffs and the Class Members and to defraud them of funds through means of an investment scheme (the "Investment Scheme"). In particular, the Defendants agreed that they would:

a. solicit and convert funds from investors by promoting land projects in various jurisdictions through misleading, illegal and improper means; and

b. use funds from one group of investors not for the stated purposes communicated to the investors, but rather to pay "returns" to other investors in pyramid or Ponzi scheme fashion to create a false impression of prosperity and validity;

c. convert the majority of the investors' funds to their own use.

6. As described below, the information communicated to the investors about how the Investment Scheme purported to work was untrue. Instead, the Investment Scheme was a fraudulent means designed and carried out by the Defendants to acquire and convert to their own benefit the Plaintiffs' and Class Members' money.

7. Further, the funds were solicited, raised and spent in a manner that contravened the *Securities Act* (Alberta) and equivalent legislation in other provinces.

8. During the period 2005-2009, the Defendants illegally solicited funds from hundreds or thousands of investors in connection with approximately 10 purported real estate development projects (the "Projects"), none of which was genuine or as represented. They carried on business

under the corporate umbrella of the Defendant Shire International Real Estate Investment Ltd. ("Shire"). In total, the Defendants raised approximately $75,000,000 in connection with the Projects, none of which ever came to fruition or produced any meaningful returns to investors.

9. The Defendants generally promoted the Projects through presentations, seminars, word of mouth, handouts and in most cases through an "Offering Memorandum" (the "OMs") describing the Projects. The OMs were conceived, created and employed in order to circumvent the capital-raising requirements that are included in securities legislation to protect the public. Invariably, the OMs, the other promotional material and the information communicated verbally to investors were rife with falsehoods and misrepresentations concerning the Projects.

10. The essence of the Investment Scheme was to create a separate company for each "project" ("the Project Companies"); raise funds in respect of that Project through the means described in paragraph 9; represent to investors that they would receive a "unit" comprised of a bond that would pay interest at 8% annually, plus a share entitling the holder to significant eventual profits; then, commingle and misappropriate the funds for their own benefit.

11. The individual Defendants conspired and worked together to perpetrate the Investment Scheme. They retained agents to help promote the Projects, in each case providing these agents with false information about the Projects with the intention that prospective investors would in turn be misled by the agents.

THE DEFENDANTS

12. The Plaintiffs do not yet know the exact role played by each of the individual defendants. Cleone Couch ("Couch") is the named officer and director of most or all of the Project Companies. In June 2009, she and many of the Project Companies were ordered by the Alberta Securities Commission ("ASC") to cease their activities. Couch personally moved the scheme forward, made misrepresentations to investors and received benefit from investors' funds.

13. Williamson, an Alberta resident, is Couch's daughter and the Vice-President of Marketing at Shire. She is also the registered director of Williamson & Associates Inc. which was created solely to advance and perpetrate the Investment Scheme. Bob Couch is related to Cleone Couch and is the acquisitions and development head of Shire. The defendant AC&C

Development Ltd. was incorporated by Couch to receive funds raised by investors and utilize them to the personal benefit of the other Defendants.

14. Philip Archer, an Alberta resident, also conceived, furthered and benefited from the Investment Scheme. Due to a lengthy regulatory history (including a 2001 finding by the ASC that he illegally distributed real estate securities, a 1991 cease trading ban imposed by the ASC for market manipulation and other wrongdoing and a 2005 conviction and further cease trade ban) Archer installed Couch, his former employee, as the "front man" in Archer's stead to conceal his own role and involvement in the Investment Scheme.

15. Andrew Simon and Dennis Blain are Alberta residents who knowingly participated in and benefited from the Investment Scheme. Simon acted as a promoter or investor relations representative for Shire and had considerable direct contact with investors. Blain was instrumental in depriving investors in respect of a project in Hawaii as will be described below.

16. The Projects and Project Companies created and promoted by the Defendants in furtherance of the Investment Scheme included:

a. Thickwood Real Property Inc. – this project purportedly involved the acquisition and development of property in Fort McMurray, Alberta, more particularly described in paragraph 21 below.

b. Fort McMoney Properties Ltd. and Fort McMoney II Properties Ltd. – these were later projects involving property in Fort McMurray (including the Thickwood property) in which the Defendants claimed to have an interest, including but not limited to lands legally described as SE ¼ Section 32, Township 88, Range 8, West of the 4th Meridian excepting thereout: A) all that portion which lies south of a line drawn parallel with the south boundary of the said section through a point on the west boundary of the south west quarter of said section, 1000 feet northerly from the south west corner thereof and west of a line drawn parallel with the said west boundary through a point on the said south boundary 3367.6 feet easterly from the said south west corner; B) Plan 9221618 – road containing 2.467 hectares or 16.70 acres more or less; C) Plan 9823452 – subdivision containing 25.01 hectares or 61.80 acres more or less.

c. Halama Gardens Ltd. – this project concerned a property at Halama Street in Kihei, Maui (which is in fact owned or controlled by Canadian Maui LLP, Blain or Archer), in which the Defendants represented they had an interest. The Defendants raised approximately USD$2,400,000.00 to acquire the property, paid those funds to Blain or Archer or both, and received nothing in return;

d. Hawaii Fund – an unincorporated "trust" used to re-market the Halama Street property as well as a property known as "Paradise Ridge";

e. Chemainus Properties Ltd.– an Alberta company represented to own land and other interests in the town of Chemainus on Vancouver Island municipally described as 9933 Esplanade Street and legally described as Lot A, Plan 29495, Section 18, Range 5, Chemainus Land District.

f. Orillia Investments Ltd. – an Ontario company purporting to own land interests in or near Orillia, Ontario;

g. Skaha Lake Development Ltd. – a British Columbia company represented to have land interests in or near Okanagan Falls in Skaha Lake in British Columbia legally described as Lots A, District Lot 2883S, Similkaman Division, Columbia Yale District Plan 7632 now KAP83935 (Parcel Identifier 027-083-756).

h. Bearspaw at 144th Avenue Ltd. – this is an Alberta company represented to have land interests in or near Calgary, Alberta, legally described as SE ¼ of Section 3, Township 26, Range 2, West of the 5th Meridian; excepting: road 7911162 containing 1.03 hectares or 2.54 acres; subdivision 9012020 containing 15.7 hectares or 38.7 acres excepting thereout all mines and minerals and the right to work the same.

i. Maples and White Sands Investment Ltd. – a British Columbia company represented to have land interests or prospects in or near Kamloops and Sorrento on Shushwap Lake in British Columbia, including interests in tourist accommodations known as the Sorrento Inn, White Sands Resort and The Maples Lodge; and

j. Tsehum Harbour Ltd. - a British Columbia company represented to have land interests or prospects in Sidney, British Columbia, with a legal description of Lot A, District Lot 12 and Section 15, Range 3 East, North Saanich District, Plan 45998.

17. In every case above, the Defendants misled investors about the Projects in order to induce them to invest by subscribing (generally in increments of $10,000 or $25,000) for units of the applicable Project Company pursuant to an OM. However, in no case has a Project proved genuine, been developed or generated any meaningful revenue, return or profit as promised.

18. Shire Asset Management Ltd. ("SAML") is an Alberta corporation established and operated to further the Investment Scheme and receive "fees" for "managing" the Projects. Couch is the sole director of SAML and Shire is the sole registered shareholder.

THE REPRESENTATIVE PLAINTIFF'S INVESTMENT (Lucia de Wet)

19. Pursuant to the Investment Scheme, de Wet was solicited by Couch and other individuals (hired and instructed by the Defendants) to invest $50,000.00 in property in Fort McMurray, Alberta, specifically through entities known as Berkshire Real Estate Investment Trust Ltd. and Thickwood Real Property Inc. De Wet invested $50,000.00 on or about April 25, 2005 in the expectation of receiving an interest in, and eventual profit from property in Fort McMurray, Alberta.

20. At the same time, the Defendants solicited numerous other individuals who are Class Members to make a similar investment. The Plaintiffs estimate that the Defendants raised approximately $8,000,000.00 in respect of the Thickwood project.

21. Couch and other representatives of the Defendants presented de Wet and other Class Members with assorted documentation purporting to be subscriptions for units in Thickwood Real Property Inc., which in turn was represented to have an interest in or ownership of properties in Fort McMurray, Alberta with the following legal descriptions:

Centennial	Lot 1-2, Block 2, Plan 5304NY
Manhattan	Lot 1, Block 77, Plan 7823135

Manning	Lot 20-22, Block 2, Plan 1268NY
Sheraton	Lot 22, Block 25, Plan 8122231
Windsor	Lot 3, Plan 9322041
Concord	Lot 3, Plan 9322041
Skylark	Lot 3, Plan 9322041

22. The Defendants, or some combination thereof, misappropriated the funds invested by de Wet and other Class Members, and did not use them to acquire an interest in or develop the properties in Fort McMurray as represented and promised.

23. The Thickwood properties were in fact neither acquired or developed. Therefore, in July 2008, in furtherance of the Investment Scheme and in order to avoid or delay detection and recrimination, the Defendants or some combination thereof, provided de Wet and some of the other Class Members with "Promissory Notes" in purported substitution for the Thickwood units, with a maturity date of June 1, 2009 with an annual interest rate of 8%. No payments have ever been made in respect of those notes, and, if the notes were validly issued in the first place, they remain a just debt improperly withheld (in de Wet's case, the amount due when the notes is $66,340.21).

24. In other instances, instead of being given promissory notes, Thickwood investors were told their interests had been "rolled over" into the Fort McMoney project described below.

25. On or about May 4, 2009, despite having just been interviewed in connection with an ASC investigation concerning the Investment Scheme, Couch, with the knowledge and the encouragement of the other Defendants, wrote de Wet and other Class Members advising that Shire would not be in a position to repay the promissory notes and offered an extension, stating that the reason for non-repayment thus far was due to world wide economic conditions.

THE REPRESENTATIVE PLAINTIFF'S INVESTMENT (Jennifer Lofgren)

26. Pursuant to the Investment Scheme, the Defendants or their representatives solicited Lofgren and other Class Members to invest in projects known as "Halama Gardens" and "Fort McMoney". Lofgren invested USD$50,000.00 with the Defendants in the Halama Gardens project and $25,000.00 in the Fort McMoney project. The Fort McMoney project, in that incarnation, included lots on Manning Street in Fort McMurray, Alberta and a property known as "Saline Creek" at East ½, Section 32, Township 88, Range 8, West of the 4th Merdian. None of her money has been repaid, produced a return or been used for the represented purpose. It has instead been converted by the Defendants, who are indebted to Lofgren in that amount.

27. The Defendants or their representatives advised Lofgren and other Class Members that, through subscriptions for units in Halama Garden Ltd., Fort McMoney Properties Ltd. or Fort McMoney II Properties Ltd., they would be acquiring an interest in and the prospect of eventual profits from real estate projects in Maui and Fort McMurray. As with Thickwood and all the other Projects, this was a complete misstatement of the facts.

28. Contrary to the Defendants' representations, none of the Defendants or any entities controlled by them own or control any or ever had any prospect of developing properties in Hawaii, Fort McMurray or elsewhere and at no point was there any realistic prospect that investors would see any return on their investments.

29. The properties in Hawaii that Shire and Couch purported to market through the Hawaii Fund and Halama Gardens are in fact owned directly or beneficially by Archer and Blain.

OTHER PROJECTS

30. The Defendants have implemented the Investment Scheme in similar fashion in respect of the several other projects described in paragraph 16, promoting projects located in British Columbia, Ontario, Alberta and Hawaii. In each case, and to each Class Member, the Defendants misrepresented the facts and converted the Class Members' funds to their own use. Generally, the Defendants employed official-looking OMs that contained falsehoods and misrepresentations and, as well, did not comply with the securities laws and regulations applicable to raising capital through the offering memorandum exemption. The purpose of the

OMs was to create the appearance of complying with that legislation, to create an aura of legitimacy for the Investment Scheme and to avoid scrutiny and detection by regulatory authorities.

31. Alternatively, the Defendants have not complied with contractual and other duties in managing and operating the Projects.

32. Since commencing the Investment Scheme, the Defendants have raised capital from the Class Members for at least ten development projects, totalling approximately $75,000,000.00. In each instance, the Defendants foster an air of legitimacy by creating promotional materials, brochures, subscription agreements, the OMs and monthly reports. Uniformly, these materials contain misrepresentations and are contrary to applicable securities legislation.

MISREPRESENTATION

33. Unbeknownst to the Plaintiffs and Class Members, the Investment Scheme and the resulting investments were not legitimate in any sense. Instead, the Projects were created and designed by the Defendants for the purpose of converting the Plaintiffs' and Class Members' funds to the Defendants' benefit. The precise mechanism and extent of the Investment Scheme is not yet fully known to the Plaintiffs and Class Members, but it is believed and alleged that a component of the Investment Scheme is using funds from one investor to make interest, dividend or other interim payments to earlier investors in the nature of a Ponzi or pyramid scheme. Funds from the various Projects are intermingled or distributed in a manner contrary to what was represented to the Plaintiffs and Class Members.

34. The representations made and authorized by the Defendants to the Plaintiffs and Class Members regarding the Investment Scheme were untruthful and inaccurate. Further, the Defendants knew that the representations were untrue and inaccurate or, alternatively, they were wilfully blind as to the truth or accuracy of such representations. Such representations were made by the Defendants or their authorized representatives to the Plaintiffs and Class Members for the purpose of having them participate in the Investment Scheme and no other.

35. Alternatively, the Defendants were negligent as to the truthfulness and accuracy of the representations they made or authorized to be made to the Plaintiffs and Class Members

regarding the Investment Scheme, and they should have known of such untruths and inaccuracies.

36. The Plaintiffs and Class Members relied on the representations to their detriment and, had they known the representations were untrue and inaccurate, they would not have participated in the Investment Scheme or invested any funds. In the result, they have suffered loss consisting of the amounts of their respective investments and the opportunity to earn a return on those monies.

CONVERSION

37. By means of the Investment Scheme, the Defendants have converted the Plaintiffs' and Class Members' funds to their own use and thereby deprived the Plaintiffs and Class Members of the benefit of those funds.

38. The Plaintiffs and Class Members are entitled to restitution of the entire amount fraudulently converted.

BREACH OF TRUST AND BREACH OF FIDUCIARY DUTY

39. In receiving funds from the Plaintiffs and Class Members, the Defendants stood as trustees or, alternatively, constructive trustees, and fiduciaries with respect to those funds and owed duties to the Plaintiffs and Class Members in that regard.

40. The Defendants breached those duties by:

a. Converting the funds to their own use;

b. Failing to protect the funds from conversion or misuse by others;

c. Failing to fully inform the Plaintiffs and Class Members of the illegitimate nature of the Investment Scheme;

d. Such further and other particulars as may be proven at the trial of this action.

41. As a result of the Defendants' breaches of trust and breaches of fiduciary duties, the Plaintiffs and Class Members have suffered losses, including the loss of their investments.

42. All lands or interest in land obtained by any of the Defendants in connection with the Projects or using any funds received from any Plaintiff or Class Member are held in trust for the Plaintiffs and Class Members, and should be conveyed to the Plaintiffs, Class Members or their authorized agent or receiver forthwith. An interest is claimed in all such lands or interests.

UNJUST ENRICHMENT

43. The Defendants have received the benefit of the Plaintiffs' and Class Members' funds to the detriment of Plaintiffs and Class Members in the absence of any juristic reason and have thereby been unjustly enriched.

OPPRESSION

44. By reason of the aforesaid, the affairs of the corporate defendants in which the Plaintiffs or Class Members subscribed for or were issued units have been carried on or conducted in a manner that is oppressive and unfairly prejudicial to the Plaintiffs and Class Members.

45. The Plaintiffs and Class Members claim to be entitled to relief under s. 242 of the *Business Corporations Act*, R.S.A. 2000, c. B-9.

CONSPIRACY

46. In engaging in all of the foregoing conduct, the Defendants have acted jointly and unlawfully with the common purpose and malicious intent of injuring the Plaintiffs and Class Members. Alternatively, the Defendants have acted jointly, their conduct was directed at the Plaintiffs and Class Members and the Defendants knew or ought to have known that the Plaintiffs and Class Members would suffer harm as a result of the Defendants' actions.

47. By virtue of the Defendants' conspiracy, the Plaintiffs and Class Members have suffered losses. By conspiring as aforesaid, the Defendants are liable jointly and severally to the Plaintiffs and Class Members for the entirety of the Plaintiffs and Class Members' collective losses notwithstanding that a particular Defendant may not have conducted a particular act alleged above or even known of such an act.

KNOWING OR DISHONEST ASSISTANCE

48. Each of the actions taken by the Defendants as stated above was contrary to the normal acceptable standards of honest conduct. Each Defendant has participated in transactions involving conversion, breach of trust, breach of contract and breach of fiduciary duty in circumstances whereby they knew or ought to have known that they could not or ought not honestly participate, (or alternatively participated in such transactions when they were, or ought to have been, suspicious about the validity and propriety of the transactions), yet they made conscious decisions not to inquire or reasonably satisfy themselves about the validity and propriety of such transactions in some instances.

49. By acting to assist, facilitate and allow the transactions at matters set out herein to proceed notwithstanding the knowledge and/or suspicions set out above, each of the Defendants facilitated and allowed the Plaintiffs' and Class Members' losses and are therefore liable to the Plaintiffs and Class Members for such dishonest assistance in the full amount of the claims.

TRACING, FREEZING ASSETS, ACCOUNTING AND DISGORGEMENT

50. As a result of the Defendants' wrongful conduct as set out above, the Plaintiffs and Class Members are entitled to trace all amounts received or disbursed by the Defendants or their agents as part of or as a result of the Investment Scheme and to recover same. The Plaintiffs and Class Members are also entitled to an accounting of the monies belonging to the Plaintiffs and Class Members that have come in to the possession of any of the Defendants or their agents and to an accounting of any benefit received by any of the Defendants as a result of the Investment Scheme.

51. The Plaintiffs and Class Members are entitled to interlocutory and permanent injunctions restraining the Defendants from disposing of any of their assets wheresoever located and an accounting of all of the Defendants' assets, effects or property, including any trust account or jointly held assets, any improper disposition thereof, and all money had or received by the Defendants or anyone on their behalf.

52. The Plaintiffs and Class Members require and seek the appointment of a Receiver or an Inspector over the business, undertaking and assets of the Defendants in order to trace, locate and freeze funds received from the Plaintiffs and Class Members.

53. The Plaintiffs and Class Members claim an interest in any lands in respect of which any of the Defendants actually have an interest, including not just project lands but any lands acquired or paid for (in whole or in part) with funds received directly or indirectly from the Plaintiff or Class Mambers. Any interest of the Defendants in such lands should be transferred to the Plaintiffs, Class Members, a Receiver or ordered sold by the Court, or another Court with appropriate jurisdiction. The Plaintiffs and Class Members are entitled to orders setting aside any transfers or transactions made in respect of any of the Projects, and they claim an interest in any lands or interests therein acquired by the Defendants (or entities controlled by them) with the Plaintiffs and Class Members' money.

54. The Defendants are liable to make restitution to the Plaintiffs and Class Members and disgorge any benefits or amounts they have received from the Investment Scheme. Further, they are obliged to execute documents and conveyances, transfer shares and do whatever else is required to transfer lands or interests in land to the Plaintiffs or a Receiver.

55. The Plaintiffs and Class Members have incurred special damages in their detection, investigation and quantification of the fraud and the losses suffered and are entitled to recover these expenses and damages in an amount to be proven at the trial of this action

PUNITIVE DAMAGES AND COSTS

56. The Plaintiffs and Class Members state that they are entitled to recover punitive and exemplary damages in the amount of $1,000,000.00 as a result of the acts of the Defendants described above.

57. In the circumstances, the Defendants ought to pay costs of this action on a solicitor and client basis.

EYELOGIC

58. Eyelogic is a publicly traded entity that holds itself out as in the business of marketing testing products for the eye care profession. It is incorporated and headquartered in Calgary, Alberta.

59. However, Eyelogic also serves as the purported controlling shareholder of the Project Companies that are named as Defendants in these proceedings.

60. In each of the Offering Memoranda referred to above, the Defendants state that the reason Eyelogic has voting control of the issuer "is to ensure that the Bonds issued pursuant to this Offering are a qualified RRSP investment". They also refer to an "Eyelogic Agreement" pursuant to which Eyelogic will earn administration fees for fulfilling this role.

61. Eyelogic drafted or instructed the drafting of the form of Offering Memoranda provided to the other Defendants and circulated to the public, intending to benefit therefrom through administration fees. The amount of the Eyelogic fee in each Project is contingent on the amount of money raised from investors.

62. In addition to serving as the controlling shareholder for the defendant Project Companies, Eyelogic performs a similar role for approximately 170 other companies offering real estate based securities to the public through the use of Offering Memoranda. By virtue of Eyelogic being a publicly traded company, under applicable law, such securities may arguably be purchased by an investor's RRSP, RRIF or RESP, enhancing the marketability of these securities, and greatly increasing the pool of prospective investors for every Project.

63. Eyelogic is aware that the companies in which it is the controlling shareholder will be marketing securities to the public using Eyelogic's name and credibility. It receives a fee from the companies – and therefore indirectly from the investors – for acting as a controlling shareholder and the amount of its fee increases proportionately with the amount of investment.

64. Accordingly, Eyelogic stands in a fiduciary position or otherwise owes a duty of care to the investors (including in this case the Plaintiffs and Class Members) to act reasonably and exercise appropriate diligence, oversight and control to protect their investments. In particular, Eyelogic's duties include but are not limited to:

a. ensuring that any Offering Memoranda circulated by companies in which it has voting control are accurate, fulsome, truthful and in compliance with securities legislation;

b. ensuring that the companies themselves are operated legitimately, honestly in accordance with corporate and securities legislation and in the best interests of the investors;

c. doing reasonable diligence and ongoing oversight to ensure that securities of its companies are marketed and promoted honestly and in compliance with all applicable legislation; and

d. removing management and directors of Project companies when it is appropriate to do so.

65. Eyelogic breached its duties of care to the Plaintiffs and Class Members, and thereby caused or materially contributed to their losses. Further, or alternatively, Eyelogic was wilfully blind to the actions of the other Defendants. The allegations in paragraphs 43 and 48-49 above apply to Eyelogic and its affiliated entities.

66. In particular, Eyelogic made insufficient or no effort to ensure or determine that the companies and their principals were legitimate, that the Offering Memoranda were accurate and compliant with securities laws or that the Project were being properly managed. Further, it did not remove the personal Defendant from positions of control in the Project Companies despite becoming aware of reasons to do so.

67. The Defendants Tarman Inc., CC Management Inc. and KMC Capital Inc. are affiliated with Eyelogic through common ownership and direction. In some combination, they work with Eyelogic and receive fees from Eyelogic for recruiting, finding and dealing with companies such as Shire and the Project Companies, which in turn they know will be soliciting funds from the public. They share Eyelogic's duties described herein and, in addition, have been unjustly enriched at the Plaintiffs' and Class Members expense.

STATUTES

68. The Plaintiffs and Class Members plead and rely upon the provisions of the *Securities Act*, R.S.A. 2000, c.S-4, applicable National and Multilateral Instruments approved by the Canadian Securities Administrators, the *Business Corporations Act*, R.S.A. 2000, c. B-9, the *Class Proceedings Act*, S.A. 2003, c. C-16.5 and the securities legislation of other provinces.

TRIAL OF THE ACTION

69. The Plaintiffs and Class Members propose that the trial of this action occur at the Calgary Courts Centre, in the City of Calgary, in the Province of Alberta. In the opinion of the Plaintiffs, Class Members and their counsel, this action will not likely take more than 25 days to try.

