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., ORILLIA INVESTMENTS LTD., 0726028 B.C. LTD., 0675816 B.C. LTD., AND BOSUN'S HOLDINGS LTD.

FOURTH REPORT OF ERNST & YOUNG INC.
IN ITS CAPACITY JOINTLY AS MONITOR AND RECEIVER

ERNST & YOUNG INC.

October 16, 2009

Ernst & Young
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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. On October 8, 2009, the Applicants sought and obtained an Order (the "Receivership Order") appointing Ernst & Young Inc. as Receiver (the "Receiver") of all of the Applicants' current and future assets, undertakings and property of every nature and kind whatsoever, and wherever situate. In addition, on October 8, 2009 this Honourable Court added 0726028 B.C. Ltd., 0675816 B.C. Ltd., and Bosun's Holdings Ltd. as parties to these proceedings as a result of an application by the Applicants.

5. The purpose of this Fourth Report of Ernst & Young Inc. jointly in its capacity as Monitor and Receiver (the "Fourth Report") is to describe for this Honourable Court the basis for the Receiver's application to vary the service requirements contained in sections 245 and 246 of the *Bankruptcy and Insolvency Act* (the "BIA") pursuant to section 187(12) of the BIA..

6. Capitalized terms not defined in this Fourth Report are as defined in the Initial Order or the previous reports of the Monitor. All references to dollars in this Fourth Report are in Canadian currency unless otherwise noted.

TERMS OF REFERENCE

7. In preparing this Fourth 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.

BACKGROUND

8. 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.

SERVICE REQUIREMENTS OF SECTIONS 245 AND 246 OF THE BIA

9. Sections 245 and 246 of the BIA require a receiver to give notice of their appointment in a prescribed form and manner to, among others, the insolvent person and to all

creditors of the insolvent person (the "Receiver's Notice") as soon as possible and not later than ten days after becoming a receiver.

10. The form of this Receiver's Notice is prescribed by the BIA as Form 87 and requires, inter alia;

    a. A description of the property of the insolvent person;

    b. A listing of the creditors of the insolvent person and the amount owed to each creditor; and

    c. The intended action plan of the receiver during the receivership.

11. The Receiver's Notice, assuming the inclusion of each individual investor and/or creditor could result in the mailing exceeding 65 pages in total. To date, the Receiver has ascertained that there is in excess of 3,100 known or potential creditors of the Applicants, on a combined basis.

12. It is the Receiver's opinion that mailing the full Receiver's Notice to each creditor of the Applicants would be an unjustified cost to the Applicants' estate in the circumstances.

13. As a result of the large numbers of creditors of the Applicants and the resultant cost for reproduction and delivery of the Receiver's Notice, the Receiver is requesting the approval of this Honourable Court to vary the service requirements of the Receiver's Notice to allow the Receiver to provide only the total of the amounts owed to the creditors of the insolvent person in the mailing to individual creditors rather than the detailed listing of amounts owing to each individual creditor.

14. In addition, the Receiver understands that separate creditors listings were not always maintained for each specific Project Company basis, but that investor listings were at times maintained on a project basis. For example, the investors database would refer to investors of "Bearspaw" which the Receiver understands would be a combination of creditors of Bearspaw at 144^{th} Avenue Ltd., Bearspaw at 144^{th} Equities Ltd., and/or Bearspaw at 144^{th} Bonds Inc.. As the Receiver has not yet had an opportunity

to disaggregate the creditors and does not feel that it is material for creditor notification purposes, the Receiver proposes to notify, all similar project creditors with a single Receiver's Notice.

15. The Receiver would propose that in addition to the posting of the total of the amounts owed to the creditors on the Receiver's Notice, that the Receiver would include a notation on the Receiver's Notice that the detailed creditors' listing outlining the name and amounts owed to each creditor would be made available on the Receiver's website at www.ey.com/ca/shire, which has previously been made available to creditors. In addition, upon written request by a creditor, the Receiver would mail a copy of the complete listing to the requesting party. Collectively, this proposed method of service is referred to as the "Proposed Service Methodology".

16. The Receiver notes that the Proposed Service Methodology has been discussed with the management committee and that the management committee was unanimously in support of the Proposed Service Methodology.

Public disclosure of the creditors listing

17. As discussed in the previous reports of the Monitor, the Receiver understands that upon an investor subscribing under the terms of an offering memorandum that the investor would receive a unit consisting of a preferred share together with an interest bearing bond. Accordingly, it is the preliminary position of the Receiver that investors would have a hybrid equity and debt claim to their investment.

18. Also as described in the previous reports of the Monitor, the Applicant maintained an investor database outlining the names, addresses and amounts of individual investments. The Receiver proposes that this would be the best available source of investor information for purposes of the Receiver's Notice as outlined above. It is the Receiver's preliminary view that prior to any further action with respect to a Plan of Arrangement or potential distribution scenario,a fulsome claims process should be undertaken and the creditors would thus be provided with an opportunity to prove

their claims. Accordingly,this investor database is being used for notification purposes only which is justifiable given the absence of a suitable alternative.

19. The Receiver proposes that the public disclosure of the name and amount of individual investors would not prejudice any individual investor given the public process that is implicit in these proceedings, as highlighted by the powers and directions given by this Honourable Court in Paragraph 24A(b) and 24(A)(c) which states;

a. "The Monitor is empowered and directed to investigate the Applicants and each of their respective affairs, activities and business and report to this Court about;

   i. the identity of the Investors, for what purpose, investment or project they invested funds with the Applicants and at what rate of interest" and

   ii. The amount currently owing by the applicable Applicant to the Investors, the identity of the debtor(s) and the applicable aggregate per diem rate of interest accruing to the Investors.

AUTHORITY OF THE COURT TO AMEND SERVICE REQUIREMENTS

20. Sections 187(12) of the BIA allows the Court to give leave to omit the material, or any part thereof or to send the material or notices in such manner as the court may direct, where in the opinion of the Court the cost of sending material or notices required by this act is unjustified in the circumstances.

All of which is respectfully submitted this 16th 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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Kevin Meyler, CA·CIRP
Vice President

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CLERK OF THE COURT
OCT 16 2009
CALGARY, ALBERTA

FOURTH REPORT OF THE MONITOR

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