

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

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF SHIRE
INTERNATIONAL REAL ESTATE INVESTMENTS LTD.,
SHIRE CAPITAL LTD., HALAMA GARDENS LLC, SHIRE ASSET MANAGEMENT LTD.,
WINN RIVER RESORT LTD., FORT MCMONEY PROPERTIES II LTD., HALAMA
GARDENS LTD., MAPLES AND WHITE SANDS INVESTMENT LTD.,
FORT MCMONEY PROPERTIES LTD., CHEMAINUS PROPERTIES LTD.,
SKAHA LAKE DEVELOPMENT LTD., TSEHUM HARBOUR LTD.,
BEARSPAW AT 144TH AVENUE LTD., BEARSPAW AT 144TH EQUITIES LTD.,
BEARSPAW AT 144TH BONDS INC., TSEHUM HARBOUR EQUITIES LTD.,
TSEHUM HARBOUR BONDS LTD., ORILLIA INVESTMENTS LTD.,
0726028 B.C. LTD., 0675916 B.C. LTD. and BOSUN'S HOLDINGS LTD.

**FOURTH REPORT OF THE RECEIVER
ERNST & YOUNG INC.**

October 4, 2010

INTRODUCTION

1. On January 11, 2010, this Honourable Court issued an Order which was ultimately entered on March 2, 2010 (the “March 2, 2010 Order”) which ordered and declared the following:
 - a. Ernst & Young Inc. be appointed as receiver, without security, of all the Debtors’ current and future interest in the Lands (as defined in the March 2, 2010 Order);
 - b. The Receiver shall not enter into possession, management or control of the Lands;
 - c. Romspen Investment Corporation (“Romspen”) has the exclusive conduct of the sale of the following lands (the “Specified Lands”) until further order of the Court or until the Specified Lands or a sufficient portion thereof are sold as to the retire the DIP financing and the costs of selling the Specified Lands:
 - i. Chemainus (as legally defined in the March 2, 2010 Order) – property located at 9933 Esplanade Street located in the town of Chemainus on Vancouver Island, British Columbia (herein referred to as “Chemainus”);
 - ii. Fort McMoney II (as legally defined in the March 2, 2010 Order) – parcels of property having the civic addresses of 10109, 10111, 10113, 10115, 10117 and 10119 Manning Avenue in Fort McMoney, Alberta (herein referred to as “Fort McMoney II”);
 - iii. Skaha Lake (as legally defined in the March 2, 2010 Order) – a parcel of land located along the shore of Skaha Lake, in the community of Okanagan Falls, British Columbia (herein referred to as “Skaha Lake”); and
 - iv. OK Falls (as legally defined in the March 2, 2010 Order) – a recreational vehicle park located in Okanagan Falls, British Columbia (herein referred to as “OK Falls”).

- d. The Lands not relating to the Specified Lands (the “Other Lands”) were to be sold in accordance with the realization proceedings taken by the respective secured creditors entitled to take realization proceedings against these land. The Other Lands include:
 - v. The Bearspaw property with the legal description as per Appendix 2 of the Monitor’s Third Report of the South East Quarter of Section Three, in Township Twenty-Six, Range Two, West of the Fifth Meridian, Containing 64.7 Hectares (160 Acres) more or less excepting: Road Plan 7911162, Subdivision Plan 9012020 and all mine and minerals) – a parcel of land within the Bearspaw area, recently annexed into the City of Calgary, Alberta (“Bearspaw”)
 - i. The Orillia property with the legal description as per Appendix 2 of the Monitor’s Third Report of PIN’s 58684-205, Lt’s 62-67 N/S Creighton St, 1-4 S/S Victoria St. PL Orillia, except 51Rd20 and 51R18), which are parcels of land located in Orillia, Ontario (“Orillia”);
 - ii. Maples and White Sands with the legal description as per Appendix 2 of the Monitor’s Third Report of PID 008-545-944 and 003-654-770) which parcel of land also contains the operations of the Sorrento Inn, located in Sorrento, British Columbia (“MWS”);
 - iii. The Winn River Resort with the legal description of PIN’s 42180-1007, 42180-1008, 42180-1015, 42180-1017, 42180-1066, 42180-1067, 42180-1068, 42180-1084, 42180-1085, 42180-1086, 42180-1087, 42180-1088, 42180-1089, 42180-1090, 42180-1091, 42180-1092, 42180-1093 (“Winn River”) and is located in the Lake of the Woods district near Kenora, Ontario; and
 - iv. Approximately 102 acres located in the east end of Draper Road, in the regional municipality of Wood Buffalo, Alberta, Canada, located south east of the Fort McMurray Urban Services Area (referred to as the “Fort McMoney I Property”)
 - v. Other miscellaneous properties of the Shire Group.

- e. The Receiver shall hold and deposit all funds, monies, cheques, instruments and other forms of payment received or collected by the Receiver from the sale, lease or other use of the Lands, until further order of this Court.
2. On June 30, 2010, as a result of certain operational activities with respect to MWS and OK Falls, Romspen sought and obtained an Order from this Honourable Court appointing Ernst & Young Inc. as Receiver and Manager of Shire Capital Ltd. ("Shire Capital") and 0726028 B.C. Ltd.
3. The Receiver refers to the Third Report for further background with respect to the various previous applications relating to the Debtors.
4. Capitalized terms not defined in this Fourth Report are as defined in the Initial Order or the previous reports of the Monitor and/or Receiver. All references to dollars in this Fourth Report are in Canadian currency unless otherwise noted.