WHEREFORE THE PLAINTIFFS AND CLASS MEMBERS SEEK AN ORDER CERTIFYING THIS ACTION AS A CLASS PROCEEDING AND APPOINTING THE PLAINTIFFS AS REPRESENTATIVE PLAINTIFFS OF THE CLASS.

AND, WHEREFORE, THE PLAINTIFFS AND CLASS MEMBERS CLAIM AGAINST THE DEFENDANTS, JOINTLY AND SEVERALLY, AS FOLLOWS:

(a) Judgement or restitution in the amount of $75,000,000.00 representing the invested amounts or such other amounts as may represent the respective amounts invested by the Plaintiffs and Class Members;

(b) Further or in the alternative, damages for breach of contract, debt, misrepresentation, breach of trust, breach of fiduciary duty, unjust enrichment, conversion and/or conspiracy for of the amounts invested by the Plaintiffs and the Class Members;

(c) Special damages and out-of-pocket expenses arising out of the detection, investigation, quantification and recovery of the fraud, losses and consequential losses suffered by the Plaintiffs and Class Members, in an amount to be proven at the trial of this action;

(d) The appointment of an interim and permanent Receiver or Inspector over the business, undertaking and property of the Defendants;

(e) A declaration that any funds or benefits received by the Defendants from the Investment Scheme are held in trust for the Plaintiffs and the Class Members; and

(f) A declaration that the Plaintiffs and Class Members are entitled to trace the monies that the Defendants received or disbursed as part of or as a result of the Investment Scheme;

(g) A declaration that the Defendants must account to Plaintiffs and Class Members for all monies received by them or taken from the Plaintiffs and Class Members and for any benefits received by the Defendants;

(h) An order setting aside any fraudulent or reviewable conveyances perpetrated by the Defendants or those acting on their behalf;

(i) A declaration that any real property or interests therein owned in whole or in part by the Defendants or anyone acting under their direction in furtherance of or in connection with the Investment Scheme be sold with the proceeds delivered up to the Plaintiffs and Class Members;

(j) An Order that all the lands referred to in this pleading and others that may come to light hereafter are held in a constructive trust for the Plaintiffs and directing the Defendants to take such steps and execute such conveyances and documents as may be necessary to convey such property or interests wherever situate;

(k) In particular, the Plaintiffs claim an interest in and seek the sale or conveyance of the properties referred to in the pleading including but not necessarily limited to:

a. Saline Creek property, Fort McMurray, Alberta; E ½, s.32, TWP 88, Range 8 W4M, excepting thereout: A) all that portion which lies south of a line drawn parallel with the south boundary of the said section through a point on the west boundary of the south west quarter of said section, 1000 feet northerly from the south west corner thereof and west of a line drawn parallel with the said west boundary through a point on the said south boundary 3367.6 feet easterly from the said south west corner; B) Plan 9221618 – road containing 2.467 hectares or 16.70 acres more or less; C) Plan 9823452 – subdivision containing 25.01 hectares or 61.80 acres more or less.

b. 1403 and 1455 Halama Street, Kihei, Maui, Hawaii;

c. Chemainus, B.C.; Lot A, Plan 29495, Section 18, Range 5, Chemainus Land District;

d. Bearspaw; SE ¼ of Section 3, TWP 26, Range 2, W5th; excepting: road 7911162 containing 1.03 hectares or 2.54 acres; subdivision 9012020 containing 15.7 hectares or 38.7 acres excepting thereout all mines and minerals and the right to work the same.

e. Paradise Ridge Property at 2757 South Kihei Road, Maui, Hawaii;

f. Tsehum Harbor; Lot A, District Lot 12 and Section 15, Range 3 East, North Saanich Disstrict, Plan 45998; and

g. Skaha Lake; Lots A, District Lot 2883S, Similkaman Division, Columbia Yale District Plan 7632 now KAP83935 (Parcel Identifier 027-083-756).

(l) Interlocutory and permanent injunctions attaching the Defendants' assets and restraining them from disposing of any of their assets, including those held by another person on their behalf wherever located;

(m) Punitive and/or exemplary damages in the amount of $1,000,000.00;

(n) Prejudgment and post judgement interest on all amounts awarded to the Plaintiffs and Class Members at such rate or rates that may be ordered by the Court or pursuant to the *Judgment Interest Act*;

(o) Relief under s. 242 of the Business Corporations Act as may be appropriate;

(p) Cost of this action on a solicitor and client basis; and

(q) Such further and other relief as may be just and proper.

DATED at the City of Calgary, in the Province of Alberta, this 6th day of July, 2009 AND DELIVERED by John D. Blair of BORDEN LADNER GERVAIS LLP, Barristers and Solicitors for the Plaintiff, whose address for service is in care of the said solicitors at 1000, 400 Third Avenue S.W., Calgary, Alberta T2P 4H2.

ISSUED out of the office of the Clerk of the Court of the Queen's Bench of Alberta, Judicial District of Calgary, this 6th day of July, 2009.

V.A. BRANDT COURT SEAL

CLERK OF THE COURT

Action No.: 0901-10090 2009

IN THE COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL DISTRICT OF CALGARY

BETWEEN:

LUCIA de WET and JENNIFER LOFGREN, as Representative Plaintiffs

Plaintiffs

- and -

JEANETTE CLEONE COUCH, SHIRE INTERNATIONAL REAL ESTATE INVESTMENTS LTD., SHIRE ASSET MANAGEMENT LTD., THICKWOOD REAL PROPERTY INC., MAPLES AND WHITE SAND INVESTMENT LTD., HALAMA GARDENS LTD., HALAMA GARDENS LLC, PHILIP ARCHER, 1335778 ALBERTA LTD., CDN MAUI LLP, CHEMAINUS PROPERTIES LTD., SKAHA LAKE DEVELOPMENT LTD., ORILLIA INVESTMENT LTD., BEARSPAW AT 144TH AVENUE LTD., FORT MCMONEY PROPERTIES LTD., AC&C DEVELOPMENT GROUP LTD., TSEHUM HARBOUR LTD., BOSUN'S HOLDINGS LTD., TSEHUM HARBOUR PLACE HOLDINGS LTD., EYELOGIC SYSTEMS INC., CONSTRUCT REALTY INVESTMENT LTD., WILLIAMSON & ASSOCIATES INC., LUREE WILLIAMSON, DENNIS BLAIN and ANDREW SIMON

Defendants

AMENDED STATEMENT OF CLAIM

This Statement of Claim is delivered by **BORDEN LADNER GERVAIS LLP**, solicitors for the Plaintiffs who reside in Calgary, Alberta; and whose address for service is in care of the said solicitors at 1000, 400 - 3rd Avenue S.W., Calgary, Alberta T2P 4H2, Attention: John D. Blair; and is addressed to the Defendants who insofar as is known to the Plaintiffs reside in Calgary, Alberta.

BORDEN LADNER GERVAIS LLP
Barristers and Solicitors
1000, 400 Third Avenue S.W.
Calgary, Alberta T2P 4H2
Attention: John D. Blair
Telephone: (403) 232-9723
Fax: (403) 266-1395

NOTICE TO THE DEFENDANTS:

TO: JEANETTE CLEONE COUCH, SHIRE INTERNATIONAL REAL ESTATE INVESTMENTS LTD., SHIRE ASSET MANAGEMENT LTD., THICKWOOD REAL PROPERTY INC., MAPLES AND WHITE SAND INVESTMENT LTD., HALAMA GARDENS LTD., HALAMA GARDENS LLC, PHILIP ARCHER, 1335778 ALBERTA LTD., CDN MAUI LLP, CHEMAINUS PROPERTIES LTD., SKAHA LAKE DEVELOPMENT LTD., ORILLIA INVESTMENT LTD., BEARSPAW AT 144TH AVENUE LTD., FORT MCMONEY PROPERTIES LTD., AC&C DEVELOPMENT GROUP LTD., TSEHUM HARBOUR LTD., BOSUN'S HOLDINGS LTD., TSEHUM HARBOUR PLACE HOLDINGS LTD., EYELOGIC SYSTEMS INC., CONSTRUCT REALTY INVESTMENT LTD., WILLIAMSON & ASSOCIATES INC., LUREE WILLIAMSON, DENNIS BLAIN and ANDREW SIMON

You have been sued. You are the Defendants. You have only 15 days to file and serve a Statement of Defence or Demand of Notice. You or your lawyer must file your Statement of Defence or Demand of Notice in the office of the Clerk of the Court of Queen's Bench in Calgary, Alberta. You or your lawyer must also leave a copy of your Statement of Defence or Demand of Notice at the address for service for the Plaintiffs named in this Statement of Claim.

WARNING:

If you do not do both things within 15 days, you may automatically lose the lawsuit. The Plaintiffs may get a Court Judgment against you if you do not file, or do not give a copy to the Plaintiffs, or do either thing late.

CLERK OF THE COURT
JUL 13 2009
CALGARY, ALBERTA

THIS IS EXHIBIT " B "
referred to in the Affidavit of
Jennifer Lofgren
Sworn before me this 19th
day of August A.D. 2011
A Commissioner for Oaths in and for the Province of Alberta
CORY H. D. F[illegible]
Barrister & Solicitor

ALBERTA SECURITIES COMMISSION

NOTICE OF HEARING

Citation: Shire International, Re, 2009 ABASC 276

Date: 20090605
Docket: E/04130

***Securities Act*, R.S.A. 2000, c. S-4 (*Act*)**

To: **Jeanette Cleone Couch, Shire International Real Estate Investment Ltd., Shire Asset Management Ltd., Hawaii Fund, and Maples and White Sands Investment Ltd.**

Notice: The Alberta Securities Commission will convene on Tuesday, 16 June 2009, at 2 p.m., for a hearing to consider whether it is in the public interest to extend the interim cease trade order granted in this matter on 4 June 2009.

Location: Alberta Securities Commission, 6th Floor, 300 – 5th Avenue SW, Calgary, Alberta.

Procedure:

1. You may obtain disclosure and particulars of the allegations in this Notice from Liam Oddie, c/o Alberta Securities Commission, 4th Floor, 300 - 5 Avenue SW, Calgary, Alberta, T2P 3C4, telephone 403.297.4295.

2. You may be represented by legal counsel and you or your counsel may make representations and introduce relevant evidence at the hearing.

3. If you or your counsel fail to attend on the 16 June 2009 at 2 p.m., or as directed, the hearing may proceed in your absence and an order may be made against you without further notice.

See also section 29 of the Act and Rule 15-501 – Rules of Practice and Procedure for Commission Proceedings.

Allegations

Summary of Breaches

1. Staff of the Alberta Securities Commission (respectively **Staff** and **Commission**) alleges that Jeanette Cleone Couch (**Couch**), Shire International Real Estate Investment Ltd. (**Shire**), Shire Asset Management Ltd. (**Shire Asset**), Hawaii Fund, and Maples and White Sands Investment Ltd. (**Maples**) (collectively, the **Respondents**), have made materially misleading or untrue statements, both to potential investors and to Commission investigators, and have engaged in an act, practice, or course of conduct relating to a security that they knew or reasonably ought to have known would perpetrate a fraud on investors.

Parties

2. Hawaii Fund is a trust established to issue units for the stated purpose of obtaining funds to buy and develop three properties located in Maui, Hawaii, U.S.A..

3. Maples is an Alberta company established to issue mortgage units for the stated purpose of obtaining funds to buy and develop certain properties located in Sorrento, British Columbia.

4. Shire Asset is an Alberta company. It is the trustee and manager of Hawaii Fund, and one of its promoters.

5. Shire is an Alberta company that purports to carry on business as a real estate developer. It is Hawaii Fund's promoter and Maples' selling agent.

6. Couch is an Alberta resident, and the sole director and officer of Shire, Shire Asset, and Maples, as well as the directing mind of Hawaii Fund.

Circumstances

7. Until 4 June 2009, the Respondents were soliciting investors, including Alberta investors, to raise capital under an offering memorandum (**OM**) for each Hawaii Fund and Maples.

8. In the Hawaii Fund and Maples OMs, the Respondents made statements to investors they knew or ought reasonably have known were materially misleading or untrue, including:

   8.1. that Shire was buying two of the properties targeted by Hawaii Fund for development (**Target Properties**) for $2.5 million from a company controlled by Couch, which had purchased them for the same price from an unrelated party in 2006;

   8.2. that Shire was buying one of the Target Properties for $5.3 million from a numbered Alberta company, which had purchased it for the same price from an unrelated company in 2007;

   8.3. that Shire was in the process of making an application for a building permit for two of the Target Properties; and

   8.4. that Shire had a particular real estate development project portfolio, without accurately disclosing the status of the projects.

9. Staff alleges that the Respondents knew or ought to have known that the statements in paragraph 8 would reasonably be expected to have a significant effect on the market price or value of a security.

10. Staff alleges that the Respondents engaged in conduct relating to securities that they knew or reasonably ought to have known would perpetrate a fraud on investors, in that:

    10.1. the Respondents knowingly used raised capital for undisclosed, improper purposes and knowingly deceived investors with respect to the ownership status and acquisition of the Target Properties, the use of the funds raised, and the deceitful nature of the Respondents' business;

    10.2. the Respondents' deceitful conduct either caused actual loss to investors or placed investors' pecuniary interests at risk; and

    10.3. the Respondents knew that their deceitful conduct could have such a consequence.

11. In the course of an interview conducted by Commission investigators, the Respondents, under oath, made numerous misleading and untrue statements to investigators concerning Shire's capital raising and real estate development activities.

Breaches

12. As a result of the above, Staff alleges that the Respondents:

    12.1. breached s.92(4.1) of the *Act* by making statements that they knew or reasonably ought to have known were materially misleading or untrue and would reasonably be expected to have a significant effect on the market price or value of a security;

    12.2. breached s.93 of the *Act* by engaging or participating in an act, practice, or course of conduct relating to a security that they knew or reasonably ought to have known would perpetrate a fraud on a person or company; and

    12.3. breached s.221.1(2) of the *Act* by making materially misleading and untrue statements to Commission investigators.

13. Staff alleges that the Respondents' conduct, as described above, is contrary to the public interest.

	)	ALBERTA SECURITIES COMMISSION
Calgary, Alberta, 5 June 2009.	)	
	)	
	)	*"ORIGINAL SIGNED BY"*
	)	David Linder
	)	Executive Director, Alberta Securities Commission

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

AND IN THE MATTER 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 INVESTMENTS 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., AND ORILLIA INVESTMENTS LTD.

THIRD REPORT OF THE MONITOR

ERNST & YOUNG INC.

October 7, 2009

THIS IS EXHIBIT "C"
referred to in the Affidavit of
Jennifer Lofgren
Sworn before me this 19th
day of August A.D. 2011

A Commissioner for Oaths in and for the Province of Alberta

CORY H. D. RYAN
Barrister & Solicitor

ERNST & YOUNG
Quality In Everything We Do

TABLE OF CONTENTS TO THE THIRD REPORT OF THE MONITOR

INTRODUCTION

1. On August 10, 2009, Shire International Real Estate Investments Ltd. ("Shire"), 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 Investments 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., and Orillia Investments Ltd. (collectively, "the Applicants" or "Shire Group") sought and obtained protection from their creditors under the Companies' Creditors Arrangement Act, R.S.C. 1985 c. C-36, as amended, (the "CCAA") pursuant to an order of this Honourable Court (the "Preliminary Initial Order").

2. Subsequent to the Preliminary Initial Order, the Alberta Securities Commission ("ASC") sought and obtained certain amendments to the Preliminary Initial Order clarifying terms relating to the actions commenced by the ASC with respect to the interim cease trade order extension dated June 15, 2009. For the purposes of this report, the Preliminary Initial Order, together with the ASC amendments thereon will be referred to as the Initial Order.

3. Pursuant to the Initial Order, Ernst & Young Inc. was appointed monitor of the Applicants during these CCAA proceedings (the "Monitor").

4. The purpose of this third report of the Monitor (the "Third Report") is to provide this Honourable Court with an update in respect of the following:

    a. An update on the Monitor's investigation into the financial affairs of the Applicants as mandated by the Initial Order;

    b. the Applicants operational and restructuring efforts since the Second Report of the Monitor dated October 2, 2009;

c. the intended, structure composition and responsibilities of the stakeholder committee;

d. details of the request for proposal process proposed by the Applicants' (the "RFP Process");

e. The Applicants' request for an increase in the DIP loan (the "DIP Facility");

f. the Applicants' forecast for the period October 3rd to December 8th, 2009;

g. the Applicants' request for an extension to the stay of proceedings; and

h. the Monitor's recommendations.

5. Capitalized terms not defined in this Third Report are as defined in the Initial Order. All references to dollars in this Third Report are in Canadian currency unless otherwise noted.

TERMS OF REFERENCE

6. In preparing this Third Report, the Monitor has relied upon unaudited financial information, the Applicants records and discussions with management of the Applicants. The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information and, accordingly, the Monitor expresses no opinion or other form of assurance in respect of such information contained in this report. Some of the information referred to in this report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in the Canadian Institute of Chartered Accountants ("CICA") Handbook has not been performed. Future oriented financial information relied upon in this report is based on management's assumptions regarding future events and actual results achieved will vary from this information and the variations may be material.

BACKGROUND

7. The business of the Applicants has been the financing, purchase and contracting for development of commercial, recreational and residential real estate in Alberta, British Columbia, Ontario, Hawaii, Belize and Mexico. A detailed background with respect to the Applicants is provided in the affidavit of Cleone Couch dated August 7, 2009 with respect to these proceedings (the "August 7th Couch Affidavit") and the previous reports of the Monitor. These documents and other information regarding these CCAA proceedings, including the Initial Order, have been posted by the Monitor on its website at: www.ey.com/ca/Shire.

OVERVIEW OF THE INVESTIGATION OF THE APPLICANTS

Background to the Investigation

8. The Initial Order empowered and directed the Monitor to review and investigate the financial and business affairs of the Applicants (the "Investigation"), with the Investigation to report on the following:

    a. The funds raised and received by the individual Applicants (the "Project Companies" or "Project Company") in connection with the purchase, sale, development or financing of real estate investment projects;

    b. The identity of investors, for what purpose, investment or project they invested funds with the Applicants, the entity they invested with and at what rate of interest;

    c. The amount currently owing by the applicable Applicant to the investors, the identity of the debtor(s), the applicable interest rate accruing to the investors;

    d. Whether any of the investors funds are secured against any property, and if so, the particulars of the security and the collateral;

    e. The use of the investors funds by the Applicants; and

    f. Whether the investor funds were segregated and applied to specific investments or projects or were commingled.

Scope of the Investigation

9. The Investigation included a review of the available bank statements, bank statement supporting documentation such as cancelled cheques and deposit information, general accounting ledgers for the individual Applicants, investor documentation, project offering memoranda, other source information such as purchase and sale agreements and interviews with management of the Applicants.

10. The Investigation commenced with a review of the Applicants' books and records relating to the period from approximately January 2007 to current (the "Investigation Period"). The Monitor notes that the Investigation Period is an approximate time period as certain of the Applicants were in existence or commenced operations prior to the Investigation Period, however limited information is available for the period prior to the Investigation Period, as current management were not involved in the operations at that time.

11. In conjunction with the Monitor completing the Investigation, the Applicants' legal counsel completed an initial legal analysis (the "Legal Analysis") of each individual Project Company which summarized the following:

    a. The ownership structure of each Project Company;

    b. The structure as to how investors advanced funds to the individual Project Companies and the rate of return the investors received;

    c. Details on the actual acquisition of property by the Project Companies;

    d. A summary of any material agreements including known purchase and sale contracts, management agreements, assignment agreements, and

    e. Other legal issues as noted by counsel to the Applicants with respect to the individual Project Companies.

12. The Monitor advises that Shire's management assisted the Monitor in the completion of the Investigation including meeting with the Monitor to review this report and the underlying analysis, answering various questions raised during this process and searching for requested supporting information. As discussed in further detail, certain deficiencies were noted with respect to state of the books and records of the Shire Group that caused the completion of the Investigation and the Legal Analysis to require significantly more time than originally anticipated.

13. The Monitor cautions that the Investigation and Legal Analysis has been completed to provide certain financial and legal information designed to assist this Honourable

Court and the stakeholders in assessing and, where advisable and practicable, proceeding with the various restructuring efforts being considered. The Monitor has not audited or reviewed the Applicants' information and, accordingly, the Monitor expresses no opinion or other form of assurance in respect of such information contained in this report. As discussed in further detail below, there are limitations in the information or supporting documentation with respect to certain transactions. If such information becomes subsequently available, it may cause the analysis below to vary. The Monitor is continuing to follow up on certain of the unknown or unsupported transactions and will provide further updates with respect to its analysis as required.

Investigation Procedures

14. The following procedures were completed in carrying out the Investigation:

    a. Bank statements for each Applicant were obtained from either Shire Group management or directly from the bank. The following table sets out the list of bank accounts by Project Company;

Legal Entity	Bank	Account Number	Account Opened	Account Closed
Bearspaw at 144th Avenue Ltd.	TD Canada Trust	Service plan 6-169 5225620	Aug-07	Current
Bearspaw at 144th Bonds Inc.	NA	No bank account identified	NA	NA
Bearspaw at 144th Equities Ltd.	NA	No bank account identified	NA	NA
Chemainus Properties Ltd.	CIBC	1078615	Jun-06	Mar-07
Chemainus Properties Ltd.	TD Canada Trust	Service plan 5-169 5223059	Dec-06	Current
Fort Mcmoney Properties II Ltd.	TD Canada Trust	Service plan 7-8076 5214335	Mar-08	Current
Fort Mcmoney Properties Ltd.	CIBC	10-83619	Jun-06	Mar-07
Fort Mcmoney Properties Ltd.	TD Canada Trust	Service plan 5-169 5223040	Dec-06	Current
Halama Gardens LLC	NA	No bank account identified	NA	NA
Halama Gardens Ltd.	CIBC	1074814	Mar-06	Mar-07
Halama Gardens Ltd.	TD Canada Trust	Service plan 5-169 5223032	Dec-06	Current
Hawaii Fund	TD Canada Trust	Service plan 6-8076 5214661	Jan-09	Current
Maples and White Sands Investment Ltd.	TD Canada Trust	Service plan 7-8076 5213800	May-08	Current
Orillia Investments Ltd.	CIBC	10-83511	Jun-06	Mar-07
Orillia Investments Ltd.	TD Canada Trust	Service plan 7-8076 5214548	Nov-08	Current
Shire Asset Management Ltd.	NA	No bank account identified	NA	NA
Shire Capital Ltd.	TD Canada Trust	Service plan 6-8076 5213894	Oct-08	Current
Shire International Real Estate Investment	HSBC	029-462886-001	Mar-07	Current
Shire International Real Estate Investment	Interior Savings	250-497-8204	Oct-07	Current
Shire International Real Estate Investment Ltd.	TD Canada Trust	Service plan 6-169 5222362	Oct-06	Current
Skaha Lake Development Ltd	TD Canada	5222494	Oct-06	Nov-08
Skaha Lake Development Ltd	TD Canada Trust	Service plan 4-8076 5214556	Nov-08	Current
Tsehum Harbour Bonds Ltd.	TD Canada Trust	Service plan 1-8076 5213908	Oct-08	Current
Tsehum Harbour Equities Ltd.	NA	No bank account identified	NA	NA
Tsehum Harbour Ltd.	NA	No bank account identified	NA	NA
Winn River Resort Ltd.	NA	No bank account identified	NA	NA

b. Bank information requests were sent to each of HSBC, CIBC, RBC, Scotiabank, and TD Canada Trust where the Monitor has sought to confirm that no additional bank accounts other than those identified above exist;

c. Supporting documents, such as cancelled cheques and documentation of deposits were obtained either from Shire Group management or directly from the bank, where available. The Monitor notes that deposit books were not used by the Applicants, therefore alternative source documentation such as investor correspondence or copies of cheques received was used;

d. Data from the bank statements was summarized and categorized based on source documentation where available (eg. cancelled cheque, deposit correspondence, etc.) to determine the source, purpose and use of the funds;

    i. Where information was not available from source documentation, the transactions were cross referenced with the financial records (general journals) compiled by management of the Applicants to identify the appropriate classification. In some instances, the Monitor has not yet been able to obtain source documentation nor do the financial records contain sufficient information (for example, entries recorded as "wire tsfer" or simply "tsfer") to allow the Monitor to analyze the transaction. In these instances, the Monitor has summarized the amounts based on the Applicants' coding of the disbursement to a specific inter-company project account as an "Other Disbursement" or "Other Transfer"; and

    ii. The Monitor is continuing to investigate certain of the unsubstantiated "wire tsfer" and "trsfer" amounts with the assistance of the Applicants, but cautions that determining all the ultimate source/recipient of the funds may not be determinable on a cost efficient basis.

