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.

SUPPLEMENT TO THE EIGHTH REPORT OF ERNST & YOUNG INC.
IN ITS CAPACITY JOINTLY AS MONITOR AND RECEIVER

November 25, 2009

Ernst & Young

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"). The Initial Order authorized debtor in possession financing in the amount of $1,000,000 and granted a priority charge in respect of such debtor in possession financing.

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. ("0675816"), and Bosun's Holdings Ltd. ("Bosun") as parties to these proceedings as a result of an

application by the Applicants. Finally, on October 8, 2009, this Honourable Court at the come-back hearing on the Initial Order extended the stay of proceedings to December 4, 2009 and granted an Order approving an increase in the amount of the debtor in possession financing ("DIP Financing") to be obtained by the Applicants up to a maximum amount of $2,500,000 with the stipulation that the Receiver shall only be permitted to draw sufficient funds to repay the existing DIP Facility and draw up to an additional $1,000,000 until further Order of this Court.

5. On November 4, 2009, Fisgard Capital Corporation ("Fisgard") applied before the Honourable Mr. Justice Wilkins for an Order vacating the CCAA proceedings in their entirety or, alternatively, for an order removing properties over which Fisgard holds mortgage security. Fisgard's application in this regard was argued and heard as a *de novo* application on the basis that Fisgard had commenced foreclosure proceedings in respect of its security and that counsel to Fisgard in the foreclosure proceedings had not been given notice of the October 8, 2009 application. The Monitor understands that Fisgard's Alberta counsel was served with the original material at the inception of the CCAA proceedings and for the October 8, 2009 application, while Fisgard's British Columbia counsel was not served.

6. Justice Wilkins denied the application to vacate the CCAA proceedings in their entirety, however His Lordship granted the relief sought by Fisgard as it pertained to removing Bosun's Holdings Ltd. and 0675816 from the scope of the CCAA proceedings, with the effect that the assets of these entities do not stand as security for any principal amounts advanced under the DIP Financing. Although, the Monitor understand that any amount available after paying Fisgard and the other secured charges against the property would still be available to unsecured creditors. The properties remain subject to the Receivership Order and the charges granted therein. The Receiver and Shire are considering seeking leave to appeal this ruling pending the outcome of current applications before this Honourable Court.

TERMS OF REFERENCE

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

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.

PURPOSE OF THIS REPORT

9. The purpose of this Supplemental to the Eighth Report of Ernst & Young Inc. jointly in its capacity as Monitor and Receiver (the "Supplemental Eighth Report") is to advise this Honourable Court of the Receiver's and Monitor's further comments with respect to a Notice of Motion brought by 1533021 Ontario Inc. ("153 Ontario") for an Order approving the sale of lands located at 679 Atherly Road, Orillia, Ontario (the "Orillia Property").

APPLICATION OF 1533021 ONTARIO INC. FOR THE SALE OF THE ORILLIA PROPERTY

10. As outlined in the Eighth Report, an application has been brought before this Honourable Court seeking, *inter alia*, an Order approving the sale of the lands located at 679 Atherly Road, Orillia, Ontario, referred to as the Orillia Property.

11. Since the application on November 23, 2009, the Monitor and its counsel has further reviewed the Chi Tran PSA, the supporting affidavits filed by Gianfranco G. Piccin on

November 16, 2009 (the "November 16th Piccin Affidavit") and on August 10, 2009 (the "August 10th Piccin Affidavit"). The table below summarizes the various parcels of property that are relevant to the analysis of the Orillia Property:

PIN Description (a)		Description	Included in Chi Tran PSA	PIN Included in Bottero Appraisal	PIN Included in Indicom Appraisal	Acres	Legal desription
PIN	58684-0329	Land	Yes	Yes	Yes	3.2	(b)
PIN	58684-0328	Land	Yes	Yes	Yes		(b)
PIN	58684-0327	Land	Yes	Yes	Yes		(b)
PIN	58684-0205	Land	Yes	Yes	Yes		(b)
PIN	58684-0330	Water rights	No	No	Yes	1.2	(c)
Total acres			3.0	2.8	4.2	4.4	(d)
Value			1,700,000	1,700,000	3,000,000		

(a) PIN per Notice of Sale Under Mortgage (exhibit A to the August 10th Piccin Affidavit)