Limitations of the Investigation

15. The Monitor has completed the majority of its analysis required to complete the Investigation and the results of which are discussed below. However, certain information remains outstanding including:

a. Certain bank statements and related documentation for certain Shire accounts for the periods May to December 2006 and the months of October 2007, March 2008 and June 2009;

b. Banking information for a Hong Kong financial institution was unavailable for review by the Monitor; however the Monitor believes that approximately $300,000 was disbursed through this account. Management of the Applicants has indicated that this account was funded for the required disbursements of a Hong Kong sales office managed by Mr. Edmund Au. Management have advised that that the Hong Kong sales office was closed and the Applicants never received any reporting of usage of these funds from Mr. Au, nor are they aware of the particular financial institution that this account was held with. Management has further represented that all funds from this account were used in their entirety to fund the Hong Kong sales office and that there are no funds remaining;

c. Detailed supporting information for certain transfers and payments was unavailable and therefore certain assumptions were made based on general ledger descriptions or from discussion with management. The Monitor is continuing to follow up support for these items; and

d. Certain credit card statements were not available; accordingly, details of the expenditures for the certain months could not be analyzed.

16. The Shire Group was in the process of completing financial statements for the fiscal years ended April 30, 2008 and April 30, 2009 for the relevant entities; however, the process involving the external accountant was temporarily suspended due to the availability of financing. If further funds become available, the Monitor understands that the Shire Group will consider the cost and benefit of completing the financial statements. The Monitor would note that the financial statements are notice to reader financial statements prepared on a compilation basis (no level of assurance provided by the preparer of the statement) and the benefit of finalizing such statements will have to be considered in this context.

KEY FINDINGS FROM THE INVESTIGATION

17. During the course of its Investigation and the completion of the Legal Analysis by the Applicants' legal counsel, the Monitor noted the following key findings.

Accounting records

a. The books and records of Shire and the Project Companies are deficient. No financial statements had been prepared at the date of Initial Order and certain material supporting information was either difficult to locate on a timely basis, had to be obtained from other sources or could not be located at the time of this Third Report.

b. While certain delays in obtaining information occurred due to the relocation of the Applicants business offices during the first month of these proceedings; after being settled into their new location, the Applicants continued to have difficulties in locating and providing to legal counsel and/or the Monitor certain requested books and records. The Shire Group did not appear to maintain complete and updated information relating to such items as final executed copies of transaction closing documents, statement of adjustments and associated material financial and legal documentation.

c. At the date of the Initial Order, the Applicants had not completed nor circulated financial statements with respect to any of the Project Companies. Certain financial statements were subsequently completed for the period ended April 30, 2007 and attached to the Affidavit of Cleone Couch, dated September 2, 2009. The majority of the Project Companies' offering memoranda required the completion of financial statements.

d. Support or detailed explanations for certain payments made by the individual Project Companies or Shire has not been obtained by the Monitor in certain circumstances. Significant payments were noted by the Monitor in its review of the respective bank statements and general ledger entries that have not yet been adequately supported or explained. The Monitor is continuing to analyze these transactions with management and certain aspects of the Investigation will need to be further updated to reflect further findings.

e. The Applicants have not completed statutory corporate income tax returns and associated tax filings. The Monitor understands that the Applicants have not filed their corporate income tax returns for the period since inception, although management advises that the Shire Group was in the process of completing these returns when these proceedings commenced.

Usage of credit cards

f. The Investigation has determined that the principals of the Applicants paid for a significant portion of the costs of Shire through the use of multiple credit cards, a substantial portion of these being personal credit cards in the name of the shareholders. Based on the sources and uses of cash examined in this Investigation, purchases of approximately $1.1 million were made by credit card during the Investigation Period.

g. From an initial review of the credit card statements, it is evident that the credit charges contain certain charges that appear personal in nature. Given the volume of transactions, the Monitor has not completed its analysis to determine the portion of the credit card expenses that were personal in nature and whether these expenses were reimbursed. Shire management have advised that any personal portion of the charges on credit cards was not charged to Shire or the Project Companies but was paid personally or allocated against shareholder loans.

h. The usage of personal credit cards to such an extent created significant administrative complexity to account for the operations as it was difficult to determine personal versus corporate expenses to ensure the payment was appropriately made and coded.

Consolidation of funds within Shire and Inter-company transactions between Shire and the Project Companies

i. Each Project Company is a separate legal entity and had its own bank account, however the majority of the transactions relating to a specific project were made by and through Shire as opposed to the Project Companies.

j. While the majority of the investors' funds were deposited into the intended Project Company's bank account, a significant portion of the funds initially deposited into the Project Companies bank account were subsequently transferred to Shire.

k. For example, as detailed further in this Third Report, of the approximately $67.4 million in cash receipts from investors received in the bank accounts of the individual Project Companies during the Investigation Period, approximately $51.3 million was subsequently transferred to Shire on an 'as needed' basis.

l. The Monitor is in the process of reconciling investor listings by Project Company as between the cash records and Shire's investor database resulting in an investor listing by project that details those investors who provide cash and those investors transferred from other projects. The Monitor has not attached the investor listing to this report due to its confidential nature (individual name and investment amount) but will seek further direction from the Court with respect to making the investor listings public.

m. Management advised that it believes that the consolidating of funds from the Project Companies into Shire's account was allowable and appropriate and consistent with industry standards and that doing so provided certain administrative efficiencies. The Monitor notes that the offering memoranda reviewed did not disclose that a significant portion of the funds would be consolidated into a Shire bank account.

n. The $51.3 million in funds received by Shire from the Project Companies was primarily used to:

    i. Reimburse Shire for the 10% selling commissions Shire earned on raising the funds;

    ii. Reimbursing Shire for certain payments made by Shire on behalf of the Project Company such as deposits made by Shire to acquire the property or other items;

    iii. Allow Shire to acquire assets in its own name. Shire acknowledges that there is an inter-company payable from Shire to certain Project Companies and that the assets held by Shire in its own name are held for the benefit of its creditors and investors; and

    iv. Pay Shire's overhead costs including advertising, salaries and wages, travel expenses, and other general and administrative expenses.

o. The process of the majority of the funds from the Project Companies being consolidated into Shire's bank account and Shire making the majority of the disbursements creates significant inter-company balances as all costs paid by Shire on behalf of the Project Companies need to be applied to the respective Project Company through an inter-company account. The analysis below indicates that Shire may owe the Project Companies in excess of $5.6 million due to the fact that certain Project Companies transferred more funds to Shire than was owed or owing to Shire. Such inter-company balances will need to be resolved and considered in any restructuring and/or recovery efforts.

p. Management advised that the policy of consolidating funds within Shire allowed certain operating efficiencies and that consolidating purchasing (and therefore payment) resulted in more favourable rates. However, each of the Project Companies was a separate legal entity with its distinct investors / creditors, which is not consistent with the methodology of consolidating the majority of funds in Shire's bank account.

Lack of approval / formal documentation of inter-company transactions

q. The inter-company transactions occurred between Project Companies and between the Project Companies and Shire without apparent investor approval or supporting documentation such as promissory notes or other information evidencing the advance. Furthermore the inter-company transactions between entities do not balance in the underlying general ledgers.

Allocation of costs

r. Shire paid for the majority of the overhead costs comprising advertising costs, salary and wages and other 'head office' expenses. These costs were then allocated by Shire to each of the Project Companies based on the funds raised by each individual Project Company. The allocation process was not documented in a formal agreement (as to the methodology or what expenses should be included or excluded) and was not specifically addressed in the various offering memoranda.

s. The costs allocated by Shire to the Project Companies has a material impact on the inter-company balances as the allocated costs were applied against the inter-company accounts.

Legal Due Diligence

t. Significant and material deficiencies were noted in the review of the Legal Analysis including:

    i. Missing or incomplete agreements (purchase and sale agreements, extension agreements, etc.);

    ii. In certain cases, the assets to be purchased as set out in the offering memoranda were acquired and held in different entities than disclosed in the offering memoranda and, in others, the properties were never ultimately acquired; and

iii. Certain Project Companies obtained mortgage financing to assist with the acquisition of the respective properties, when such financing was not disclosed in the offering memorandum and when it appears sufficient funds should have ultimately been raised from the funds received from investors to repay the mortgage.

u. Examples of the limitation of documentation of certain material related party transactions includes a transaction whereby Shire purportedly entered into a joint venture with Williamson & Associates Inc. ("Williamson") for the purchase and development of a property known as the Marda Loop Lots with the intent to develop and market this property for resale. The shareholder of Williamson is Ms. Luree Williamson, who the Monitor understands is the daughter of Mrs. Cleone Couch. The Monitor understands that the basis for the joint venture was that Shire was to contribute the initial cash deposit for the acquisition of this properties and that Williamson was to obtain the financing for the acquisition. The Monitor understands that the Legal Analysis prepared by the Applicants' legal counsel has determined that Williamson holds legal ownership to this property as evidenced by legal title. However, no joint venture agreement or loan documentation exists with respect to the amounts contributed by Shire towards the acquisition, maintenance or development of this property. The Monitor would note that this venture was ultimately unsuccessful.

v. Documentation relating to property acquisitions and structure

   i. For certain projects, the corporate structure set out in the offering memorandum was not followed. The Bearspaw project contemplated a series of entities and transactions, however, it appears that only one bank account and general ledger was maintained;

   ii. In certain circumstances the transactions contemplated in the offering memorandum were not completed however, funds were not returned to the investors;

iii. At times, the current owner of the project is not as contemplated or disclosed in the offering memorandum; and

iv. Certain Project Companies arranged for third party mortgages when it appears that sufficient funds should have existed from the investors to acquire the properties.

Assets held by the Project Companies and Shire

w. The value of assets currently held by the Project Companies and Shire is significantly less than the total value of funds raised with the difference comprising:

i. The commissions paid on the raising of funds;

ii. The funding of Shire's general and administrative expenses which were allocated back to the Project Companies;

iii. Costs incurred in attempting to acquire properties, forfeited deposits and other costs when the Shire Group was not successful in closing the acquisition of the properties; and

iv. Other higher than anticipated costs in acquiring certain properties.

Shareholder loan account

x. Although the Monitor continues its investigation, based on the information examined thus far, the Monitor has not found evidence of any significant funds being paid directly by Shire or the Project Companies to Mrs. Cleone Couch ("Mrs. Couch") other than repayments of shareholder loan accounts totalling approximately $590,000 during the Investigation Period. Mrs. Couch advised that the repayments relate to reimbursement of expenses incurred personally on behalf of the Applicants as well as other monies contributed into the Applicants. The Monitor is in the process of continuing to review the shareholder loan account and will provide a further update to this Court in due course.

y. The Monitor understands that the composition of the shareholder loan related to:

i. Fees and/or salaries earned but not drawn by Mrs. Couch; and

ii. Other amounts advanced by Mrs. Couch to Shire.

z. The shareholder loan account per Shire's books and records indicates that approximately $663,000 is owing to Mrs. Couch as at May 31, 2009 and Mrs. Couch has advised that she has incurred additional debts relating to the Applicants business since this time. Mrs. Couch also advised that any commissions that would accrue to her personally as a result of sales to her individual client contacts were retained by Shire and were not redeemed or credited to her shareholder loan.

aa. The Monitor is continuing to analyze the shareholder loan account and advises that certain transactions are continuing to be analyzed.

OVERVIEW OF SHIRE GROUP

18. The Shire Group was comprised of Shire and the following individual legal entities, collectively referred to as "Project Companies" or individually as the "Project Company":

    a. Shire Capital Ltd.

    b. Halama Gardens LLC;

    c. Shire Asset Management Ltd.;

    d. Fort McMoney Properties II Ltd.;

    e. Halama Gardens Ltd.;

    f. Maples and White Sands Investment Ltd.;

    g. Fort McMoney Properties Ltd.;

    h. Chemainus Properties Ltd.;

    i. Skaha Lake Development Ltd.;

    j. Tsehum Harbour Ltd.;

    k. Bearspaw at 144th Avenue Ltd.;

    l. Bearspaw at 144th Equities Ltd.;

    m. Bearspaw at 144th Bonds Inc.;

    n. Tsehum Harbour Equities Ltd.;

    o. Tsehum Harbour Bonds Ltd.; and

    p. Orillia Investments Ltd.

19. Shire's primary relationship with respect to the Project Companies was to facilitate the raising of the funds required by Project Companies from individual investors. At times, Shire initially acquired a property or entered into a purchase agreement for a property and placed the required deposit. The completion of the acquisition of the property was to be completed by the Project Company using the funds raised from the investors.

20. The Monitor understands that Shire's management maintained control of the books and records of each of the Project Companies as well as having signing authority on each bank account. In addition, the Monitor understand that Shire essentially acted as project manager for each Project Company with the exception of Orillia, Chemainus and Skaha Lake and controlled the funds and related disbursements.

21. In exchange for raising the required funds for the Project Companies, under the terms of the individual offering memorandum, Shire was generally entitled to;

a. Receive a selling commission equal to 10% of the funds raised (a portion of which would be paid by Shire to selling agents, if any were involved);

b. Receive an annual or one-time management fee to cover Shire's services for providing administrative services to the project; and

c. Be reimbursed for offering costs from the Project Companies.

22. The Project Companies were to receive the funds raised by Shire from the various investors and use these funds to:

a. Pay Shire its selling commissions and fees;

b. Pay Shire any offering costs or management fees as set out in the respective offering memoranda; and

c. Use the funds to acquire the respective property or proceed with development as set out in the respective offering memoranda.

23. Each Project Company was a separate legal entity and had its own bank account. The Monitor's understanding based on discussions with management and a review of the various offering memoranda, was that each Project Company was to raise funds which were then to be used to pay the expenses related to the respective project. Each Project Company had its own bank account, legal structure and books and records, however Project Companies associated with the same general project (i.e. Bearspaw at 144th Avenue Ltd., Bearspaw at 144th Equities Ltd. and Bearspaw at 144th Bonds Inc.) would generally only have one bank account.

24. The Monitor's understanding as to how the flow of funds was to work as between the Project Company and Shire is illustrated by the following example. Assuming Shire raised $10 million for a specific Project Company, the Monitor understands the following:

a. that $10 million would be received by the Project Company and deposited into the Project Company's individual bank account;

b. The Project Company would then pay Shire the established commission fee (10%) which in this example would equal $1 million;

c. The Project Company would pay Shire any other selling and administrative costs allowed by the offering memorandum. In this example offering costs are assumed to be $500,000;

d. The Project Company would reimburse Shire for any direct costs that had been paid by Shire on behalf of the Project Company (i.e. deposit placed on the purchase and sale contract). In this example, no direct costs have been assumed; and

e. In summary, in the above example, it would be expected that the Project Company would hold approximately $8.5 million in its bank account representing the $10 million in investor funds raised, less the commissions payable to Shire ($1 million or 10% of the funds raised) and the offering costs (assumed in this example to be $500,000). The funds would then remain in the Project Companies' account to be used to complete the acquisition of the property or continue with the development of the project as set out in the offering memorandum.

25. However, the Shire Group did not operate precisely in this fashion. Based on the analysis below, it appears that while the funds raised by Shire on behalf of the Project Companies were originally deposited into the individual bank accounts maintained by the Project Companies, a significant portion of the investors funds were transferred from the Project Companies' bank accounts to the bank accounts of Shire creating inter-company accounts between the individual Project Companies and Shire. The inter-company balances would then further be adjusted to reflect the following:

   a. Payments made by Shire on behalf of the Project Companies for reimbursement of payments made in advance of the raising of the funds (i.e. purchase deposits relating to the properties to be acquired by the Project Company);

   b. Commissions that were owed by the Project Companies to Shire for the raising of the funds;

   c. Other selling costs incurred by Shire that were deemed by Shire to be chargeable to the Project Companies;

   d. Overhead costs incurred by Shire that were allocated to the Individual Project Companies (referred to the "Allocated Costs"); and

   e. Payments made by Shire on behalf of the Project Companies following the raising of the funds (eg. costs of engineering studies on a particular property).

26. Management advised that it believes the consolidating of funds held into Shire's account was allowable and that doing so provided certain administrative efficiencies. However, the Monitor notes that the offering memoranda that were reviewed did not indicate that Shire would hold the majority of the funds raised.

27. Shire did not invoice the Project Companies for costs incurred including commissions, managements fees, direct costs paid on behalf of the Project Companies or the Allocated Costs, but instead credited these payments against the amount of funds transferred from the individual Project Companies to Shire through the inter-company accounts. Depending on the amount of funds advanced by the individual Project Companies and the amount of payments and Allocated Costs applied by Shire against the inter-company account there would be an intercompany receivable or payable balance between each Project Company and Shire.

PROJECT COMPANIES – SOURCES AND USES OF FUNDS

28. Attached at Appendix 1 to this report is a schedule that summarizes the funds raised by individual Project Company and the use of the funds. The table below summarizes the total for all Project Companies:

Sources and uses of cash:	
	Total
Sources of cash:	
Net other intercompany transfers in	242,000
Funds raised from investors	67,375,722
Other sources of cash	1,963,005
Total sources of cash	**69,580,726**
Uses of cash:	
Net intercompany transfers to Shire	51,310,334
Purchase/deposits on property	14,114,643
Interest	2,244,093
Other uses of cash	1,876,850
Total uses of cash	**69,545,919**

29. The table above illustrates that in total the Project Companies received approximately $67 million of investor funds with these funds being deposited into the individual bank accounts of the Project Companies. Of this amount, the Project Companies made the following net disbursements over the Investigation Period:

a. Approximately $51.3 million was transferred to Shire;

b. $14.1 million was used directly by the Project Companies in an attempt to acquire properties or commence development; and

c. \$4.1 million was used for the payment of interest and other expenses.

30. As outlined in the First Report of the Monitor, the investor database maintained by the Applicants include certain investors who had exercised a remedy provided to them known as a "Roll-over" whereby they were provided with an opportunity to effectively "transfer" their original investment for an investment in another Project Company, without a subsequent cash outlay. For purposes of the analysis within this Third Report with respect to the sources and uses of cash, the Monitor has considered only the cash amount of contribution made by investors and has disregarded the "roll-over" amounts.

31. The Applicants maintained an investor database outlining the amount of cash investments, RRSP investments and tax free savings account investments which the Monitor compared to the cash received from investors in the individual Project Company sections below. The Monitor continues to reconcile certain variances as discussed below.

32. Details of the sources and uses of the individual Project Companies is discussed in further detail below.

SHIRE – SOURCES AND USES OF FUNDS

33. As discussed above, Shire received approximately \$51.3 million in net receipts from the Project Companies over the Investigation Period. It appears that, basically since inception, the Shire Group operated on a basis of consolidating the funds raised by the individual Project Companies to the account of Shire, with Shire using the funds to cover the related selling costs, overheads, general and administrative costs, as well as Shire being reimbursed for amounts paid by Shire behalf of the Project Companies (for amounts paid relating to the acquisition and/or development of the properties).

34. Management advised that the cash funds were consolidated within Shire's bank accounts primarily due administrative reasons and to allow for flexibility in cash flow management. Management advised that it was easier from an administrative aspect to have Shire hold the funds, as Shire paid for the majority of the costs and expenses and

in certain circumstances were the party who commenced the acquisition process of the respective properties. In addition, management advised given that the development process was staggered for the various individual projects, having Shire hold the funds provided flexibility from a cash flow management.

35. The table below provides an illustration as to the use of the funds Shire received from the Project Companies:

Shire	Total
Net receipts from Project Companies	**(51,310,333)**
Allocated Costs Incurred:	
Wages	533,474
Accounting and Legal	251,352
Advertising	2,685,344
Courier	35,478
Office Expenses	306,562
Rent	583,335
Repairs and Maintenance	5,747
Telephone	63,414
Travel	397,424
2006 Allocated Costs*	493,867
Total G&A*	**5,355,998**
Commissions paid to agents	5,318,218
Funds used to purchase Shire Assets	8,837,404
Funds transferred by Shire on Project Company behalf	9,240,657
Direct Costs incurred by Shire on Project Company behalf	22,970,784
Other sources of cash	(412,729)
Net cash	**-**
Allocated Costs of $5,355,999 includes $493,867 of amounts from 2006 for which allocation schedule have not been received.	

36. The table above is based on analysis of the general ledger account of Shire and a preliminary analysis of the Shire's bank statements. The Monitor is continuing its investigation with respect to these disbursements, but has provided the analysis above on a preliminary basis. The table indicates the following:

a. Shire received approximately $51.3 million of net funds from the Project Companies during the Investigation Period;

b. Of the funds received, Shire disbursed the following:

i. $5.4 million in general and administrative costs comprising advertising, salaries etc. As discussed in further detail below, the $5.4 million in general and administrative costs were allocated or charged back to the individual Project Companies reducing the inter-company balance as between Shire and the Project Companies;

ii. With respect to the above levels of general and administrative expenses, the Monitor would note that, although it cannot comment on the reasonableness of the level of expenses, it understands that during the period of active operations, the Shire Group was operating offices in Calgary, Vancouver, Hong Kong and Shanghai and had approximately 25 staff,

iii. $5.3 million in commissions paid by Shire to their sales' agents. This amount represents the amount paid by Shire as opposed to the amount entitled by Shire under the various offering memoranda. For example, Shire was entitled to a 10% selling commission from the Project Companies however, Shire did not always have to pay a corresponding amount to its selling agents;

iv. Shire used approximately $8.8 million to acquire various assets for its own account as discussed in further detail below; and

v. $9.2 million in funds transferred out by Shire on behalf of the individual Project Companies and $23.0 million in direct costs paid by Shire on behalf of the individual Project Companies. The details of these payments are discussed in further detail below on a project by project basis.

Analysis of Shareholder Loan Payable to Cleone Couch and payments to related parties

37. The most recent books and records of Shire indicate that there is a shareholder loan payable to Mrs. Cleone Couch in the amount of approximately $663,000 as at May 31, 2009. The Monitor has not yet analyzed this loan account in detail, but notes that it

appears that approximately $393,000 of the amount relates to monies owed by Shire in relation for services rendered by not paid by Mrs. Couch and her husband.

38. Mrs. Couch has advised that from the period May 31, 2009 to the filing of these proceedings this shareholder loan has increased to approximately $778,000 as a result a various earnings by Mrs. Couch that were not paid and from other payments made by Mrs. Couch on behalf of the Applicants.

39. The Monitor would note that although it has been unable to review all disbursements made by the Applicants, it has not yet found conclusive evidence of significant amounts of funds being disbursed to Mrs. Couch in her personal capacity, other than the repayments on the shareholder loans discussed above. However, as discussed below, certain payments made by Shire purportedly on behalf of the Project Companies are currently unsubstantiated and the Monitor continues its investigation..