(b) Legal description per marketing material attached to the November 16 Piccin Affdiavit
Plan of survey of Parts of Lots 1,2,3,4 and 68 South side of Victoria Street and all of lots 62-67 inclusive North side of Creighton Street East. Registered plan 292, Township of Orillia

(c) Legal description per marketing material attached to November 16 Piccin Affdiavit
Crown lease 4282, Part 4, CL13622, Plan 51R-33405 being part of the bed of the narrows between Lake Simcoe and Lake Couchiching in front of Lot 12, Concession 7, Township of Orillia, containing 0.496 hectacre more or less, designed as part 4 on reference plan 51R-33405
Instrument SC 342442

(d) Acres per the following sources of information:
Bottero Appraisal - per executive summary
Chi Tran PSA - per legal desription of property
Indicom Appraisal - per executive summary
Water rights - per Ministry of Natural Resources application.

12. Based on the review performed by the Monitor and its counsel, the following additional comments are provided with respect to the application of 153 Ontario:

a. The Notice of Sale under the Mortgage which is attached at Exhibit A to the August 10th Piccin Affidavit lists five property identification numbers ("PINs") being 58684-0205, 58684-0327, 58684-0328 and 58684-0329 which appear to be the land portion of the Orillia Property (the "Orillia Land") and PIN 58684-0330 appears to relate to the Water Rights;

b. The Chi Tran PSA includes only the land described as 679 Atherley Road in the Town of Orillia, Ontario legally described as Plan 292 Lot 4 PT Lots 1 to 3 & 68 S/S which appear to only relate to the Orillia Land and the related four PINs. Furthermore, the Chi Tran PSA indicates the property size to be 3 acres;

c. The Chi Tran PSA does not include the legal description or PIN of the Water Rights as included in the marketing materials attached to the November 16th Piccin Affidavit or the Notice of Sale under Mortgage attached to August 10th Piccin Affidavit;

d. The Bottero Appraisal, includes only the four PINs (being 58684-0205, 58684-0327, 58684-0328 and 58684-0329) relating to the Orillia Land and excludes any reference to PIN 58684-0330 which relates to the Water Rights (see page 4 on the Bottero Appraisal). Furthermore the gross land area referred to in the Bottero Appraisal indicates a property size of 2.8 acres and a estimates a value of $1.7 million (on a direct comparison basis);

e. The Indicom Appraisal, which was attached to the Monitor's Eighth Report, included all five PINs as set out in the table above, which appears to comprise the Orillia Land and the Water Rights and indicated the total property area of 4.2 acres and an appraised value of $3.0 million (on a direct comparison basis) and ascribes a $0.92 million value contribution regarding the Water Rights; and

f. The Crown Lease of the Water Rights describes the Water Rights approximating 0.496 hectares (or approximately 1.2 acres) which appears to be the difference in the acreage between the Bottero Appraisal, the Chi Tran PSA and the Indicom Appraisal.

13. Based on the analysis above, it appears that the Chi Tran PSA does not include the sale of the Water Rights and only includes a description of the Orillia Land. This is further supported by the fact that the property size referred to the Chi Tran PSA is listed as 3 acres, where the total property size of all 5 PINs (comprising the Orillia

Land and Water Rights) is approximately 4.2 acres. Furthermore, the purchase price of $1.7 million is consistent with the Bottero Appraisal which included 2.8 acres relating to the four PINs referred to as the Orillia Land but excludes the PIN relating to the Water Rights.

14. Counsel to 153 Ontario contends that the intention of the Chi Tran PSA is to convey the Water Rights to the purchaser thereunder. As discussed in this report, the Chi Tran PSA does not appear to make express or adequate provision to reflect such intention. From the Monitor's perspective, if the Chi Tran PSA were to be amended to include the Water Rights without a corresponding increase in price, then it would appear as if adequate value is not being obtained for the Water Rights. If the Chi Tran PSA were to close in accordance with its terms (i.e. without a conveyance of the Water Rights), then the Monitor would be concerned that the value associated with the Water Rights will be denuded inasmuch as the Monitor understands that the policy of the Province of Ontario is that rights in the nature of the Water Rights may only be held by the owner of the adjacent land.

All of which is respectfully submitted this 25th day of November 2009.

ERNST & YOUNG INC.
in its capacity jointly as Court Appointed Monitor and Receiver
of Shire International Real Estate Investments Ltd. et. al

Deryck Helkaa, CA·CIRP	Kevin Meyler, CA·CIRP
Senior Vice-President	Vice President

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