ANALYSIS OF INTER-COMPANY ACCOUNTS BETWEEN SHIRE AND THE PROJECT COMPANIES

40. As discussed above, the Shire Group essentially operated its bank accounts on a consolidated basis with the majority of the funds being transferred to and disbursed from Shire's bank account. However, while approximately $51.3 million was transferred from the Project Companies to Shire, Shire would be entitled to a certain portion of these funds including:

    a. Commissions and management fees owing by the Project Company to Shire;

    b. Direct costs paid by Shire on behalf of the Project Companies;

    c. Other fees and expenses payable by the Project Companies to Shire as set out in the respective offering memoranda; and

    d. A portion of allowable Allocated Costs that could be charged back by Shire to the Project Companies.

41. The table below provides a summary of net funds advanced from all Project Companies to Shire and the various charge-backs or deductions that have been reflected based on Shire's methodology of allocating costs etc:

Shire	Total
Gross Payable to / (Receivable from) Shire	(51,310,333)
Commissions payable (at 10% of funds raised)	6,911,204
Management fee payable per Shire	1,195,922
Allocable Costs (not including commissions or mgt fee)	5,355,999
Funds transferred by Shire on Project Company behalf	9,240,657
Direct Costs incurred by Shire on Project Company behalf	22,970,784
Net Payable to / (Receivable) from Shire	**(5,635,767)**

42. The table above illustrates the follow:

a. Approximately $51.3 million was transferred from the Project Companies to Shire based on an analysis of the bank statements;

b. Approximately $6.9 million of commissions were earned by Shire relating to it earning a 10% commission on the funds raised by Shire on behalf of the Project Companies (as generally provided for in the offering memoranda);

c. Management fees of $1.2 million have been charged by Shire to the Project Companies representing approximately 2% of the funds raised;

d. $5.4 million in costs incurred and paid by Shire have been allocated to the Project Companies reducing the inter-company amount owed by Shire to the Project Companies. The methodology for the Allocated Costs is detailed below; and

e. $32.2 million in costs that have purportedly been paid by Shire on behalf of the Project Companies, which are discussed in further detail below on a project by project basis.

43. The end result is that, following Shire's methodology of accounting and allocated costs between Shire and the Project Companies, it appears that Shire may owe the Project Companies approximately $5.6 million from Shire. The Monitor notes that it expresses no adequacy or propriety on the method of allocating the Shire overhead costs as this would be subject to legal interpretation and opinion. If it is ultimately determined that the Allocated Costs should not have been charged back by Shire to the Project Companies or if certain of the direct costs purportedly paid by Shire on behalf of the Project Company (and credited to the inter-company account) are not valid or appropriate, the amount owed by Shire to the Project Companies would increase accordingly. However, it appears from the analysis completed by the Monitor that certain Project Companies transferred more funds to Shire than was owed or owing to Shire, resulting in inter-company balances. Such inter-company balances will need to be resolved and considered in any restructuring and/or recovery efforts.

44. The table below summarizes the composition of the inter-company balance between Shire the respective Project Company:

Shire Group - Summary of intercompany	Total
Bearspaw	(8,049,246)
Chemainus	(1,326,813)
Fort McMoney	589,539
Fort McMoney II	1,941,904
Halama Gardens	1,535,750
Hawaii Fund	(265,912)
Orillia	2,297,004
Skaha Lake	(1,857,073)
Tsehum Harbour	(1,943,049)
Maples and White Sands	1,442,129
Net Payable to / (Receivable) from Shire	**(5,635,767)**

45. There are considerable issues that are present with respect to the analysis of the Shire inter-company balances with the various individual Project Companies including:

a. The appropriateness of the direct charges paid by Shire on behalf of the Project Companies as deducted from the inter-company balances. The Monitor has commenced an analysis of these direct charges and has determined that certain of the amounts are currently unsupported or unknown at this time. We would note that there are a significant amount of transactions under the period of review and that these disbursements will require further analysis by the Monitor and this is discussed in further detail below. For the purpose of the analysis, the Monitor has included all amounts as set out in Shire's general ledger; however, further support or documentation is needed;

b. Management fees have been charged by Shire to the Project Companies which are at times unsupported by the offering memoranda or other agreements. For example, the 2007 allocation was made on the basis of 2% of funds raised for all the Project Companies which does not take into account the differing levels of management fees as provided for in the Offering Memoranda; and

c. The reasonableness and appropriateness of the process of charging back the Allocated Costs to each Project Company as discussed in further detail below.

46. The corresponding inter-company balance between the Project Companies and Shire would be materially increased if it was determined that it was not appropriate to charge back the Allocated Costs (which total approximately $5.4 million) or if certain of the direct expenses were not valid.

Allocated Costs

47. Management's view was that expenses considered overhead expenses were incurred by Shire on behalf of the Project Companies and such expenses included advertising and marketing, office expenditures, legal costs, etc. ("Shire Overhead"). Payments related to the Shire Overhead were paid by Shire from the Shire bank account on a regular basis. At year-end, management attempted to pro-rate the Shire Overhead to each Property Company for which it was raising funds during that fiscal year, based on the amount of financing raised during the year as the basis for allocation.

48. The Monitor understands that costs that were directly attributable to a specific project or Project Company (eg. engineering study at a particular property) were at times disbursed from the Shire bank account with a corresponding inter-company entry recorded by the relevant Project Company to which the expenditure relates (referred to above as a direct cost reimbursement).

49. Management advised that it transferred funds from the various Project Bank Accounts into the Shire Bank Account on an "as-needed" basis to fund the payments being made by Shire with the transfer being recorded as an inter-company transfer in the financial statements of the Project Company.

50. The process of transferring funds on an 'as needed' basis from certain Project Company accounts to Shire and allocating the expenses at year end will result in further inter-company balances unless the amount of funds transferred by the individual Project Companies equalled the year end allocation. For example, if Project Company 'A' advanced $100,000 to Shire which was used by Shire to pay for overhead expenses, and at year end only $40,000 was allocated to Project Company 'A' based on the allocation procedure, Shire or the other Project Companies would have an inter-company payable of $60,000 to Project Company 'A'. Presumably, Shire would have a corresponding inter-company receivable owing from other Project Companies who advanced less funds to Shire than the year end allocation calculation.

51. The total Allocated Costs charged to the individual Project Companies is provided in the table below (note that the following table only pertains to allocated overhead costs):

Summary of Shire Allocated Expenses	2006	2007	2008	2009	Total
Wages		37,844	126,903	368,727	533,474
Accounting and Legal		23,515	162,366	65,470	251,352
Advertising		440,757	1,001,733	1,242,854	2,685,344
Courier		10,031	11,848	13,599	35,478
Office		95,673	113,568	97,321	306,562
Rent		189,820	188,929	204,587	583,335
Repair and Maintenace			4,962	786	5,747
Telephone		20,152	22,575	20,688	63,414
Travel		113,750	184,735	98,940	397,424
	493,867	**931,541**	**1,817,618**	**2,112,972**	**5,355,999**

52. The table above was completed by the Monitor for 2008 and 2009 based on the methodology used in 2007 and based on discussions with management. The Monitor cautions that the table has been completed for illustrative purposes in order to calculate the various inter-company balances. As discussed above, the process of allocating costs from Shire to the Project Companies was not specifically documented and was not addressed definitively in the various offering memoranda.

53. Shire essentially charged the individual Project Companies for the allocated costs on an annual basis based on the following formula:

$$\frac{\text{Funds raised by Project Company *}}{\text{TOTAL FUNDS RAISED *}} \text{ X } \text{Total Allocated Cost *} = \text{Cost allocated to individual Project}$$

* - funds raised by Project Company, Total funds raised and allocated costs are on a per annum basis

54. The table above illustrates that of the $51.3 million in funds advanced from the Project Companies to Shire, after allocated costs based on Shire's methodology relating to the

Allocated Cost, a total of $5.6 million would be owing by Shire to the Project Companies.

55. The Monitor provides the following comments with respect to the above analysis:

a. The allocation methodology contemplates that Project Companies that did not raise money in a particular year or the Shire Assets would bear any portion of the Shire Overhead; and

b. The allocation methodology assumes that the terms of the individual offering memoranda allowed for such an allocation of the Shire Overhead and that the Project Companies were to be responsible for 100% of the general and administrative costs incurred by Shire.

Revised Inter-company Analysis

56. The Monitor has prepared an inter-company analysis based on the assumption that selling, general and administration costs to be borne by the Project Companies are based as set out in the individual offering memoranda. Each of the offering memoranda provide an estimate of the offering costs (which comprise legal, accounting etc.) in the net proceeds assuming the maximum allowable funds were obtained. The table below summarizes the resulting inter-company balances between the individual Project Companies and Shire assuming that no costs were allocated, but that Shire was only allowed to charge back to the Project Companies the maximum estimated offering cost amount including in the offering memorandums:

Shire	Total
Gross Payable to / (Receivable from) Shire	(51,310,333)
Commissions payable (at 10% of funds raised)	6,911,204
Management fee payable per OM	1,779,200
Estimated offering costs, management and administration charges per OM	2,445,137
Funds transferred by Shire on Project Company behalf	9,240,657
Direct Costs incurred by Shire on Project Company behalf	22,970,784
Net Payable to / (Receivable from) Shire	**(7,963,350)**

57. The table above indicates that the estimated offering costs included in the various offering memoranda totalled approximately $2.5 million, were as approximately $5.4 million in costs were allocated based on the above noted Allocated Cost methodology.

SUMMARY OF PROPERTIES ACQUIRED

58. The table below provides an illustration of the various projects of the individual Project Companies and Shire as compared to the third party secured mortgages and the funds raised from investors. The Monitor cautions that the properties have been disclosed at the purchase price paid or the recent appraised value (for the projects that have a recent appraisal), it is to provide an illustration of the estimated assets and corresponding liabilities and the values may not be indicative of the current market values.

Shire Group
Property Summary

Project	Project analysis				Investors		
	Purchase price/appraised value (note 1)	Third party mortgages	Mortgage Units	Purchase price less mortgages	Class B Preferred Bonds	Mortgage Units	Total
	a	b	c	a + b + c	d	e	d+e
Bearspaw	9,000,000	(8,100,000)	-	900,000	20,239,300	-	20,239,300
Chemainus	780,000	-	-	780,000	6,571,300	-	6,571,300
Ft McMoney	7,000,000	(1,900,000)	-	5,100,000	7,762,403	-	7,762,403
Ft McMoney II	9,600,000	-	(6,490,000)	3,110,000	-	6,490,000	6,490,000
Halama Gardens	-	-	-	-	2,216,644	-	2,216,644
Hawaii Fund	-	-	-	-	1,396,500	-	1,396,500
Orillia	2,900,000	(1,900,000)	-	1,000,000	390,100	-	390,100
Shire Capital	-	-	-	-	-	-	-
Skaha Lake	2,500,000		-	2,500,000	8,423,593	-	8,423,593
Tsehum Harbour	3,500,000	(2,900,000)	-	600,000	4,614,349	-	4,614,349
MWS	3,000,000	-	(11,024,900)	-	-	11,024,900	11,024,900
Project Companies	38,280,000	(14,800,000)	(17,514,900)	13,990,000	51,614,189	17,514,900	69,129,089
Shire	6,344,000	(3,635,000)	-	2,709,000			
Total	44,624,000	(18,435,000)	(17,514,900)	16,699,000	51,614,189	17,514,900	69,129,089

Note 1 - Bearspaw estimated value is the mid point in the estimated value as at September 15, 2009 determined by Tony Omura
- Fort McMoney market value as at September 9, 2008 determined by Tony Omura appraisal dated October 10, 2008.
- Fort McMoney II based on conditional purchase and sale agreement

59. The table above indicates that the total purchase price/appraised value of all the Project Companies is approximately $38.3 million. Approximately $14.8 million of third party mortgages exist against these properties. A further $17.5 million in mortgage units relating to investors who purchased a 'mortgage unit' that is secured against the underlying an asset. Approximately $51.6 million of investors would have unsecured claims against the various Project Companies. A further $2.7 million of

assets (purchase price less mortgage) is currently owned by Shire, resulting in a total amount of $16.7 million.

60. The Monitor cautions that the above information is based on the Applicants' books and records and is for illustrative purposes. Further analysis will be completed by the Monitor on the above schedule.

61. The table below summarizes the assets acquired by Shire personally:

Shire Assets
Property Summary

	Project analysis			
Project	Purchase price/apprai sed value (note 1)	Third party mortgages	Mortgage Units	Purchase price less mortgages
		b	c	a + b + c
Winn River Resort	2,200,000	(600,000)	-	1,600,000
Kincardin (note 1)	-	-	-	-
16th Avenue NW Properties (Note 2)	-	-	-	-
Nuevo Vallarta (Mexico Office)	367,000	-	-	367,000
OK Falls	742,000	-	-	742,000
Killarney Infills (Note 2)	435,000	(435,000)	-	-
Marda Loop Lots (Note 2)	2,600,000	(2,600,000)	-	-
Marquis Ranche Lot (Note 2)	-	-	-	-
Options (Note 3)	-	-	-	-
Total	6,344,000	(3,635,000)	-	2,709,000

Note 1 - The Affidavit of Cleone Couch dated August 7th indicates that a project known as Kincardin was purchased in 2006 for approximately 2006, however based on the Legal Due Diligence attached as Appendices to this report, it is unclear whether this transaction closed, therefore it has not been included in this analysis.

Note 2 - The 16th Avenue NW Properties (4628 - 4630 - 16th Avenue NW) are not included in thi analysis as the Monitor understands that ownership of these properties has been transferred to 1292413 Alberta Ltd. in partial payment of an amount owing on Maples and White Sands.

Note 3 - The Infill properties (Killarney Infills, Marquis Ranche Lot are held by Williamson and Associates as outlined in the Third Report, therefore no value is assigned to them in this analysis as Williamson and Associates is not included in these proceedings. The Monitor understands that these three properties are currently in foreclosure proceedings and that there is a deficiency judgement being sought against both Williamson and Shire.

Note 4 - The value of options paid by Shire to purchase property have not been included in this analysis as the Monitor understands that legal counsel to the Applicant's have not yet fully obtained and reviewed the agreements.

62. A listing and brief description of the Shire Assets is as follows:

a. Winn River Resort – The Monitor understands that the Winn River resort is a resort property that is not currently operational, and is located in the Lake of the Woods district near Kenora, Ontario. The Monitor further understands from Shire that this property was acquired in June 2007 for approximately $2.2 million and that there is a mortgage of approximately $600,000 against this property as of the date of the commencement of these proceedings. The property's current registered owner is Shire.

b. Kincardin – The Monitor understands that Kincardin is a property encompassing approximately 5.5 Acres in Kincardin, ON which is approximately 130 miles northwest of Toronto. The Monitor further understands that this property was acquired in 2006 for approximately $1.26 million and that there is a mortgage of approximately $500,000 against this property as of the date of the commencement of these proceedings. The legal due diligence is inconclusive as to the ownership of this property.

c. 4628 / 4630 16th Avenue NW, Calgary (4628/4630) – The Monitor understands that 4628 / 4630 is a property located in the City of Calgary and that it was acquired for approximately $0.8 million and that there is no mortgage associated with this property. The Monitor understands that this property has been assigned to 1292413 Alberta Ltd. as partial payment of a debt related to the Maples and White Sands property.

d. Mexico Office – The Monitor understands that the Mexico office is essentially a condominium located in Nuevo Vallarto, Mexico and that it was acquired in 2008 for approximately $0.4 million and does not have a mortgage registered against it.

e. Infill Property –Relates to the joint venture arrangement(s) with Williamson as discussed above for three properties referred to as the Killarney Infills, Marda Loop Lots and Marquis Ranche Lots (the "Infills"). The legal due diligence report has indicated that title to these properties is registered in the name of Williamson and the Monitor understands that these three properties have been sold or are in the process of being sold under a foreclosure action and that there is a deficiency in the amounts owed to secured creditors. Williamson & Associates is not a party to these proceedings. The Monitor understands that these properties were acquired for approximately $3.5 million, with an associated mortgage of approximately $3 million as of the date of the commencement of these proceedings.

f. OK Falls RV Park – OK Falls RV Park is a recreational vehicle park located in Okanagan Falls, British Columbia and the Monitor understands that it was acquired for approximately $0.7 million.

g. Options on property – The Monitor understands that Shire placed deposits totalling approximately $1.7 million on options to acquire property in Mexico, Belize and Sooke, British Columbia. The Applicants' counsel is still reviewing the various options to determine if the underlying agreements remain in force and effect.

SUMMARY OF INVESTIGATION FINDINGS BY PROJECT COMPANY

63. The Monitor has reviewed the financial and business affairs of the Applicants by Project Company to the extent that information is available on a distinct basis and has supplemented the analysis with a review of the Shire bank accounts and general ledger account. As discussed above, a significant portion of the transactions relating to an individual Project Company would be initiated by Shire (i.e. cheque for the purchase of the property would be made from Shire's bank account) and would be applied to the specific Project Company through an inter-company journal entry. Accordingly, reviewing the bank statement of the specific Project Company does not provide a fulsome analysis. Below, the Monitor has provided an analysis of the sources and uses of cash for each individual Project Company (from a review of the Project Company's bank statements, general ledger and supporting documentation) and also an analysis of the costs paid by Shire on behalf of the Project Company or that were charged back to the Project Company.

Bearspaw at 144th Avenue Ltd. ("Bearspaw Ltd" or "Bearspaw Ave"), Bearspaw at 144th Equities Ltd ("Bearspaw Equities.") and Bearspaw at 144th Bonds Inc. ("Bearspaw Bonds"), collectively referred to as "Bearspaw")

Offering Memorandum

64. Each of Bearspaw Ltd., Bearspaw Equities and Bearspaw Bonds issued offering memoranda (collectively the "Bearspaw OMs") which indicated that a maximum of $3.8 million was to be raised from investors with the funds being used to acquire, subdivide, develop and sell certain property located at the south east quarter of section 3 in township 26, range 2 west of the fifth meridian, comprising approximately 54.7 hectares (the "Bearspaw Property"). The Monitor understands that while there were three individual offering memoranda, there was only one set of books and records, general ledger and bank account for Bearspaw.

65. Further information on Bearspaw, including the corporate structure, investments structure and information on the material agreements can be found in the Legal Analysis at Appendix 2.

66. The investment structure set out in the Bearspaw OMs is summarized below:

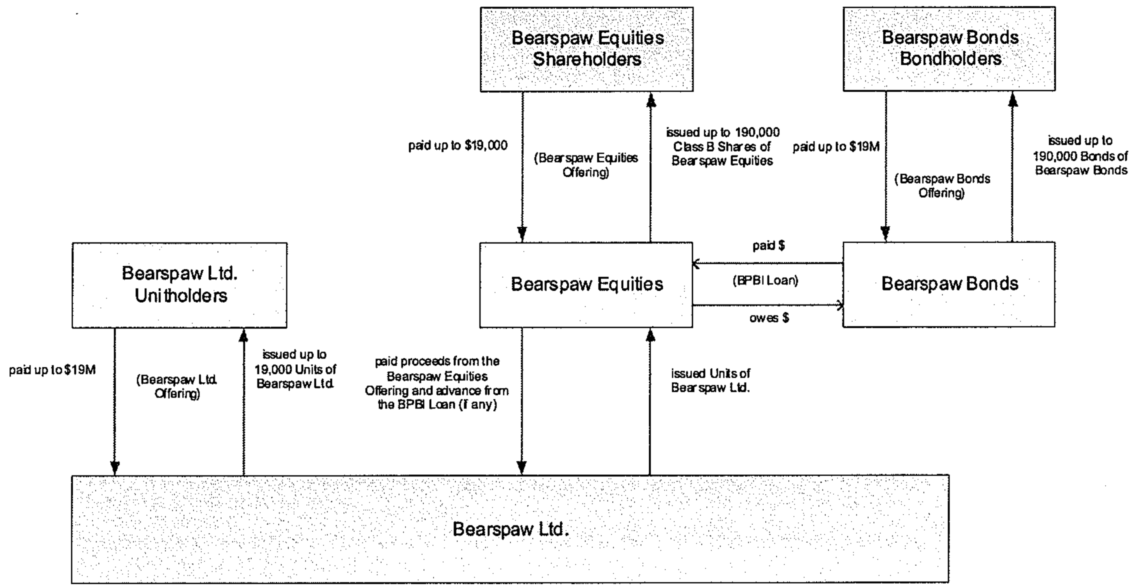
   a. Bearspaw Ltd. offering memorandum was dated October 11, 2007 and related to the issuance of units comprising one Class B Share and one 8% cumulative redeemable non-voting preferred share of Bearspaw Ltd. The offering memorandum indicates that the proceeds raised by Bearspaw Ltd. are to be used to purchase among other things, the Bearspaw Property.

   b. Bearspaw Bonds offering memorandum was dated October 18, 2007 and related to the issuance of 8% redeemable bonds of Bearspaw Equities. The offering memorandum states that the funds raised by Bearspaw Bonds shall be loaned to Bearspaw Equities who will use the funds to purchase units of Bearspaw Ltd.; and

   c. Bearspaw Equities offering memorandum was dated October 18, 2007 and related to the issuance of Class B shares of Bearspaw Equities.

67. The diagram below prepared from the Legal Analysis completed by the Applicants' counsel provides the structure contemplated by the Bearspaw OMs.

SCHEDULE A



68. The Bearspaw OM indicated that there was no development on the Bearspaw Property and that Bearspaw intended to obtain the necessary approvals to subdivide the land, complete servicing of the lots and sell the property as an entirety or by the sale of individual parcels. The proceeds from the ultimate sale of the lands were to repay all debts of Bearspaw and any remaining cash to the shareholders.

69. The Bearspaw OM indicated the following investment strategy:

a. In 2007, Bearspaw was to complete the purchase the Bearspaw Property for $14 million;

b. In 2009, Bearspaw was to obtain the necessary approvals to subdivide the property; and

c. In 2011, Bearspaw was to sell the Property and repay the investors;

70. The OM provided for the following material agreements and fee structures:

a. EyeLogic (as described in the First Report of the Monitor) was to receive a fee equal to 1/20th of 1% of the funds raised up to $5 million and 1/40th of 1% of the funds raised in excess of $5 million;

b. KMC Capital (an entity the Monitor understands to be related to Eyelogic) was to receive a fee equal to the greater of $2,500 or 9/20th of 1% of the funds raised up to $5 million and 9/40th of 1% of the funds raised in excess of $5 million;

c. Shire was to provide management services to Bearspaw Ltd. and Shire was entitled to receive a one-time fee of $380,000 and for reimbursement for its out-of-pocket expenses directly related to the property, excluding any of Shire's overhead expenses;

d. Shire was to assign its interest in the contract to purchase the Bearspaw Property to Bearspaw Ltd.

Acquisition of the Bearspaw Property

71. On March 28, 2007, Shire entered into a real estate purchase and sale agreement with 1206354 Alberta Ltd., based on corporate search, the shareholder of 1206354 Alberta Ltd. is Lillian Hong, to which Shire agreed to purchase the Bearspaw property for $13.48 million (the "Bearspaw Purchase Agreement"). Subsequently, on September 26, 2007 Shire entered into an assignment and assumption agreement (the "Assignment and Assumption Agreement") with Bearspaw Ltd. with respect to the Bearspaw Purchase Agreement.

72. Shire remains the registered owner of the Bearspaw Property as Shire did not transfer the title to Bearspaw Ltd. as contemplated by the Bearspaw Assignment and Assumption Agreement; however, the Monitor understands from Mrs. Couch that this was an administrative oversight and that Bearspaw Ltd. is intended to own the Bearspaw Property.

73. The Bearspaw Property was acquired by Shire for $13.8 million which appeared to be initially financed primarily by:

a. A $9.0 million mortgage provided by Investit Financial Inc. ("Investit"); and

b. A vendor-take-back mortgage (the "Bearspaw VTB") provided by vendor in the amount of $4.6 million.

74. Subsequent to the investor funds being raised by Bearspaw, approximately $5.1 million in funds were used to pay interest and reduce the outstanding mortgages registered against the Bearspaw Property such that, the Monitor understands the following amounts remain outstanding:

a. $7.0 million to Investit; and

b. $700,000 owed on the Bearspaw VTB.

75. The Monitor is continuing to reconcile the above paydown with the assistance of the Applicants.

Sources and uses of funds related to Bearspaw

76. From a review of the books and records, the flow of funds relating to Bearpaw is set out in the table below:

Sources and uses of cash:	
	Bearspaw
Sources of cash:	
Net other intercompany transfers in	582,000
Funds raised from investors	20,188,913
Total sources of cash	**20,770,913**
Uses of cash:	
Net intercompany transfers to Shire	15,457,365
Purchase/deposits on property/payment of mortgages	5,096,164
Other uses of cash	215,540
Total uses of cash	**20,769,070**

77. The table above illustrates the sources and uses of cash specifically to Bearspaw and excludes any Shire transactions relating to Bearspaw. The Shire related transactions

are discussed below. The significant sources and uses of cash per the Bearspaw bank accounts include:

a. Approximately $20.2 million was raised from investors who invested in Bearspaw, which approximates details investors of approximately $20.2 million (excluding Roll-overs as described above) maintained by the Applicants.

b. $0.6 million was advanced from MWS (defined and discussed below);

c. $5.1 million was used to complete the acquisition of the Bearspaw Property; and

d. $15.5 million was transferred to Shire.

Inter-company analysis with Shire

78. The table below summarizes the inter-company balance between Shire and Bearspaw based on management's books and records and that estimated by analysis of the Monitor which is based on a review of the Bearspaw OMs:

Bearspaw at 144th Avenue Inter-company with Shire International	**Assuming Allocated Costs**	**Costs per Offering Memorandum**	**Notes**
Gross Payable to / (Receivable from) Shire International	(15,457,365)	(15,457,365)	1
Less:			
Commissions at 10% of Funds Raised	2,023,133	2,023,133	2
Project management fees earned by Shire	238,577	380,000	3
Other administrative expenses	1,028,607	1,232,000	4
Direct costs paid or transferred by Shire International	4,117,802	4,117,802	5
Net Payable to / (Receivable from) Shire International	(8,049,246)	(7,704,429)	

Notes

1 Amounts per detailed cash analysis performed by the Monitor as detailed in the Third Report.

2 Calculated as 10% of funds raised as generally provided for in the Offering Memorandums.

3 Project management fees earned by Shire are calculated by the Applicants using a base rate of 2% of all funds raised. However, the individual Project Companies Offering Memorandums detail varying amounts of management fee entitlements from 1 to 3% of amounts raised and in one instance, outlines a one-time fixed fee.

4 Other administrative charges refer to costs incurred by Shire International on behalf of the individual Project Companies. The Applicant's pro-rate total Shire costs deemed to be Allocable Costs using the funds raised by the Applicant's as a basis, whereas the Offering Memorandums appear to outline an expected usage of proceeds from each offering thus generating the variance illustrated by this analysis.

5 Amounts per detailed Shire International books and records reflecting charges paid by Shire International on behalf of individual Project Companies as well as funds transferred by Shire and allocated to individual Project Companies. Ultimate payee is indiscernible due to classification in the books and records and the Monitor has not yet been able to cross-reference payments to source documentation to validate amounts.

79. The table above estimates that Shire owes Bearspaw approximately $7.7 million to $8.0 million with the variance comprising the Allocated Costs as compared to the estimated costs contained in the Bearspaw OMs and is calculated as set out below:

a. Bearspaw transferred Shire $15.5 million from the funds Bearspaw raised from its investors;

b. From the cash transferred, the following amounts have been applied that reduce the inter-company payable:

i. $2.0 million in selling commissions earned by Shire as per Bearspaw OMs (10% x $20 million);

ii. $380,000 one time management fee as set out in the Bearspaw OMs;

iii. $4.1 million in direct costs purportedly paid by Shire on behalf of Bearspaw which, while not fully analyzed by the Monitor, based on discussions with management appear to relate to mortgage payments to Investit and the Bearspaw VTB through Parlee McLaws law firm and set out below; and

Bearspaw at 144th Avenue **Direct costs paid or transferred by Shire International**	**Costs**	**Notes**
Parlee	2,069,986	
Realty Investments	1,515,715	
Olympia Trust	51,317	
Norrie	171,365	
Other disbursements	119,419	1
Other transfers	190,000	2
	4,117,802	

Notes

1 Relates to amounts to whom ultimate payee is indiscernable due to the classification in the G/L. The Monitor has not yet been able to crossreference payments to source documentation.

2 Relates to transfers to whom recipient is indiscernable due to the classification in the G/L. The Monitor has not yet been able to crossreference recipients to source documentation.

iv. $1.0 million of Allocated Costs or estimate of $1.2 million based on the net proceeds in the Bearspaw OMs.

Current status of Bearspaw

80. From the analysis above, it appears that Bearpaw's principal assets consist of the following:

    a. Beneficial ownership of the Bearpaw Property (currently in the name of Shire, subject to the mortgages discussed above); and

    b. An inter-company receivable from Shire.

81. The significant obligations of Bearpaw would include the amounts owed to its investors of $20.2 million (owners of Class B common shares, preferred shares and bonds). However, the Monitor is uncertain as to whether the corporate structure contemplated in the Bearspaw OMs was implemented (as between the various Bearspaw entities) as there was only one set of books and records.

82. The Bearspaw Property is subject to a foreclosure proceeding initiated by Investit (the "Bearspaw Foreclosure Proceedings") who the Monitor understands is seeking relief from this Honourable Court to proceed with the Bearspaw Foreclosure Proceedings. The Applicants have recently commission an appraisal that indicates a market value of $10.0 million and a forced sale value of $8.0 million.

Chemainus Properties Ltd. ("Chemainus")

Offering Memorandum

83. As set out in the Chemainus offering memorandum dated October 1, 2006 (the "Chemainus OM"), Chemainus was to raise a maximum of $6 million from investors with the proceeds being used to, among other things, purchase the property at 9933 Esplanade Street (the "Esplanade Property"), a portion of the crown lands located at Pine Street, Chemainus, B.C. (the "Crown Lands") and the dry docks located on Chemainus Bay (the "Dry Docks") and to develop a residential and commercial complex located in the town of Chemainus on Vancouver Island, British Columbia including the development of a dock with Chemainus Quay & Marina Complex Ltd. ("CQM") (collectively referred to as the "Chemainus Project").

84. Further information on Chemainus including the corporate structure, investments structure and information on the material agreements can be found in the Legal Analysis at Appendix 2.

85. Investors in Chemainus acquired one unit which comprised the following:

    a. One Class B non-voting common share of Chemainus; and

    b. One 8% fixed rate cumulative, redeemable bond with interest payable only if sufficient cash flow exists with all interest and principal to be repaid no later than April 30, 2009.

86. The OM provides that pursuant to a memorandum of understanding between Chemainus, Shire and CQM (the "Chemainus MOU"), the following was to occur:

    a. Chemainus and CQM would commit the Esplanade Property, the Crown Lands and the Dry Docks to the Chemaius Project;

    b. Chemainus would be responsible for raising the funds to pay for the costs relating to the Chemainus Project, including the costs to purchase the Esplanade Property, the Crown Lands and the Dry Docks;

c. CQM would be responsible for management of the Chemainus Project;

d. Shire would obtain a 60% interest in the Chemainus Project; and

e. CQM would obtain a 40% interest in the Chemainus Project.

87. The end goal of the Chemainus Project was to comprise of 40 fee simple condominiums, 60 condomiums to be sold on a quarter share basis, a boat moorage facility and a retail development.

88. Chemainus had the following material agreements and fee structures:

a. A real estate purchase agreement between Jean-George and Susan Tia Wah Wheeler (vendors) and Ron Wharram and Cleone Couch (purchasers) whereby the purchasers agreed to purchase the Esplanade Property for $780,000 (the "Esplanade P&S");

b. The Chemainus MOU, as discussed above;

c. A management agreement between Chemainus and CQM whereby CQM was to manage the development and construction of the Chemainus Project. Chemainus agreed to pay CQM 40% of the net profits of the of the project;

Acquisition of property

89. It appears that the only property acquired by Chemainus relating to the Chemainus Project was the Esplanade Property which was originally acquired by Ron Wharram and Cleone Couch for $780,000 in about February 2006. While the documentation is uncertain, it appears that the interest in the Esplanade Property was assigned/transferred to Chemainus as Chemainus is now registered on title.

90. The OM provides that CQM was to enter into a purchase agreement with the Province of British Columbia to purchase the Crown Lands, which purchase agreement was to be assigned to Chemainus. However, the Monitor understands that purchase of the Crown Lands was not completed.

91. The OM provides that Chemainus was to purchase the Dry Docks from Chemainus; however, the Monitor has not yet seen the documentation pursuant to which the Dry Docks were transferred.

92. It is the Monitor's understanding that the Chemainus Project did not proceed in any material fashion and the only remaining project related asset registered in the name of Chemainus is the Esplanade Property

Sources and uses of funds related to Chemainus

93. From a review of the books and records, the flow of funds relating to Chemainus is set out in the table below:

Sources and uses of cash:	
	Chemainus
Sources of cash:	
Funds raised from investors	6,596,590
Other sources of cash	822,324
Total sources of cash	**7,418,914**
Uses of cash:	
Net intercompany transfers to Shire	6,495,422
Purchase/deposits on property	800,000
Other uses of cash	121,946
Total uses of cash	**7,417,368**

94. The table above illustrates the sources and uses of cash per the Chemainus bank account and excludes any Shire transactions relating to Chemainus. The Shire related transactions are discussed below. The significant sources and uses of cash per the Chemainus bank accounts include:

a. Approximately $6.6 million was raised from investors which approximates the investor database maintained by Chemainus (excluding Roll-overs as described above).

b. $195,000 was advanced to Chemainus from Shire;

c. Other deposits of approximately $822,000, which have not been identified but to which the Monitor understands to be a return of funds from the Vancouver Island Health Authority ("VIHA");

d. $800,000 was paid by Chemainus relating in deposits to the VIHA which was subsequently returned (see comment above);

e. $122,000 in miscellaneous project costs; and

f. $6.7 million was transferred to Shire.

Intercompany analysis with Shire

95. The table below summarizes the intercompany balance between Shire and Chemainus based on management's books and records and that estimated by analysis of the Monitor which is based on a review of the Chemainus' OM:

Chemainus Properties Ltd. **Inter-company with Shire International**	**Assuming Allocated Costs**	**Costs per Offering Memorandum**	**Notes**
Gross Payable to / (Receivable from) Shire International	(6,495,422)	(6,495,422)	1
Less:			
Commissions at 10% of Funds Raised	657,130	657,130	2
Project management fees earned by Shire	130,348	305,950	3
Other administrative expenses	574,350	47,500	4
Direct costs paid by Shire International	3,806,781	3,806,781	5
Net Payable to / (Receivable from) Shire International	(1,326,813)	(1,678,061)	

Notes

1 Amounts per detailed cash analysis performed by the Monitor as detailed in the Third Report.

2 Calculated as 10% of funds raised as generally provided for in the Offering Memorandums.

3 Project management fees earned by Shire are calculated by the Applicants using a base rate of 2% of all funds raised. However, the individual Project Companies Offering Memorandums detail varying amounts of management fee entitlements from 1 to 3% of amounts raised and in one instance, outlines a one-time fixed fee.

4 Other administrative charges refer to costs incurred by Shire International on behalf of the individual Project Companies. The Applicant's pro-rate total Shire costs deemed to be Allocable Costs using the funds raised by the Applicant's as a basis, whereas the Offering Memorandums appear to outline an expected usage of proceeds from each offering thus generating the variance illustrated by this analysis.

5 Amounts per detailed Shire International books and records reflecting charges paid by Shire International on behalf of individual Project Companies as well as funds transferred by Shire and allocated to individual Project Companies. Ultimate payee is indiscernible due to classification in the books and records and the Monitor has not yet been able to cross-reference payments to source documentation to validate amounts.

96. The table above estimates that Shire owes Chemainus between $1.3 million and $1.7 million as set out below:

a. Chemainus advanced Shire approximately $6.5 million from the funds raised from investors pursuant to the Chemainus OM;

b. From the cash transferred from Chemainus to Shire, the following amounts have been applied to reduce the intercompany payable:

   i. $0.7 million in selling commissions earned by Shire;

   ii. $130,000 in management fees representing an annual fee of 2% of the funds raised under the Chemainus OM;

   iii. Allocated Costs of $574,000 or an estimate of $47,500 based on the net use of proceeds in the Chemainus OM; and

   iv. Approximately $3.8 million of payments made by Shire on behalf of Chemainus as summarized in the table below:

Chemainus Properties Ltd.

Direct costs paid or transferred by Shire International	Costs	Notes
Chemainus Quay	967,756	
VIHA journal entry	800,000	
Parlee	767,376	
Dayal refund	50,000	
Veito Insurance	49,950	
Other disbursements	481,163	1
Other transfers	690,537	2
	3,806,781	

Notes

1 Relates to amounts to whom ultimate payee is indiscernable due to the classification in the G/L. The Monitor has not yet been able to crossreference payments to source documentation.

2 Relates to transfers to whom recipient is indiscernable due to the classification in the G/L. The Monitor has not yet been able to crossreference recipients to source documentation.

97. The Monitor has the following comments with respect to the direct costs paid by Shire:

a. Per discussion with management, the payments of $968,000 to Chemanius Quay related to construction costs and management fees of the Chemainus Project;

b. VIHA – appears that this payment may be double counted as the payment was noted in the cash disbursements of Chemainus and per discussion with management, this entry should be reversed (discussed above);

c. The payment to Parlee Mclaws relates to the acquisition of the Esplanade Property;

d. Per discussion, the majority of the remaining payments included as direct expenses paid by Shire on behalf of Chemainus relate to construction costs paid to Chemainus Quay and the Monitor is continuing to analyze the documents provided by Shire in support of the payment of expenses.

98. Management of Shire advised that Shire was to receive a $1 million fee for arranging for the acquisition of the Chemainus Project, however, there was no documentation of such arrangement and therefore, while a journal entry was recorded in Shire's general ledger reflecting the fee, given the lack of documentation and the fact that it was not disclosed in the OM, the $1 million fee has been excluded in the above analysis.

Current status of Chemainus

99. From the analysis above, it appears that Chemainus' principal assets include ownership of the Esplanade Property along with an inter-company receivable from Shire. The Monitor understands that Chemainus currently owns the Esplande Property which was acquired for $780,000 and that there are no mortgages registered on title.

100. The significant obligations of Chemainus would include:

a. The approximately $6.6 million owed to the investors in Chemainus; and

b. Certain inter-company advances from M&WS.

Fort McMoney Properties Ltd. ("Fort McMoney")

Offering Memorandum

101. Fort McMoney is owned 60% by Eyelogic and 40% by Shire. The Fort McMoney offering memorandum dated May 25, 2006 (the "Fort McMoney OM") indicated that Fort McMoney intended to raise a maximum of $20 million in funds from investors which was to be used to acquire, subdivide and develop the following land located in Fort McMurray, Alberta (the "Fort McMoney Lands"):

   a. 102.83 acres located in the east end of Draper Road, in the Regional Municipality of Wood Buffalo, Alberta, Canada ("Saline Creek"); and

   b. Three lots located in Fort McMurray located at 10109, 10111 and 10115 Manning Avenue (the "Manning Avenue Lots").

102. Investors in Fort McMoney acquired one unit which comprised the following:

   a. One Class B non-voting common share of Fort McMoney; and

   b. One 8% fixed rate cumulative, redeemable bond with interest payable only if sufficient cash flow exists with all interest and principal to be repaid no later than December 31, 2011.

103. Further information on Fort McMoney including the corporate structure, investments structure and information on the material agreements can be found in the Legal Analysis at Appendix 2.

104. The Fort McMcMoney OM indicated the following investment strategy:

   a. the Saline Creek property was to be acquired for $3.5 million to be rezoned for construction of a multi or single family housing development. Saline Creek was to be purchased from Charles and Meridel Graves for $3.5 million, with Shire having placed a $100,000 deposit on the purchase and sale agreement. The Vendor was to provide finding of $1.85 million;

b. the Manning Avenue Lots were to be acquired for a total purchase price of approximately $2.154 million with the intended plans for a multi-family development. 10109 and 10111 Manning Avenue were to be purchased from 374496 Alberta Ltd. for $1,475,000 with Shire having placed a $190,000 deposit. Lot 10115 Manning Avenue was to be acquired from Donald Seeley for $679,000 with Shire having placed a $100,000 deposit on the purchase and sale; and

c. that the lot that separates 10109 and 101011 Manning Avenue may be acquired.

105. The Fort McMoney OM indicates that the short term objectives were to raise $20 million in funds from investors, acquire Saline Creek and Manning Avenue Lots, pursue develop of the properties as outlined above and acquire additional properties located in Fort McMurray.

106. The Monitor understands that purchase and sale agreements relating to Saline Creek and the Manning Avenue Lots were originally in the name of Shire and certain of its principals (Cleone Couch and Lureen Williamson) but that these agreements were assigned to Fort McMoney, however these assignments could not be located and therefore were unavailable for review by legal counsel to the Applicants or the Monitor.

107. The OM also sets out the following:

a. EyeLogic was to receive a fee equal to the greater of $2,500 or ½ of 1% of the funds raised;

b. Shire was to provide management services to Fort McMoney and was to receive an annual fee of 2% of the funds raised to a maximum amount of $120,000. The OM is unclear but it is assumed this amount is limited per year; and

c. All monies raised were to be committed to the purchase of Saline Creek and Manning Avenue Lots and for the use in predevelopment and planning and possibly to acquire future properties;

Sources and uses of funds related to Fort McMoney

108. From a review of the books and records, the flow of funds relating to Fort McMoney is set out in the table below:

Sources and uses of cash:	
	Ft McMoney
Sources of cash:	
Net other intercompany transfers in	335,500
Funds raised from investors	8,007,966
Other sources of cash	800
Total sources of cash	**8,344,266**
Uses of cash:	
Net intercompany transfers to Shire	7,487,785
Purchase/deposits on property	305,595
Other uses of cash	550,406
Total uses of cash	**8,343,786**

109. The table above illustrates the sources and uses of cash per the Fort McMoney bank account and excludes any Shire transactions relating to Fort McMoney. The Shire related transactions are discussed below. The significant sources and uses of cash per the Fort McMoney bank accounts include:

a. Approximately $8.0 million was raised from investors. The investor database maintained by Fort McMoney details investors of approximately $7.8 million (excluding Roll-overs as described above) and the Monitor is in the process of analyzing this variance.

b. $300,000 was used to complete the acquisition of Saline Creek; and

c. Net $7.5 million was transferred to Shire.

110. Saline Creek was acquired by Fort McMoney for $3.5 million comprising the $1.6 million paid (by a combination of Fort McMoney and Shire, as discussed below) and the vendor take back mortgage of $1.85 million.

111. The Monitor understands that Fort McMoney did not complete the acquisition of the Manning Avenue Lots but that the Manning Avenue Lots were ultimately acquired by Fort McMoney II (defined and discussed below). The Monitor continues to analyze this transaction to determine why the Manning Avenue Lots were ultimately purchased by Fort McMoney II and not Fort McMoney as was contemplated in the Fort McMoney Offering Memorandum.

112. The table below summarizes the intercompany balance between Shire and Fort McMoney based on management's books and records and that estimated by analysis of the Monitor which is based on a review of the Fort McMoney OM:

Fort McMoney Properties Ltd. **Inter-company with Shire International**	**Assuming Allocated Costs**	**Costs per Offering Memorandum**	**Notes**
Gross Payable to / (Receivable from) Shire International	(7,487,785)	(7,487,785)	1
Less:			
Commissions at 10% of Funds Raised	775,500	775,500	2
Project management fees earned by Shire	154,728	360,500	3
Other administrative expenses	867,337	10,000	4
Direct costs paid by Shire International	6,279,760	6,279,760	5
Net Payable to / (Receivable from) Shire International	589,539	(62,026)	

Notes

1 Amounts per detailed cash analysis performed by the Monitor as detailed in the Third Report.

2 Calculated as 10% of funds raised as generally provided for in the Offering Memorandums.

3 Project management fees earned by Shire are calculated by the Applicants using a base rate of 2% of all funds raised. However, the individual Project Companies Offering Memorandums detail varying amounts of management fee entitlements from 1 to 3% of amounts raised and in one instance, outlines a one-time fixed fee.

4 Other administrative charges refer to costs incurred by Shire International on behalf of the individual Project Companies. The Applicant's pro-rate total Shire costs deemed to be Allocable Costs using the funds raised by the Applicant's as a basis, whereas the Offering Memorandums appear to outline an expected usage of proceeds from each offering thus generating the variance illustrated by this analysis.

5 Amounts per detailed Shire International books and records reflecting charges paid by Shire International on behalf of individual Project Companies as well as funds transferred by Shire and allocated to individual Project Companies. Ultimate payee is indiscernible due to classification in the books and records and the Monitor has not yet been able to cross-reference payments to source documentation to validate amounts.

113. The table above estimates the inter-company balance between Fort McMoney and Shire:

a. Fort McMoney advanced Shire approximately $7.5 million from the funds raised from investors pursuant to the Fort McMoney OM;

b. From the cash transferred from Fort McMoney to Shire, the following amounts have been applied to reduce the intercompany payable:

i. $0.8 million in selling commissions earned by Shire;

ii. $155,000 in management fees representing an annual fee of 2% of the funds raised under the Fort McMoney OM;

iii. Allocated Costs of 867,000 or an estimate of $10,000 based on the net use of proceeds in the Fort McMoney OM; and

iv. Approximately $6.3 million of payments purportedly made by Shire on behalf of Fort McMoney as summarized in the table below:

Fort McMoney Properties Ltd. **Direct costs paid or transferred by Shire International**	**Costs**	**Notes**
Parlee	2,752,586	
Wolfe Taitenger	400,756	
Warrier	388,493	
Remax	270,000	
Ledrew in trust	228,000	
JJ Barnickie	100,000	
Century 21	110,000	
Maxwell Realty	110,000	
Bhasin	50,500	
Other disbursements	1,326,415	1
Other transfers	543,010	2
	6,279,760	

Notes

1 Relates to amounts to whom ultimate payee is indiscernable due to the classification in the G/L. The Monitor has not yet been able to crossreference payments to source documentation.

2 Relates to transfers to whom recipient is indiscernable due to the classification in the G/L. The Monitor has not yet been able to crossreference recipients to source documentation.

114. The Monitor is currently in the process of reviewing the direct costs purportedly paid by Shire on behalf of Fort McMoney, including:

a. Determining the nature of the funds paid to Parlee McLaws which appear to relate to the acquisition of property however details of the transaction have not been received at the time of the report. The Monitor continues to follow up on this payment; and

b. The remaining payments included as direct expenses paid by Shire on behalf of Fort McMoney which are unsupported and not fully explained in the Fort McMoney OM.

Current status of Fort McMoney

115. From the analysis above, it appears that Fort McMoney's principal assets consist of the following:

a. Ownership of the Saline Creek Property; and

b. A potential receivable from Shire depending on the determination of the Allocated Costs and other disbursements charged by Shire to Fort McMoney.

116. The Monitor understands Fort McMoney currently owns Saline Creek which was acquired for \$3.5 million and which currently has a vendor take back mortgage registered against it in the estimated amount of approximately \$1.9 million as of the date of the filing of these proceedings.

117. The significant obligations of Fort McMoney consist of:

a. The amount owed to the investors totalling approximately \$8.0 million; and

b. The mortgage balance owing of approximately \$1.9 million.

118. The Monitor understands that the holder of the vendor take back mortgage, Charles and Meridel Graves, has commenced foreclosure proceedings.

Fort McMoney Properties II Ltd. ("Fort McMoney II")

Offering Memorandum

119. The Fort McMoney II offering memorandum dated March 24, 2008 (the "Fort Money II OM") indicated that Fort McMoney II intended to raise up to $6.5 million in mortgage units with the proceeds to be used to repay certain mortgages and fund the development of property located at 10109, 10111, 10113, 10115, 10117 and 10119 Manning Avenue, Fort McMurray, Alberta (collectively, the "Fort McMoney II Lands").

120. Further analysis of Fort McMoney II, including its ownership structure, investment structure and information on the material agreements can be found in the Legal Analysis contained at Appendix 2.

121. The Fort McMoney II OM indicated that Fort McMoney II owned the Fort McMoney II Lands and that $3.4 million of the proceeds from the offering would be used to repay a mortgage owing to Quest Capital Corporation ("Quest") with the remaining funds being used for development of the property.

122. Investors in the mortgage units offered by Fort McMoney II received mortgage units administered by Olympia Trust Company ("Olympia") with the mortgage bearing interest at 15% per annum, paid quarterly in arrears. Olympia registered a mortgage against the Fort McMoney II Lands on behalf of the mortgage investors.

123. Fort McMoney II's material agreements related to a series of purchase and sale agreements relating the Fort McMoney II Lands as more fully described below:

Date	Vendor	Purchaser	Amount
10109 and 10111 Manning Avenue (Note 1)			
15-May-06	374796 Alberta lTd.	R. Couch and C.Couch	1,475,000
10109 Manning Avenue			
01-Jun-07	Robert and Cleone Couch	Fort McMoney II	900,000
10111 Manning Avenue			
01-Jun-07	Robert and Cleone Couch	Fort McMoney II	900,000
10113 Manning Avenue			
29-Aug-07	844796 Alberta Ltd.	Fort McMoney II	800,000
10115 Manning Avenue			
25-Aug-07	Donald Gordon Seeley	Fort McMoney II	687,610
10117 Manning Avenue			
28-Aug-07	Michelle Dee Kruetzer	Fort McMoney II	687,610
10119 Manning Avenue			
29-Aug-07	John and Deme Brownlee	Fort McMoney II	800,000
		TOTAL PURCHASED	**4,775,220**

Note 1: This information is based upon a transfer of lands dated May 15, 2006. However, there are agreements that would suggest that this transaction onlyy closed in Dec06 and that Luree Williamson or her nominee originally agreed to purchase the property with C Couch.

124. The table above indicates that Luree Williamson or her nominee and Cleone Couch agreed to purchase 10109 and 10111 Manning Avenue for $1.475 million. As discussed above, these two lots were originally included in the Fort McMoney OM (defined as the Manning Avenue Lots in the Fort McMoney section above). The Monitor has not yet obtained an explanation as to why these properties were not purchased by Fort McMoney.

125. Ultimately, Robert and Cleone Couch became the owners of 10109 and 10111 Manning Avenue and sold these two lots to Fort McMoney II for $1.8 million, of which $725,272 of the proceeds were used to repay mortgages owing to the TD Bank. The remaining four properties were acquired for approximately $3.0 million, resulting in a total purchase price of $4.8 million for the Fort McMoney II Properties.

Acquisition of property

126. It appears that the Fort McMoney II Properties were originally acquired by Fort McMoney II through a combination of cash and $3.5 million in mortgage financing provided by Quest.

127. The purpose of the Fort McMoney II OM was to raise mortgage units which would be used to take out the existing mortgage owing to Quest which the Monitor understands was in the amount of approximately $3.5 million and to use the surplus funds for development purposes.

Sources and uses of funds related to Fort McMoney II

128. From a review of the books and records, the flow of funds relating to Fort McMoney II is set out in the table below:

Sources and uses of cash:	
	Ft McMoney II
Sources of cash:	
Net other intercompany transfers in	358,500
Funds raised from investors	4,712,507
Other sources of cash	909,898
Total sources of cash	**5,980,905**
Uses of cash:	
Net intercompany transfers to Shire	885,800
Purchase/deposits on property	3,893,000
Other uses of cash	1,199,267
Total uses of cash	**5,978,067**

129. The table above illustrates the sources and uses of cash per the Fort McMoney II bank account and excludes any Shire transactions relating Fort McMoney II. The Shire related transactions are discussed below. The significant sources and uses of cash per the Fort McMoney II bank accounts include:

a. Approximately $4.7 million was raised from investors of the mortgage units. The investor database maintained by Fort McMoney II details investors of approximately $6.5 million (excluding Roll-overs as described below) and the Monitor is in the process of analyzing this variance;

b. $909,898 from a legal counsel trust account, which the Monitor is still investigating;

c. $444,000 was advanced from MWS to Fort McMoney II;

d. $509,000 was advanced from Shire to Fort McMoney II;

e. Fort McMoney paid Schinnour Matkin & Baxter approximately $3.893 million which the Monitor understands was the repayment of the Quest mortgage;

f. $932,000 was returned to Olympia Trust; and

g. $1.4 million was transferred to Shire.

Intercompany analysis with Shire

130. The table below summarizes the intercompany balance between Shire and Fort McMoney II based on management's books and records and that estimated by analysis of the Monitor which is based on a review of the offering memorandum

Fort McMoney Properties II Ltd. Inter-company with Shire International	Assuming Allocated Costs	Costs per Offering Memorandum	Notes
Gross Payable to / (Receivable from) Shire International	(885,800)	(885,800)	1
Less:			
Commissions at 10% of Funds Raised	649,000	649,000	2
Project management fees earned by Shire	130,000	320,000	3
Other administrative expenses	580,758	250,000	4
Direct costs paid by Shire International	1,467,947	1,467,947	5
Net Payable to / (Receivable from) Shire International	1,941,904	1,801,147	

Notes

1 Amounts per detailed cash analysis performed by the Monitor as detailed in the Third Report.

2 Calculated as 10% of funds raised as generally provided for in the Offering Memorandums.

3 Project management fees earned by Shire are calculated by the Applicants using a base rate of 2% of all funds raised. However, the individual Project Companies Offering Memorandums detail varying amounts of management fee entitlements from 1 to 3% of amounts raised and in one instance, outlines a one-time fixed fee.

4 Other administrative charges refer to costs incurred by Shire International on behalf of the individual Project Companies. The Applicant's pro-rate total Shire costs deemed to be Allocable Costs using the funds raised by the Applicant's as a basis, whereas the Offering Memorandums appear to outline an expected usage of proceeds from each offering thus generating the variance illustrated by this analysis.

5 Amounts per detailed Shire International books and records reflecting charges paid by Shire International on behalf of individual Project Companies as well as funds transferred by Shire and allocated to individual Project Companies. Ultimate payee is indiscernible due to classification in the books and records and the Monitor has not yet been able to cross-reference payments to source documentation to validate amounts.

131. The table above estimates that Shire is owed approximately between $1.8 million and $1.9 million as set out below:

a. Fort McMoney II advanced Shire approximately $0.9 million from the funds raised from investors pursuant to the Fort McMoney II OM;

b. From the cash transferred to Shire, the following amounts have been applied to reduce the inter-company payable:

i. $0.6 million in selling commissions earned by Shire;

ii. $130,000 in management fees;

iii. Allocated Costs of $580,000 or estimate of $250,000 based on the net use of proceeds in the Fort McMoney II OM; and

iv. Approximately $1.5 million of payments purportedly made by Shire on behalf of Fort McMoney II as summarized in the table below:

Fort McMoney Properties II Ltd. Direct costs paid or transferred by Shire International	Costs	Notes
Quest Capital	313,266	
Norlights	183,015	
Terracon	72,887	
Schinoor Matkin Baxter	26,293	
Other disbursements	363,285	1
Other transfers	509,200	2
	1,467,946	

Notes

1 Relates to amounts to whom ultimate payee is indiscernable due to the classification in the G/L. The Monitor has not yet been able to crossreference payments to source documentation.

2 Relates to transfers to whom recipient is indiscernable due to the classification in the G/L. The Monitor has not yet been able to crossreference recipients to source documentation.

132. Certain of the payments included as direct expenses paid by Shire on behalf of Fort McMoney are unsupported and not fully explained in the Fort McMoney OM and are being further analyzed by the Monitor. Per discussion with management, a majority

of the other transfers were made to Olympia Trust for payment of interest to investors. The Monitor is continuing to investigate these disbursements.

Current status of the Fort McMoney II Lands

133. From the analysis above, it appears that Fort McMoney II's principal asset consists of the ownership of the Fort McMoney II Properties which were acquired for approximately $4.8 million. The significant obligations of Fort McMoney II consist of:

   a. The secured obligations owing to the mortgage unit investors; and

   b. Inter-company payable to Shire, subject to confirmation of the allocation of costs and appropriateness and support of other direct costs paid by Shire on behalf of Fort McMoney II.

Halama Gardens Ltd. ("Halama")

Offering Memorandum

134. The Halama offering memorandum (the "Halama OM") indicated that a maximum of $7 million was to be raised from investors with the funds being used to acquire adjacent parcels of land (Parcels 2-3-9-9-18 and 2-3-9-9-19) located in Maui, Hawaii, and to build 21 condominium units to place for sale (the "Halama Property").

135. Further information on Halama including the corporate structure, investments structure and information on the material agreements can be found in the Legal Analysis at Appendix 2.

136. The investment structure set out in the Halama OM is summarized below:

   a. Halama Gardens Ltd. offering memorandum was dated March 8, 2006 and related to the issuance of units comprising one Class B non-voting common share and one 8% fixed rate cumulative, redeemable, retractable, renewable bond; and

   b. The offering memorandum indicates that the proceeds raised by Halama are for the acquisition of the Halama Property, pre-development and planning expenses.

137. The Halama OM indicated the following short term investment strategy:

   a. To raise $7 million in investment capital; and

   b. To use the funds to purchase the Halama Property.

138. The OM indicated that the net proceeds raised are insufficient to meet all of the proposed short-term objectives and there is no assurance that additional financing will be available. Halama intended to fund the proposed short term objectives from the proceeds of the OM and traditional bank financing, if necessary.

139. The OM provided for the following material agreements and fee structures:

a. Assignment Agreement with Shire's predecessor (Berkshire International Development Group Ltd.) to acquire the right to purchase the property from the Vendor;

b. An agreement with Eyelogic dated March 8, 2006 to pay Eyelogic an annual management fee equal to the greater of $2,500 of ½ of 1% of the issued paid up capital and bonds issued. Any capital raised in excess of $5 million will be subject to a reduced annual management fee which is ¼ of 1%; and

c. A management agreement with Shire dated March 8, 2006, for Shire to provide management services to Halama with an annual fee of 2% of the raised capital to a maximum of $120,000 (per annum).

Acquisition of the Halama Property

140. Pursuant to a deposit receipt offer and acceptance dated January 11, 2006 between Shire and Dennis Blain (the "Purchase Contract"), Shire agreed to purchase the Halama Property from Dennis Blain for US$2.5 million.

141. At the time of executing the Purchase Contract, a deposit in the amount of $25,000 was made and an additional deposit of $25,000 was to be paid to an escrow agent on or before January 20, 2006. Subsequently, Shire assigned its rights under the Purchase Agreement to Halama on March 7, 2006 by entering into an assignment agreement with Halama dated March 7, 2006. After the assignment, Shire on behalf of Halama and Dennis Blain agreed to various amendments to the Purchase Contract.

142. Pursuant to the amendments, the closing date was extended several times and Shire agreed to make various additional deposits and payments, including payments relating to the Acumar Mortgage and the assumption of certain mortgages registered on the Halama Property. The Monitor understands that these two mortgages were registered on the Halama Property that was to be purchased by Halama.

143. A series of extensions were made with respect to the Halama Property, some of which are summarized below:

a. Summary of extension of closing date to August 15, 2006:

- Additional $277,000 financing fee and $75,000 interest for July 2006;
- Deposit of $250,000 from Olympia to be wired by July 7, 2006; and
- Assumption of Elite Mortgage from Seller.

b. Summary of extension of closing date to January 31, 2007:

- Additional $600,000 payment to an escrow agent no later than November 30, 2006, to be released to Acumar Mortgage Company;
- From August 1, 2006 to January 31, 2006, Shire agreed to make mortgage payments of $5,813 per month plus Acumar Mortgage of $75,000 interest per month; and
- If Elite Mortgage could not be assumed, it was agreed that the title would remain in the name of Dennis Blain until refinancing was arranged/or paid off.

c. Summary of extension of closing date to December 15, 2007:

- Additional $200,000 payment to an escrow agent no later than July 15, 2007, to be released to CDN Maui LLP;
- From May 15, 2007 to December 15, 2007, Shire agreed to make mortgage payments of $5,813 per month plus Acumar mortgage of $75,000 interest per month up to June 1, 2007. Starting July 1, 2007, interest payments on late funds will be reduced to $25,000; and
- Shire acknowledged that any and all payments made up to the date thereof were on account of liquidated damages.

144. Ms. Couch has advised that the transaction did not close on December 15, 2007.

145. From a review of the books and records of Shire, a total of approximately $3.2 million was paid by Shire on behalf of Halama relating to the Halama Property.

Sources and uses of funds related to Halama Gardens

146. From a review of the books and records, the flow of funds relating to Halama Gardens is set out in the table below.

Sources and uses of cash:	
	Halama Gardens
Sources of cash:	
Funds raised from investors	2,241,178
Other sources of cash	78
Total sources of cash	**2,241,256**
Uses of cash:	
Net intercompany transfers to Shire	2,046,575
Other uses of cash	193,079
Total uses of cash	**2,239,654**

147. The table above illustrates the sources and uses of cash per Halama's bank account and excludes any Shire transactions relating to Halama. The Shire related transactions are discussed below. The significant sources and uses of cash per the Halama bank accounts include:

a. Approximately $2.2 million was raised from investors who invested in approximately 22,400 units of Halama Gardens. The investor database maintained by Halama Gardens details investors of approximately $2.2 million (excluding Roll-overs as described above).

b. A net amount of $2.0 million was advanced to Shire; and

c. $193,000 was used to pay for soft costs incurred directly.

Intercompany analysis with Shire

148. The table below summarizes the inter-company balance between Shire and Halama Garden based on management's books and records and that estimated by analysis of the Monitor which is based on a review of the Halama OM:

Halama Gardens Inter-company with Shire International	Assuming Allocated Costs	Costs per Offering Memorandum	Notes
Gross Payable to / (Receivable from) Shire International	(2,046,575)	(2,046,575)	1
Less:			
Commissions at 10% of Funds Raised	221,438	221,438	2
Project management fees earned by Shire	40,818	90,006	3
Other administrative expenses	126,707	10,000	4
Direct costs paid by Shire International	3,193,361	3,193,361	5
Net Payable to / (Receivable from) Shire International	1,535,750	1,468,231	

Notes

1 Amounts per detailed cash analysis performed by the Monitor as detailed in the Third Report.

2 Calculated as 10% of funds raised as generally provided for in the Offering Memorandums.

3 Project management fees earned by Shire are calculated by the Applicants using a base rate of 2% of all funds raised. However, the individual Project Companies Offering Memorandums detail varying amounts of management fee entitlements from 1 to 3% of amounts raised and in one instance, outlines a one-time fixed fee.

4 Other administrative charges refer to costs incurred by Shire International on behalf of the individual Project Companies. The Applicant's pro-rate total Shire costs deemed to be Allocable Costs using the funds raised by the Applicant's as a basis, whereas the Offering Memorandums appear to outline an expected usage of proceeds from each offering thus generating the variance illustrated by this analysis.

5 Amounts per detailed Shire International books and records reflecting charges paid by Shire International on behalf of individual Project Companies as well as funds transferred by Shire and allocated to individual Project Companies. Ultimate payee is indiscernible due to classification in the books and records and the Monitor has not yet been able to cross-reference payments to source documentation to validate amounts.

149. The table above estimates that Shire owes Halama approximately $1.4 million to $1.5 million with the variance comprising the Allocated Costs as compared to the estimated costs contained in the Halama OM and is calculated as set out below:

a. Halama transferred Shire net $2 million from the funds Halama raised from its investors;

b. From the cash transferred, the following amounts have been applied that reduce the inter-company payable:

i. $0.2 million in selling commissions earned by Shire (10% x $2.2 million);

ii. $40,818 annual management fees as set out in the Halama OM; and

iii. $3.2 million in direct costs purportedly paid by Shire on behalf of Halama which, while not fully analyzed by the Monitor, appear to relate to deposits, mortgage and interest payments and soft costs as summarized in the table below.

Halama Gardens Direct costs paid or transferred by Shire International	Costs	Notes
Blain Homes	500,000	
Other disbursements	1,564,426	1
Other transfers	1,128,936	2
	3,193,362	

Notes

1 Relates to amounts to whom ultimate payee is indiscernable due to the classification in the G/L. The Monitor has not yet been able to crossreference payments to source documentation.

2 Relates to transfers to whom recipient is indiscernable due to the classification in the G/L. The Monitor has not yet been able to crossreference recipients to source documentation.

150. Certain of the payments included as direct expenses paid by Shire on behalf of Halama as set out in the table above have not yet been verified and are being further analyzed by the Monitor but per discussion with management, majority of funds were used to put deposits on the acquisition of the property. However, the Monitor has not reviewed documentation to support this claim and continues to review the cash disbursements in conjunction with the Legal Analysis.

151. The Monitor continues to analyze how direct expenses of approximately $3.2 million could be incurred on a property that was to be acquired for US$2.5 million.

Current status of Halama Property

152. It is the Monitor's understanding that Halama has never acquired nor ever held title to the Halama Property

Paradise Ridge/Hawaii Fund ("Hawaii Fund")

Offering Memorandum

153. The Hawaii Fund offering memorandum (the "Hawaii OM") indicated that a maximum of $10 million was to be raised from investors with the funds being used to purchase and develop the Halama Street and Paradise Ridge property located in Maui, Hawaii, and to build condominium units to place for sale (the "Paradise Ridge Properties"). The Monitor understands that the Halama Street property is the same property that was formerly attempted to be acquired by Halama (discussed above).

154. Further information on the Hawaii Fund including the corporate structure, investments structure and information on the material agreements can be found in the Legal Analysis at Appendix 2.

155. The Hawaii Fund offering memorandum dated January 26, 2009 and related to the issuance of Hawaii Fund Trust Units. The offering memorandum indicates that the proceeds raised by Hawaii Fund will be used to subscribe for securities of the Hawaii Development Trust. The Hawaii Development Trust was to contribute the proceeds of the offering as a capital contribution to a limited partnership or a loan to a limited partnership for the acquisition and development of Paradise Ridge Properties.

156. The Hawaii OM indicated the following short term investment strategy:

    a. In 2009, Hawaii Fund is to raise up to $10 million and complete sale of Units and offering with estimated costs to completion of $1.5 million;

    b. In 2009, complete land acquisition of the Paradise Ridge Properties with estimated costs to completion of $7.8 million; and

    c. Through 2009 to 2011, to commence construction with estimated costs to completion of $3.1 million.

157. The OM indicated that the net proceeds raised are insufficient to meet all of the proposed short-term objectives and there is no assurance that additional financing will be available.

Attempted acquisition of the Paradise Ridge Properties

158. Shire entered into a purchase agreement with 1335778 Alberta Ltd. dated February 12, 2008, whereby Shire agreed to purchase the Paradise Ridge Properties for an aggregate purchase price of USD$4.4 million ($5.3 million) (the "Paradise Ridge Contract"). .

159. The Paradise Ridge Contract contemplates an initial deposit in the amount of USD$110,000 and an additional deposit in the amount of USD$100,000 to be paid on or before April 14, 2008 to Escrow. It appears that Shire may have entered into a purchase contract for Paradise Ridge with 1335778 Alberta Ltd. in December 2007.

160. Shire entered into a purchase agreement with Halama dated October 1, 2008, whereby Shire agreed to purchase the Halama Property from Halama for an aggregate price of $2.5 million. However, based on the documents provided to date, Halama did not own the Halama Property at this time, or at anytime (as discussed above under Halama).

161. From a review of the books and records of Shire, Shire incurred costs of approximately $0.8 million on behalf of Hawaii Fund for the proposed acquisition of Hawaii Fund, including $535,000 in deposits to 1335778 Alberta Ltd.

Sources and uses of funds related to Hawaii Fund

162. From a review of the books and records, the flow of funds relating to Hawaii Fund is set out in the table below.

Sources and uses of cash:	
	Hawaii Fund
Sources of cash:	
Funds raised from investors	1,329,500
Total sources of cash	**1,329,500**
Uses of cash:	
Net intercompany transfers to Shire	1,303,000
Net other intercompany transfers out	20,000
Other uses of cash	2,404
Total uses of cash	**1,325,404**

163. The table above illustrates the sources and uses of cash per the Hawaii Fund's bank account and excludes any Shire transactions relating the Hawaii Fund. The Shire related transactions are discussed below. The significant sources and uses of cash per the Hawaii Fund bank accounts include:

a. Approximately $1.3 million was raised from investors who invested in approximately 2,600 units of Hawaii Fund. The investor database maintained by the Hawaii Fund details investors of approximately $1.4 million (excluding Roll-overs as described above);

b. A net amount of $1.3 million was advanced to Shire; and

c. $20,000 was transferred to MWS.

Intercompany analysis with Shire

164. The table below summarizes the inter-company balance between Shire and Hawaii Fund based on management's books and records and that estimated by analysis of the Monitor which is based on a review of the Hawaii OM:

Hawaii Fund Inter-company with Shire International	Assuming Allocated Costs	Costs per Offering Memorandum	Notes
Gross Payable to / (Receivable from) Shire International	(1,303,000)	(1,303,000)	1
Less:			
Commissions at 10% of Funds Raised	139,650	139,650	2
Project management fees earned by Shire	21,330	-	3
Other administrative expenses	95,289	500,000	4
Direct costs paid by Shire International	780,819	780,819	5
Net Payable to / (Receivable from) Shire International	(265,912)	117,469	

Notes

1 Amounts per detailed cash analysis performed by the Monitor as detailed in the Third Report.
2 Calculated as 10% of funds raised as generally provided for in the Offering Memorandums.
3 Project management fees earned by Shire are calculated by the Applicants using a base rate of 2% of all funds raised. However, the individual Project Companies Offering Memorandums detail varying amounts of management fee entitlements from 1 to 3% of amounts raised and in one instance, outlines a one-time fixed fee.
4 Other administrative charges refer to costs incurred by Shire International on behalf of the individual Project Companies. The Applicant's pro-rate total Shire costs deemed to be Allocable Costs using the funds raised by the Applicant's as a basis, whereas the Offering Memorandums appear to outline an expected usage of proceeds from each offering thus generating the variance illustrated by this analysis.
5 Amounts per detailed Shire International books and records reflecting charges paid by Shire International on behalf of individual Project Companies as well as funds transferred by Shire and allocated to individual Project Companies. Ultimate payee is indiscernible due to classification in the books and records and the Monitor has not yet been able to cross-reference payments to source documentation to validate amounts.

165. The table above estimates that Shire owes (owed by) Hawaii Fund approximately \$0.3 million to \$(0.1) million with the variance comprising the Allocated Costs as compared to the estimated costs contained in the Hawaii OM and is calculated as set out below:

a. Hawaii Fund transferred Shire \$1.3 million from the funds Hawaii Fund raised from its investors;

b. From the cash transferred, the following amounts have been applied that reduce the inter-company payable:

i. \$0.1 million in selling commissions earned by Shire (10% x \$1.3 million);

ii. \$21,330 annual management fees as set out in the Hawaii OM; and

c. \$0.8 million in direct costs purportedly paid by Shire on behalf of Hawaii Fund which, while not fully analyzed by the Monitor, appear to include direct expenses paid by Shire on behalf of the Hawaii Fund relating to deposits placed on the attempted acquisition of the Paradise Ridge Properties.

Hawaii Fund **Direct costs paid or transferred by Shire International**	**Costs**	**Notes**
1335778 Alta Ltd	535,000	
Other disbursements	245,819	1
Other transfers	-	2
	780,819	

Notes
1 Relates to amounts to whom ultimate payee is indiscernable due to the classification in the G/L. The Monitor has not yet been able to crossreference payments to source documentation.
2 Relates to transfers to whom recipient is indiscernable due to the classification in the G/L. The Monitor has not yet been able to crossreference recipients to source documentation.

166. Management of Shire advised that Shire was to receive a \$1 million fee for arranging for the acquisition of the Paradise Ridge Properties, however, there was no

documentation of such arrangement and the acquisition has not closed, therefore, given the lack of documentation and the fact that it was not disclosed in the OM, the $1 million fee has been excluded for purposes of the above analysis.

Current status of Hawaii Fund

167. From the analysis above, it appears that the Hawaii Fund has no assets other than the purported verbal agreement to purchase the Halama Property (see Halama discussion above) and a potential receivable from Shire.

Orillia Investments Ltd. ("Orillia")

Offering Memorandum

168. The Orillia offering memorandum (the "Orillia OM") indicated that a maximum of $8 million was to be raised from investors with the funds being used to acquire parcels of land located in Orillia, Ontario, (i.e. PINs 58684-0205, 58684-0327, 58684- 0328 and 58684- 0329), to build 106 condominium units to place for sale (the "Orillia Property").

169. Further information on Orillia including the corporate structure, investments structure and information on the material agreements can be found in the Legal Analysis at Appendix 2.

170. The investment structure set out in the Orillia OM is summarized below:

    a. Orillia offering memorandum was dated September 1, 2006 and related to the issuance of units comprising one Class B non-voting common share and one 8% fixed rate cumulative, redeemable, retractable, renewable bond;

    b. The offering memorandum indicates that the proceeds raised by Orillia are for the acquisition of the Orillia Property, pre-development and planning expenses and management expenses.

171. The Orillia OM indicated the following short term investment strategy:

    a. To raise $8 million in investment capital;

    b. To use the funds to purchase the Orillia Property;

    c. Obtain development approval; and

    d. Begin marketing the development and complete project within 24 months.

172. The Orillia OM provided for the following material agreements and fee structures:

a. Orillia entered into an Assignment Agreement dated June 23, 2006 with Rene Bindi ("Bindi") and Douglas Freel ("Freel") pursuant to which Orillia has the rights to purchase the Orillia Property from By The Lakes Developments Ltd. (the "Vendor") pursuant to an Option to Purchase dated January 6, 2006 for the purchase price of $2.5 million. See below for details;

b. Orillia entered into an agreement with Eyelogic dated June 1, 2006 to pay Eyelogic an annual management fee equal to the greater of $2,500 of ½ of 1% of the issued paid up capital and bonds issued. Any capital raised in excess of $5 million was to be subject to a reduced annual management fee which is ¼ of 1%;

c. Orillia entered into Project Management agreement with Group North International Inc. ("GNII") dated February 1, 2006 to pay fees based on staged basis based on advancement of the development. The fees include professional fees contributed by Bindi and Freel in the advancement of the project prior to the Assignment of the Purchase Agreement in the amount of $447,556. Total fees payable to GNII, pursuant to the Project management agreement were estimated at $2.9 million which include architecture and design fees; and

d. Orillia entered into a management agreement with Shire dated July 4, 2006, for Shire to provide administrative services to Orillia with Shire to be paid an annual fee of 1% of the raised capital to a maximum of $40,000.

Acquisition of the Orillia Property per OM

173. As previously stated, the Orillia OM provides that Bindi and Freel entered into an option to purchase dated January 6, 2006 with By the Lakes Developments Ltd. (the "Purchase Agreement"), pursuant to which Bindi and Freel obtained the right to purchase the Orillia Property for $2,500,000. The purchase price was subsequently increased to $2,970,000 pursuant to certain amendments to the Purchase Agreement.

174. It appears that Bindi and Freel subsequently assigned their interest under the Purchase Agreement to Orillia pursuant to an assignment agreement as the transfer registered on title provides that Orillia purchased the property for $2,970,000.

175. Orillia granted Group North International Inc. ("GNII Inc."), a corporation controlled by Bindi and Freel, a promissory note pursuant to which Orillia promises to pay GNII Inc. $1,750,000, which became due and payable on July 7, 2008 unless other arrangements were made. This promissory note is silent on the value that Orillia received; however, the Orillia OM provides that it was entered into as consideration for entering into the assignment agreement referred to above.

176. The Orillia OM, states that an additional term of the Purchase Agreement provides that the Vendor is to assign to Orillia a lease with respect to certain portion of the lake bed between the Vendor and the Ministry of National Resources commencing January 1, 2005 and expiring December 31, 2024 (the "Foreshore Lease"). Based on the information to date, the Foreshore Lease may related to PIDS 58684-328 to 58684-329, which Orillia is the registered owner of.

177. The Orillia OM and amendments to the Purchase Agreement suggest that the Vendor has agreed to provide the Orillia with partial financing of the purchase price by providing a $1.0 to $1.2 million mortgage at an interest rate of TD Bank prime plus 2.5% calculated monthly, with interest only payments on a quarterly basis, for a term of one year from the closing of the Purchase Agreement (the "VTB").

178. As of the date of the offering, Shire had purportedly advanced the sum of $500,000 to the Vendor to be applied against the purchase price (the "Deposit") and Orillia was to repay Shire the Deposit from proceeds raised from this offering.

179. Based upon the Orillia OM and certain partially executed amendments to the Purchase Agreement, it appears that the closing date was extended to July 7, 2006 and subsequently to August 30, 2006, upon payment of additional deposits in the amount of $250,000 and $300,000, respectively, to the Vendor (plus $750 paid to Vendor in reimbursement of legal fees).

180. The Monitor understands that the original vendor take back mortgage was repaid and was replaced with a mortgage provided by 1533021 Ontario Inc. with the current balance owing of $1.9 million.

Sources and uses of funds related to Orillia

181. From a review of the books and records, the flow of funds relating to Orillia is set out in the table below.

Sources and uses of cash:	
	Orilllia
Sources of cash:	
Funds raised from investors	429,370
Other sources of cash	1,145
Total sources of cash	**430,515**
Uses of cash:	
Net intercompany transfers to Shire	423,883
Net other intercompany transfers out	3,000
Other uses of cash	1,434
Total uses of cash	**428,317**

182. The table above illustrates the sources and uses of cash per Orillia's bank account and excludes any Shire transactions relating to Orillia. The Shire related transactions are discussed below. The significant sources and uses of cash per the Orillia bank accounts include:

a. Approximately $0.4 million was raised from investors who invested in approximately 4,300 units of Orillia. The investor database maintained by Orillia details investors of approximately $0.4 million (excluding Roll-overs as described above).

b. An amount of $0.4 million was advanced to Shire; and

c. $3,000 transferred to MWS.

Intercompany analysis with Shire

183. The table below summarizes the inter-company balance between Shire and Orillia based on management's books and records and that estimated by analysis of the Monitor which is based on a review of the Orillia OM:

Orillia Investments Ltd. **Inter-company with Shire International**	**Assuming Allocated Costs**	**Costs per Offering Memorandum**	**Notes**
Gross Payable to / (Receivable from) Shire International	(423,883)	(423,883)	1
Less:			
Commissions at 10% of Funds Raised	38,971	38,971	2
Project management fees earned by Shire	8,042	11,691	3
Other administrative expenses	53,378	70,437	4
Direct costs paid by Shire International	2,620,496	2,620,496	5
Net Payable to / (Receivable from) Shire International	2,297,004	2,317,712	

Notes

1 Amounts per detailed cash analysis performed by the Monitor as detailed in the Third Report.

2 Calculated as 10% of funds raised as generally provided for in the Offering Memorandums.

3 Project management fees earned by Shire are calculated by the Applicants using a base rate of 2% of all funds raised. However, the individual Project Companies Offering Memorandums detail varying amounts of management fee entitlements from 1 to 3% of amounts raised and in one instance, outlines a one-time fixed fee.

4 Other administrative charges refer to costs incurred by Shire International on behalf of the individual Project Companies. The Applicant's pro-rate total Shire costs deemed to be Allocable Costs using the funds raised by the Applicant's as a basis, whereas the Offering Memorandums appear to outline an expected usage of proceeds from each offering thus generating the variance illustrated by this analysis.

5 Amounts per detailed Shire International books and records reflecting charges paid by Shire International on behalf of individual Project Companies as well as funds transferred by Shire and allocated to individual Project Companies. Ultimate payee is indiscernible due to classification in the books and records and the Monitor has not yet been able to cross-reference payments to source documentation to validate amounts.

184. The table above estimates that Shire is owed approximately $2.3 million by Orillia as set out below:

a. Orillia transferred Shire $0.4 million from the funds Orillia raised from its investors;

b. From the cash transferred, the following amounts have been applied that reduce the inter-company payable:

i. $40,000 in selling commissions earned by Shire (10% x $0.4 million);

ii. $8,000 annual management fees as set out in the Orillia OM;

iii. $53,000 of Allocated Costs or estimate of $70,000 based on the net use of proceeds in Orillia OM; and

iv. $2.6 million in direct costs purportedly paid by Shire on behalf of Orillia which, while not fully analyzed by the Monitor, appear to relate to deposits, mortgage and interest payments and soft costs.

Orillia Investments **Direct costs paid or transferred by Shire International**	**Costs**	**Notes**
Bindi	450,000	
By the Lakes	25,925	
Piccin Bottos	758,996	
Other disbursements	57,600	1
Other transfers	1,327,975	2
	2,620,496	

Notes

1 Relates to amounts to whom ultimate payee is indiscernable due to the classification in the G/L. The Monitor has not yet been able to crossreference payments to source documentation.

2 Relates to transfers to whom recipient is indiscernable due to the classification in the G/L. The Monitor has not yet been able to crossreference recipients to source documentation.

185. Certain of the payments included as direct expenses purportedly paid by Shire on behalf of Orillia as set out in the table above have not yet been verified and are being further analyzed by the Monitor but per discussion with management, the majority of the costs relate to the purchase of the land. The Monitor has not yet been able to substantiate this claim through source documentation.

Current status of Orillia

186. The Monitor understands that Orillia owns the Orillia Property which was acquired for $2.97 million.

187. The significant obligations of Orillia relate to the mortgage registered on the property by 1533021 Ontario Inc. in the amount of $1.4 million and the amounts owed by Orillia to its investors. Orillia may also have an inter-company payable to Shire.

188. The Monitor understands that the mortgage holder to Orillia, 1533021 Ontario Inc. has commenced foreclosure proceedings against this property.

Skaha Lake Development Ltd. ("Skaha")

Term Sheet

189. The Skaha term sheet dated November 8, 2006 (the "Skaha Term Sheet") indicated that Skaha intended to raise a maximum of $18 million from investors to acquire a 34,720 square foot parcel of land located along the shore of Skaha Lake, in the community of Okanagan Falls, British Columbia with a legal description of: Lots1, 2 and 3 District Lot 2883S Similkaman Division Yale District Plan 7632 (the "Skaha Lands"). Skaha intended to construct a land front 60-unit hotel/apartment condominium resort complex on the Skaha Lands.

190. Further information on Skaha including the corporate structure, investments structure and information on the material agreements can be found in the Legal Analysis at Appendix 2.

191. The Skaha Term Sheet indicates an offering of units comprising one Class B Non-Voting Common Share and One 8% fixed rate, cumulative, redeemable, renewable bond of Skaha. The Skaha offering was only provided to 'Accredited Investors'.

192. The Skaha Term Sheet indicated that Skaha had been assigned a purchase contract from Shire to purchase price of the Skaha Lands for $2.5 million and that $1.0 million of the purchase price has been paid by Shire and this amount was to be repaid from the proceeds of the Skaha placement. Upon acquiring the Skaha Lands, Skaha intended to contract a lake front 60 unit hotel/apartment condominium resort complex.

193. The Skaha Term Sheet indicated the investment strategy was to use the proceeds raised to:

a. acquire the Skaha Lands;

b. develop the property;

c. repay the Shire the $1 million deposit;

d. pay administrative fees to Eyelogic;

e. pay Shire the agreed upon selling commission of 10%; and

f. the management fee of 1% of the total funds raised per annum.

194. Skaha had the following material agreements and fee structures:

a. EyeLogic was to receive a fee equal to the greater of:

i. $2,500; or

ii. ½ of 1% of the funds raised up to $5 million and ¼ of 1% of the funds raised in excess of $5 million;

b. Shire was to receive commission of 10% of funds raised;

c. Shire was to provide management services to Skaha and Shire was entitled to receive an annual fee of 1% of capital raised pursuant to the Skaha Term Sheet;

d. A real estate purchase agreement between Tom Glendinning and Linda Carol Gautier and Remi Gautier (the "Skaha P&S"); and

e. A joint venture agreement between Skaha, Tom Glendinning, Shire and Total Energy Ltd. ("Total") (the "Skaha JV Agreement").

Acquisition of the Skaha Lands

195. It appears that Tom Glendinning acquired the Skaha Lands for approximately $1.9 million. Pursuant to the Skaha JV Agreement, Glendinning agreed to assign his interest in the Skaha Lands to Skaha. In addition, Glendinning was appointed to carry out the management of the Skaha project and Skaha agreed to pay Glendinning the following fees:

a. A $500,000 finder fee;

b. Normal real estate fees on the eventual disposition of the Skaha Lands;

c. A management fee equal to a certain percentage of the gross revenues from the project; and

d. Shire agreed to contribute all monies required for the acquisition of the Skaha Lands and other expenses of the project.

Sources and uses of funds related to Skaha

196. From a review of the books and records, the flow of funds relating to Skaha is set out in the table below:

Sources and uses of cash:	
	Skaha Lake
Sources of cash:	
Funds raised from investors	8,307,584
Other sources of cash	1,000
Total sources of cash	**8,308,584**
Uses of cash:	
Net intercompany transfers to Shire	5,442,850
Purchase/deposits on property	2,518,400
Other uses of cash	345,831
Total uses of cash	**8,307,081**

197. The table above illustrates the sources and uses of cash per Skaha's bank account and excludes any Shire transactions relating to Skaha. The Shire related transactions are discussed below. The significant sources and uses of cash per the Skaha bank accounts include:

a. Approximately $8.3 million was raised from investors. The Skaha investor database maintained by Skaha details investors of approximately $8.4 million (excluding Roll-overs as described above).

b. $0.5 million was advanced to Skaha from Shire;

c. $1.9 million was paid by Skaha to Total;

d. $600,000 was paid by Skaha to reduce the vendor take back mortgage;

e. $345,000 in miscellaneous project costs; and

f. $5.9 million was transferred to Shire (net of $5.4 million).

198. The Monitor understands that Skaha paid $1.9 million and that Shire paid Total an additional $900,000 which was applied by Shire against the Skaha inter-company account. In summary approximately, $2.8 million was paid to Total relating to:

a. Finders fee of $500,000;

b. Fees relating to the management of the project; and

c. For the settlement/termination of Total's interest in Skaha as proscribed by the Skaha JV Agreement.

199. The Monitor understands that Skaha and Total ended their relationship and as part of the dissolution of the business relationship, certain amounts were paid by Shaha to retract the shares held by Total and also to dissolve the JV Agreement.

Intercompany analysis with Shire

200. The table below summarizes the intercompany balance between Shire and Skaha based on management's books and records and that estimated by analysis of the Monitor which is based on a review of the Skaha's Term Sheet:

Skaha Lake Development Inter-company with Shire International	Assuming Allocated Costs	Costs per Offering Memorandum	Notes
Gross Payable to / (Receivable from) Shire International	(5,442,850)	(5,442,850)	1
Less:			
Commissions at 10% of Funds Raised	842,457	842,457	2
Project management fees earned by Shire	168,660	187,972	3
Other administrative expenses	674,093	-	4
Direct costs paid by Shire International	1,900,567	1,900,567	5
Net Payable to / (Receivable from) Shire International	(1,857,073)	(2,511,855)	

Notes

1 Amounts per detailed cash analysis performed by the Monitor as detailed in the Third Report.
2 Calculated as 10% of funds raised as generally provided for in the Offering Memorandums.
3 Project management fees earned by Shire are calculated by the Applicants using a base rate of 2% of all funds raised. However, the individual Project Companies Offering Memorandums detail varying amounts of management fee entitlements from 1 to 3% of amounts raised and in one instance, outlines a one-time fixed fee.
4 Other administrative charges refer to costs incurred by Shire International on behalf of the individual Project Companies. The Applicant's pro-rate total Shire costs deemed to be Allocable Costs using the funds raised by the Applicant's as a basis, whereas the Offering Memorandums appear to outline an expected usage of proceeds from each offering thus generating the variance illustrated by this analysis.
5 Amounts per detailed Shire International books and records reflecting charges paid by Shire International on behalf of individual Project Companies as well as funds transferred by Shire and allocated to individual Project Companies. Ultimate payee is indiscernible due to classification in the books and records and the Monitor has not yet been able to cross-reference payments to source documentation to validate amounts.

201. The table above estimates that Shire owes Skaha between \$1.9 million and \$2.5 million as set out below:

a. Skaha advanced Shire approximately \$5.4 million from the funds raised Skaha raised from investors pursuant to the Skaha Term Sheet;

b. From the cash transferred to Shire, the following amounts have been applied to reduce the intercompany payable:

i. \$0.8 million in selling commissions earned by Shire; and

ii. Approximately \$1.9 million of payments made by Shire on behalf of Skaha representing certain deposits made on the Skaha P&S and other amounts paid to Total in respect of the Skaha JV Agreement and construction costs;

Skaha Lake Developments Direct costs paid or transferred by Shire International	Costs	Notes
Total Energy	894,066	
Meiklejohn	126,226	
Other disbursements	312,275	1
Other transfers	568,000	2
	1,900,567	

Notes

1 Relates to amounts to whom ultimate payee is indiscernable due to the classification in the G/L. The Monitor has not yet been able to crossreference payments to source documentation.

2 Relates to transfers to whom recipient is indiscernable due to the classification in the G/L. The Monitor has not yet been able to crossreference recipients to source documentation.

202. Certain of the payments included as direct expenses paid by Shire on behalf of Skaha as set out in the table above have not yet been verified and are being further analyzed by the Monitor.

Current status of the Skaha Lands

203. From the analysis above, it appears that Skaha's principal assets consist of the following:

a. Skaha's ownership of the Skaha Lands which was acquired for $2.5 million with no mortgages registered on title; and

b. An inter-company receivable from Shire.

204. The significant obligations of Skaha include the amounts owed to its investors of approximately $5.4 million.

Tsehum Harbour Ltd. ("Tsehum") and Tsehum Harbour Bounds Ltd. ("Tsehum Bonds")

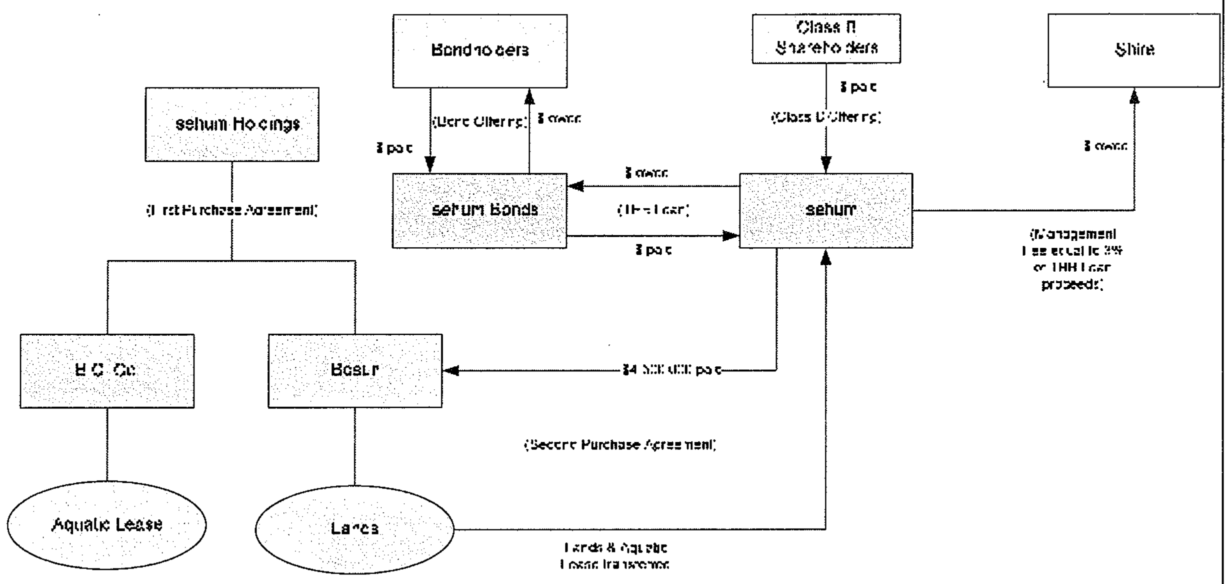
Offering Memorandums

205. Tsehum issued an offering memorandum dated October 15, 2008 which indicated that Tsehum was entitled to raise up to $5.5 million of Class B Common Shares of Tsehum. Tsehum Bonds issued an offering memorandum dated October 15, 2008 which indicated that Tsehum Bonds was entitled to raise up to $5.5 million of 8.0% redeemable bonds with the bonds being repaid in full on March 31, 2011. Interest was paid on the bonds at the sole discretion of the company but all unpaid interest to was to be repaid upon the expiry of the bonds. The offering memorandums issued by Tsehum and Tsehum Bonds are collectively referred to as the Tsehum OMs.

206. Further information on Tsehum and Tsehum Bonds including the corporate structure, investments structure and information on the material agreements can be found in the Legal Analysis at Appendix 2.

207. The diagram below was prepared by the Applicants' counsel and provides the structure contemplated by the Tsehum OMs.

SCHEDULE A



Lands Lot A, District Lot 12, Section 15, Range 3, East, North Saanich District, Plan 45998

Aquatic Lease aquatic lands lease no. 101 [illegible] dated September 27, 1987 relating to Block A of Lot 653, Cowichan District.

208. The Tsehum OMs indicated that a maximum of $5.5 million was to be raised from investors with the funds being used acquire and develop certain property described as Lot A, District Lot 12 and Section 15, Range 3 East, North Saanich District, Plan 45998, with the municipal address of 2238/2240 Harbour Road, Sidney, British Columbia (the "Tsehum Lands"). The Tsehum Lands comprise approximately 0.54 acres of waterfront property.

209. Tsehum had the following material agreements and fee structures:

a. A share purchase agreement between Thomas Melville and Vicki Melville (vendors) and Tsehum Harbour Place Holdings Ltd. ("Tsehum Holdings") (the "Tsehum Share Purchase Agreement"). The Tsehum Share Purchase Agreement contemplated a purchase of all the issued and outstanding shares of Bosun's Holdings Ltd. ("Bosun") and 0675816 BC Ltd. ("BC Co.") for $3.5 million; and

b. Certain other agreements as more fully set out in the Legal Analysis at Appendix 2.

Acquisition of property

210. The Tsehum Share Purchase Agreement provided that Tsehum Holdings acquired Bosun and BC Co. whose assets included the Tsehum Lands (owned by Bosun) and an interest in an aquatic lease number 101900 (the "Aquatic Lease").

211. The $3.5 million acquisition price as set out in the Tsehum Share Purchase Agreement was to be funded by:

a. A $580,000 deposit paid in cash;

b. A $500,000 promissory note provided by Tsehum Holdings and Shire; and

c. $2.242 million payable upon closing.

212. The Monitor understands that Tsehum Holdings completed the acquisition and became the sole shareholder of Bosun (and indirectly the Tsehum Properties).

213. The Tsehum OM indicates that Tsehum entered into a purchase and sale agreement dated September 3, 2008 with Bosun pursuant to which Tsehum was to acquire the Tsehum Lands and assume the Aquatic Lease for $4.5 million, representing a $1.0 profit for Tsehum Holdings as set out in the Tsehum OM.

214. Currently, Bosun remains the registered owned of the Tsehum Lands and Tsheum Holdings is the sole shareholder. Tsehum Holdings is controlled by Cleone Couch. Accordingly, it appears that the transaction contemplated by the Tsehum OM was not completed as Tsehum Holdings continues to be the sole shareholder of Bosun who in turn owns the Tsehum Lands. Tsheum does not own Bosun or the Tsehum Lands as was contemplated by the Tsehum OM. It is uncertain if BC Co. has any interest in the Aquatic Lease.

215. Fisgard Capital Corporation ("Fisgard") has a mortgage over the Tsehum Lands in the amount of $2.45 million. In addition, the former owners Thomas and Vicki Melville

have a mortgage registered on title,which likely relates to the $500,000 promissory note.

Sources and uses of funds related to Tsehum

216. From a review of the books and records, the flow of funds relating to Tsehum is set out in the table below:

Sources and uses of cash:	
	Tsehum Harbour
Sources of cash:	
Funds raised from investors	4,501,715
Total sources of cash	**4,501,715**
Uses of cash:	
Net intercompany transfers to Shire	4,346,500
Net other intercompany transfers out	79,000
Other uses of cash	73,616
Total uses of cash	**4,499,116**

217. The table above illustrates the sources and uses of cash per Tsehum's bank account and excludes any Shire transactions relating to Tsehum. The Shire related transactions are discussed below. The significant sources and uses of cash per the Tsehum accounts include:

a. Approximately $4.5 million was raised from investors. The investor database maintained by Tsehum details investors of approximately $4.6 million (excluding Roll-overs as described above).

b. $79,000 was transferred to MWS;

c. $74,000 was paid by Tsehum relating to miscellaneous soft costs; and

d. $4.3 million was transferred to Shire.

Intercompany analysis with Shire

218. The table below summarizes the intercompany balance between Shire and Tsehum based on management's books and records and that estimated by analysis of the Monitor which is based on a review of the Tsehum OMs.

Tsehum Harbour Inter-company with Shire International	Assuming Allocated Costs	Costs per Offering Memorandum	Notes
Gross Payable to / (Receivable from) Shire International	(4,346,500)	(4,346,500)	1
Less:			
Commissions at 10% of Funds Raised	461,435	461,435	2
Project management fees earned by Shire	84,752	123,081	3
Other administrative expenses	378,616	25,200	4
Direct costs paid by Shire International	1,478,648	1,478,648	5
Net Payable to / (Receivable from) Shire International	(1,943,049)	(2,258,136)	

Notes

1 Amounts per detailed cash analysis performed by the Monitor as detailed in the Third Report.

2 Calculated as 10% of funds raised as generally provided for in the Offering Memorandums.

3 Project management fees earned by Shire are calculated by the Applicants using a base rate of 2% of all funds raised. However, the individual Project Companies Offering Memorandums detail varying amounts of management fee entitlements from 1 to 3% of amounts raised and in one instance, outlines a one-time fixed fee.

4 Other administrative charges refer to costs incurred by Shire International on behalf of the individual Project Companies. The Applicant's pro-rate total Shire costs deemed to be Allocable Costs using the funds raised by the Applicant's as a basis, whereas the Offering Memorandums appear to outline an expected usage of proceeds from each offering thus generating the variance illustrated by this analysis.

5 Amounts per detailed Shire International books and records reflecting charges paid by Shire International on behalf of individual Project Companies as well as funds transferred by Shire and allocated to individual Project Companies. Ultimate payee is indiscernible due to classification in the books and records and the Monitor has not yet been able to cross-reference payments to source documentation to validate amounts.

219. The table above estimates that Shire owes Tsehum between $1.9 million and $2.3 million as set out below:

a. Tsehum advanced Shire approximately $4.3 million from the funds raised from investors pursuant to the Tsehum OMs;

b. From the cash transferred from Tsehum to Shire, the following amounts have been applied to reduce the intercompany payable:

i. $0.4 million in selling commissions earned by Shire;

ii. $85,000 in management fees;

iii. Allocated Costs of $0.4 million or estimate of $25,200 based on the net use of proceeds in the Tsehum OMs; and

iv. Approximately $1.5 million of purportedly payments made by Shire on behalf of Tsehum as summarized in the table below below:

Tsehum Harbour Direct costs paid or transferred by Shire International	Costs	Notes
Other disbursements	945,648	1
Other transfers	533,000	2
	1,478,648	

Notes

1 Relates to amounts to whom ultimate payee is indiscernable due to the classification in the G/L. The Monitor has not yet been able to crossreference payments to source documentation.

2 Relates to transfers to whom recipient is indiscernable due to the classification in the G/L. The Monitor has not yet been able to crossreference recipients to source documentation.

220. Certain of the payments included as direct expenses paid by Shire on behalf of Tsehum as set out in the table above have not yet been verified and are being further analyzed by the Monitor but per discussion with management, the costs incurred were deposits made on the property. The Monitor has not yet been able to substantiate this claim through source documentation.

221. Furthermore, a $1.0 million profit was to be earned by Tsehum Holdings that has not been reflected in the above analysis.

Current status of the Tsehum Lands

222. The Monitor understands that Tsehum Holdings owns Bosun which in turn owns the Tsehum Lands which were acquired for $3.5 million. Ownership of the Aquatic Lease is unknown. Two mortgages totalling approximately $2.9 million are registered on title. In addition several liens have also been filed against the Tsehum Lands.

223. From the above analysis, it appears that Tsehum's main asset represents a receivable from Tsehum Holdings until the transaction is completed as contemplated by the OM (i.e. the property remains in the name of Bosun and not Tsehum). Tsehum may also have an inter-company receivable owing from Shire.

224. Tsehum's significant obligations would include the amounts owed to its investors totally approximately $4.5 million. However, the Monitor is uncertain as to whether the corporate structure contemplated in the Tsehum OMs (as set out above) was implemented as there were no separate books and records or bank accounts for Tsehum Bonds or Tsehum.

Maples and White Sands Investment Ltd. ("MWS")

Offering Memorandum

225. MWS is 100% owned by Shire. The MWS offering memorandum dated May 16, 2008 (the "Maple OM) indicated that MWS intended to raise a maximum of $14.1 million in funds from individuals acquiring mortgage units in a mortgage that was to be registered against certain property to be acquired by MWS.

226. Further information on MWS including the corporate structure, investments structure and information on the material agreements can be found in the Legal Analysis at Appendix 2.

227. The MWS OM indicates that the funds raised were to be used to acquire the following assets (collectively referred to as the "MWS Project"):

    a. All the issued and outstanding shares of Tidbury Ball Enterprises Ltd. (which changed its name to 0726028 BC Ltd.) ("Tidbury"). Tidbury owned the Sorrento Inn which is located Sorrento, British Columbia (the "Sorrento Inn");

    b. The Maples Resort which was situated on two acres of lakeshore land located on the Shuswap Lake ("Maples"). Maples' land was contiguous to the Sorrento Inn; and

    c. The White Sands Resort comprising 3 acres of waterfront property on the shore of the Shuswap ("White Sands").

    d. Investors in MWS acquired mortgage units that represented an undivided interest in a mortgage that was to be registered against the MSW Project. The mortgage units carried a 15% interest rate per annum and were due June 30, 2010.

228. The MWS OM indicated the following investment strategy:

a. MWS was to acquire Tidbury, Maples and White Sands from Shire; and Shire was to acquire the assets from unrelated parties;

b. MWS was to pay Shire $14.0 million for all the assets, in part by completing the purchase price payment obligations payable by Shire and assuming the obligations of 1292413 Alberta Ltd ("129 Alberta");

c. Shire had purportedly paid $5.25 million of the $14 million purchase price and was obligated to pay an additional $3.2 million to complete the acquisition of the Sorrento Inn; and

d. MWS did not intend to carry on the current operations of the Sorrento Inn, Maples or White Sands, but instead intended to develop the land.

229. The material agreements and fees relating to MSW include:

a. An agreement with Shire for the purchase of the MSW Project for $14.025 million;

b. A purchase and sale agreement where 129 Alberta was to acquire Maples from certain parties for a total purchase price of $3.85 million (the "Maples Purchase Agreement");

c. A purchase and sale agreement where 129 Alberta was to acquire White Sands from certain parties for $4.0 million (the "White Sands Purchase Agreement);

d. A purchase and sale agreement where 129 Alberta was to acquire all the issued and outstanding shares of Tidbury for $3.0 million (the "Tidbury Share Purchase Agreement");

e. An agreement to assign purchase contracts between 129 Alberta and Shire whereby 129 Alberta agreed to assign the Maples Purchase Agreement, the Tidbury Share Purchase Agreement and the White Sands Purchase Agreement to Shire for a payment of $2.85 million (the "129 Alberta Assignment Agreement"); and

f. An option agreement whereby MWS obtained an option from the owners of all the issued and outstanding shares of the company that owned White Sands (the "MWS Option").

Acquisition of property

230. The Monitor understands that the following transactions were completed by MWS;

a. MWS ultimately acquired the shares of Tidbury who owned the Sorrento Inn for a total purchase price of $3.0 million on or about May 2, 2008;

b. MWS paid 129 Alberta $2.85 million as set out in the 129 Alberta Assignment Agreement which appears to be a finder's fee for structuring the acquisition of the MWS Project;

c. MWS did not acquire Maples or White Sands as contemplated under the MWS OM and the respective purchase and sale agreements. $2.0 million in deposits were placed relating to the Maple Purchase Agreement and $1.05 million relating to the White Sands Purchase Agreement. Mrs. Cleone Couch advised that there are verbal agreements in place that would allow MWS to acquire both Maples and White Sands resorts.

Sources and uses of funds related to MWS

231. From a review of the books and records, the flow of funds relating to MWS is set out in the table below:

Sources and uses of cash:	
	Maples
Sources of cash:	
Funds raised from investors	11,060,399
Other sources of cash	227,159
Total sources of cash	**11,287,559**
Uses of cash:	
Net intercompany transfers to Shire	7,421,153
Net other intercompany transfers out	932,000
Purchase/deposits on property	1,501,483
Interest to investors	1,103,213
Other uses of cash	313,506
Total uses of cash	**11,271,354**

232. The table above illustrates the sources and uses of cash per the MWS bank account and excludes any Shire transactions relating to MWS. The Shire related transactions are discussed below. The significant sources and uses of cash per the MWS bank accounts include:

a. Approximately $11.0 million was raised from investors which is consistent with the investor database maintained by MWS (excluding Roll-overs as described above);

b. $1.5 million was used to attempt to complete the acquisitions contemplated by the MWS OM;

c. $7.4 million was transferred to Shire;

d. $0.6 million was transferred to Bearspaw;

e. $0.3 million was transferred to Ft McMoney II;

f. $0.3 million was incurred on various soft costs; and

g. $1.1 million of interest was paid to investors.

Intercompany analysis with Shire

233. The table below summarizes the intercompany balance between Shire and MWS based on management's books and records and that estimated by analysis of the Monitor which is based on a review of the MWS OM:

Maples and White Sands Inter-company with Shire International	Assuming Allocated Costs	Costs per Offering Memorandum	Notes
Gross Payable to / (Receivable from) Shire International	(7,421,153)	(7,421,153)	1
Less:			
Commissions at 10% of Funds Raised	1,102,490	1,102,490	2
Project management fees earned by Shire	218,667	-	3
Other administrative expenses	976,864	300,000	4
Direct costs paid by Shire International	6,565,261	6,565,261	5
Net Payable to / (Receivable from) Shire International	1,442,129	546,598	

Notes

1 Amounts per detailed cash analysis performed by the Monitor as detailed in the Third Report.

2 Calculated as 10% of funds raised as generally provided for in the Offering Memorandums.

3 Project management fees earned by Shire are calculated by the Applicants using a base rate of 2% of all funds raised. However, the individual Project Companies Offering Memorandums detail varying amounts of management fee entitlements from 1 to 3% of amounts raised and in one instance, outlines a one-time fixed fee.

4 Other administrative charges refer to costs incurred by Shire International on behalf of the individual Project Companies. The Applicant's pro-rate total Shire costs deemed to be Allocable Costs using the funds raised by the Applicant's as a basis, whereas the Offering Memorandums appear to outline an expected usage of proceeds from each offering thus generating the variance illustrated by this analysis.

5 Amounts per detailed Shire International books and records reflecting charges paid by Shire International on behalf of individual Project Companies as well as funds transferred by Shire and allocated to individual Project Companies. Ultimate payee is indiscernible due to classification in the books and records and the Monitor has not yet been able to cross-reference payments to source documentation to validate amounts.

234. The table above estimates that Shire is owed between $0.5 million and $1.4 million as set out below:

a. MWS advanced Shire approximately $7.4 million from the funds raised MWS raised from investors pursuant to the MWS OM;

b. From the cash transferred to Shire, the following amounts have been applied to reduce the intercompany payable:

i. $1.1 million in selling commissions earned by Shire;

ii. $0.2 million in management fees;

iii. Allocated Costs of $1.0 million or estimate of $0.3 million based on the net use of proceeds in the MWS OM; and

iv. Approximately $6.6 million of purportedly payments made by Shire on behalf of MWS as summarized in the table below.

Maples and White Sands Direct costs paid or transferred by Shire International	Costs	Notes
Schinoor Matkin Baxter	1,995,162	
1072133 AB Ltd	400,000	
Other disbursements	420,099	1
Other transfers	3,750,000	2
	6,565,261	

Notes

1 Relates to amounts to whom ultimate payee is indiscernable due to the classification in the G/L. The Monitor has not yet been able to crossreference payments to source documentation.

2 Relates to transfers to whom recipient is indiscernable due to the classification in the G/L. The Monitor has not yet been able to crossreference recipients to source documentation.

235. Certain of the payments included as direct expenses purportedly paid by Shire on behalf of MWS as set out in the table above have not yet been verified and are being further analyzed by the Monitor. However, it appears that considerable deposits classified in other transfers were placed by Shire on behalf of MWS relating to the Maples Purchase Agreement and White Sands Purchase Agreements and these acquisitions were not completed, but rather, management has indicated that amounts were paid to 1072133 AB Ltd. for a finder's fee.

Current status of the Maples and White Sands

236. The Monitor understands that MWS currently owns the Sorrento Inn which is a operation with marginal cashflow as well as management has indicated that it possesses a verbal option to acquire both the Maples and White Sands resorts. MWS also may have an inter-company receivable as against Shire.

237. The Monitor understands that an amendment to a security agreement may have been entered into which assigns all of the shares of Tidbury back to 129 Alberta Ltd. Based on minimal operational receipts and disbursements of the Sorrento Inn accruing to the benefit of MWS, it would appear that this amendment was of no effect, but the documentation in this respect remains unclear.

238. The significant obligations of MWS include its obligation to its mortgage investors in the amount of approximately $11.0 million.

OPERATIONAL AND RESTRUCTURING EFFORTS

239. Since the granting of the Initial Order, considerable effort has been expended by Shire and its advisors in assisting the Monitor in completing its Investigation and also in assisting the Applicants' counsel in completed the Legal Analysis.

240. While certain aspects of the Investigation and Legal Analysis continue, the Monitor believes that this analysis will provide certain clarity to the stakeholders including:

   a. The sources of uses of funds for the individual Project Companies and Shire;

   b. Identifying the potential stakeholders of each Applicant;

   c. The various inter-company balances that exist between the Project Companies and Shire; and

   d. The various assets owned by the Project Companies and Shire and related prior encumbrances.

Management Committee

241. Now that stakeholders have a better understanding of the assets and liabilities of the various Project Companies and Shire, the Monitor believes that key next steps in this restructuring include establishing a management committee (the "Management Committee"). Attached at Schedule B to the draft Receivership Order, is the proposed Management Committee charter which sets out the following:

   a. the purpose of the Management Committee is to provide advice and guidance to the Receiver;

   b. the Management Committee is to comprise five individuals:

      i. the Receiver;

      ii. one to be selected by the Applicants;

      iii. one to be selected by Eyelogic/Olympia Trust;

iv. one to be selected by Borden Ladner Gervais LLP; and

v. one to be selected from the bondholders not part of the class action proceedings.

c. The Management Committee responsibilities are to include:

i. To approve all material contracts of the Applicants;

ii. To approve all budgets and business plans of the Applicants;

iii. To give such direction as they deem appropriate.

242. The Monitor believes that the proposed Management Committee is beneficial as to provide input from the stakeholders group and would ensure that the restructuring efforts of the Applicants continue as efficiently as possible.

Request for Proposal Process

243. As outlined in the second report of the Monitor, the Monitor agrees that a request for proposal process (the "RFP Process") needs to be implemented in a timely manner and understands, assuming the approval of the Management Committee as discussed above, the first step would be to finalize the RFP Process and retain an appropriate advisor to assist in that process.

244. The Monitor anticipates that the RFP Process would seek and obtain request for proposals for each specific project company identifying proposals that may include the following:

a. An outright purchase of the specific property; or

b. A plan to develop the property, likely in conjunction with entering into a co-venturing agreement with a proven developer.

DIP Financing

245. The Monitor understands that the Shire Group expects to have additional DIP Financing secured in the amount of $2.5 million, which will serve to repay the original DIP Financing and permit this restructuring to continue, including the implementation and completion of the RFP Process.

246. The Applicants' believe that there appears to be sufficient equity in the assets owned by the Project Companies and Shire to support the debt without unduly prejudicing the secured creditors. However, the Monitor is aware of the concerns of the secured lenders relating to Bearspaw and Orillia as noted below.

247. The Monitor believes that the concerns of the existing secured lenders may be partially addressed by:

   a. The timely implementation of the RFP Process which would see the various properties marketed;

   b. Potential sale of properties could be used to reduce the future required borrowings under the DIP Facility. The Monitor understands that the Applicants have a conditional sale on the Fort McMoney II Property for $9.6 million (subject to certain conditions and Court approval) and the Fort McMoney Property has approximately $6.6 million in mortgage units registered on title; and

   c. The fact that the purchase price/appraised value of the unencumbered land is sufficient to secured the additional DIP Financing.

248. The Monitor understands that a marketing of all the properties would be implemented under the RFP Process which would include the Bearspaw and Orillia properties. The RFP Process would result in proposals for both the acquisition and development of the properties and such proposals could be received over the course of the ensuing two months or so which would indicate the sale value of the property and whether any viable development ventures exist. If any development scenarios were to be pursued, the Monitor believes that the existing secured creditors cooperation would be required.

Accordingly, the Monitor believes that the implementation of the RFP Process may alleviate some of the concerns of the existing secured creditors.

249. With respect to the priority of the DIP Facility as against the various properties, the Monitor notes that currently approximately $1.0 million is secured against all the properties. As set out above, the initial purchase price/ current appraised value of the assets owned by the Shire Group total approximately $44.3 million with estimated equity after secured charges of $16.3 million.

250. The Monitor will further report to the Court on the terms of the new DIP Facility once they become finalized.

INVESTIT FINANCIAL INC. MORTGAGE AND 1533021 ONTARIO MORTGAGE

Investit Financial Inc.

251. Investit Financial Inc. ("Investit"), who the Monitor understands holds a mortgage against the property known as Bearspaw at 144th Avenue, filed an subsequent application in this proceeding to set aside the Stay of Proceeding to allow Investit to continue with their foreclosure action on the Bearspaw Property. Investit has already filed an initial application with regards to this remedy.

252. The Monitor understands from materials filed by Investit that the amount outstanding on the mortgage is approximately $7,495,911 as at October 8, 2009 and that Investit has referenced two appraisals showing values of the following;

    a. $6,525,000 fair market value / $5,900,000 forced sale value, effective July 31, 2009; and

    b. $7,365,000 fair market value / $5,900,000 forced sale value, effective September 15, 2009 (collectively the "Investit Values")

253. The Applicants have also filed an appraisal, effective September 15, 2009 showing a fair market value of $10,000,000 and a forced sale value of $8,000,000.

254. The Applicants believe that significant equity exists in the Bearspaw Property to fully repay the Investit mortgage.

1533021 Ontario Inc.

255. 1533021 Ontario Inc. has also commenced foreclosure proceedings against the Orillia Property. The Monitor understands that the property was originally acquired for approximately $2.9 million and the 1533021 Ontario Inc. mortgage is approximately $1.9 million.

256. The Monitor comments that implementing the RFP Process should clearly indicate the value of the property.

APPLICATION FOR THE APPOINTMENT OF RECEIVER AND MANAGER

257. As discussed in the Affidavit of Cleone Couch dated October 6, 2009, an application is being made in this Honourable Court for the appointment of Ernst & Young Inc. as Receiver and Manager (the "Receiver") over the Applicants as set out in the draft receivership Order.

258. The Applicants belief that the appointment of a Receiver would provide for an orderly process to administer the assets of the Applicants through the RFP Process as outlined above, in an effort to maximize the recoveries to all stakeholders of the Applicants is supported by the Monitor.

259. The Monitor and proposed Receiver is of the view that granting the appointment of a Receiver would not lead to significant duplicative costs to the estates of the Applicants for the following reasons:

   a. Hearings will be held together and pleadings will be filed in a single location; and

   b. The costs of the Monitor would essentially be replaced with those of the Receiver.

FINANCIAL FORECAST FOR THE PERIOD OCTOBER 2ND TO DECEMBER 25TH

260. A summarized financial forecast for the period October 2nd to December 25th is attached to this Third Report (the "Revised Forecast") at Appendix 3. The Receiver anticipates reviewing the Revised Forecast with the Management Committee to solicit their input.

261. Significant assumptions used in deriving the Revised Forecast are outlined below;

a. Cash Receipts of $1.31 million are forecast based on the receipt of net DIP Financing and nominal net receipts related to the operation of the Sorrento Inn. No amounts for potential assets sales have been included.

b. Cash disbursements of approximately $1.25 million, subject to the review and input of the proposed Management Committee, are forecast based on the following:

i. $84,000 in payment of salaries and wages to be used for the continued assistance of Mrs. Cleone Couch do to her intimate knowledge of Shire properties and operations, as well as the proposed continued retention of certain staff for one month, subject to input from the Management Committee;

ii. Approximately $164,000 in payment of DIP Financing Interest, and related fees based on estimated terms;

iii. Approximately $130,000 in payment of fees to the Management Committee and real estate professionals; and

iv. Approximately $745,000 in payment of professional fees to legal counsel and the receiver, including fees outstanding at the inception of this forecast period.

262. The Revised Forecast contemplates the approval of the Receivership Application, the Management Committee and implementation and substantial completion of the RFP Process.

APPLICANTS' REQUEST FOR AN EXTENSION TO THE STAY PERIOD

263. Pursuant to the Order granted by this Honourable Court, the Applicants' Stay Period continues until and including October 8, 2009. Shire is seeking an extension of the Stay Period until, and including, December 8, 2009.

264. An extension to the Stay Period is necessary to allow for the following:

a. The implementation of the Management Committee;

b. Implementing the RFP Process; and

c. Continuation of the Investigation and Legal Analysis, as required.

RECOMMENDATION AND SUMMARY OF NEXT STEPS

265. In the Monitor's view, the Applicants have since the inception of these proceedings acted in good faith and with due diligence. The Monitor is of the view that the extension of the Stay Period is appropriate in the circumstances and therefore recommends that the Applicant's request for an extension of the Stay Period be granted to, and including, October 8th, 2009.

266. The Monitor recommends the approval of the Applicant's application for the appointment of a Receiver and Manager.

All of which is respectfully submitted this 7th day of October 2009.

ERNST & YOUNG INC.
in its capacity as Court Appointed Monitor
of Shire International Real Estate Investments Ltd. et. al

Deryck Helkaa, CA·CIRP
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