PURPOSE OF THIS REPORT

5. The purpose of this fourth report of the Receiver (the "Fourth Report") is to provide this Honourable Court with:
 - a. an update of the Receiver's activities with respect to the operations of OK Falls;
 - b. an update with respect to an offer to purchase OK Falls and Rompsen's application to this Honourable Court for approval of the sale; and
 - c. The Receiver's recommendation to be discharged as Receiver with respect to the operations of OK Falls upon the closing of the sale.

RECEIVER'S ACTIVITIES WITH RESPECT TO OK FALLS

6. As discussed above, the Receiver was appointed receiver over the operations of OK Falls on June 30, 2010 pursuant to an Order from this Honourable Court. As discussed in the Receiver's Second Report, OK Falls operates an 11 unit motel (the "Motel") and a 13 site recreational vehicle park (the "RV Park").

7. As noted in the Receiver's Second Report dated September 9, 2010, the Receiver attended the OK Falls' Motel and RV Park located in Okanagan Falls, British Columbia on or around July 7th and 8th, 2010. The Receiver met with the site manager, toured the premises, and set up reporting and operating procedures with respect to the ongoing operations.
8. The table below summarizes the Receiver's receipts and disbursements since its appointment on June 30, 2010 to October 1, 2010, with an accrual for outstanding operating costs, profession costs and expected costs to complete the administrative aspects of the Receivership.

OK Falls - FINAL Statement of Receipts less Disbursements	June 30, 2010 to October 1, 2010
Opening cash relating to OK Falls	38,996
Receipts	
Tenant rent & motel revenues	14,746
Interest income	36
	<u>14,782</u>
Disbursements	
Filing Fees paid to Official Receiver	70
Insurance	4,883
Bank Charges	6
Utilities	2,589
Municipal Taxes	4,129
GST Paid	154
HST/PST Paid	199
	<u>12,030</u>
Net cash on hand October 1, 2010	41,749
Estimated remaining costs	
Outstanding Receiver's costs	15,408
Receiver's estimated fees to complete	2,500
Receiver's counsel's estimated fees	3,570
Operating and costs to complete	3,500
	<u>24,978</u>
Remaining cash to be distributed	16,771

9. The Receiver provides the following comments with respect to the above noted statement of receipts and disbursements:
- a. Cash on hand relates to opening cash from the operations of OK Falls as at June 30, 2010;
 - b. Tenant and motel revenues relate to the net proceeds received from the operations of the Motel and RV Park after deducting the expenses paid to the property manager of \$828 per month;
 - c. Disbursements primarily relate to the on going operating costs of the Motel and RV Park;
 - d. Remaining costs to complete comprise outstanding costs of the Receiver and its counsel and outstanding operating costs to be paid; and
 - e. Approximately \$16,771 to be distributed by the Receiver.

OFFER TO PURCHASE THE OK FALLS PROPERTY

10. The Receiver has reviewed the sales process undertaken with respect to the OK Falls property and operations and has summarized the major aspects of the process below.

List price and listing agent

11. The listing agent selected to market OK Falls was Alexandra Rebagliati with Macdonald Realty. As discussed above, the OK Falls properties include both a Motel and a RV Park which were situated on separate lots. Both properties were originally listed for the full tax assessed value of \$359,000 and \$380,000 for the Motel and RV Park, respectively. Subsequently, the listing prices were reduced based on input from the real estate agent to reflect the current real estate market in the area to \$269,000 and \$289,000 for the Motel and RV Park respectively.

Marketing Activity and Potential Purchasers

12. The marketing program for OK Falls has included local advertising, web based advertising and targeting commercial real estate agents. Ms. Rebagliati provided the Receiver with a detailed listing record sheet outlining various interested parties who requested additional information together with parties contacted by Ms. Rebagliati. It appears that approximately 25 parties requested additional information with respect OK Falls.

Offers to Purchase

13. After the marketing activities noted above, on July 29, 2010, 2010 an offer to purchase both properties for \$558,000 was received. The offer was accepted with conditions to be lifted by September 10, 2010. The purchaser removed the conditions on September 3, 2010 and the offer is now only subject to Court Approval. The prospective purchaser has provided a non-refundable deposit in the amount of \$20,000.

Receiver's Comments with Respect to the Offer to Purchase the OK Falls Property

14. The Receiver recommends the offer to purchase OK Falls be approved as the sales process undertaken has adequately exposed the OK Falls property to the marketplace and the purchase price contemplated in the purchase agreement was consistent with the revised list price.

APPROVAL OF RECEIVER'S FEES

15. A summary of the Receiver's accounts from June 30, 2010 to September 24, 2010 is attached as Appendix A. The Receiver's total fees are \$14,674.18 (plus applicable taxes). The Receiver estimates fees to completion of this engagement will not exceed \$2,500. The Receiver's counsel has advised that its fees relating to the receivership activities of OK Falls are expect to total approximately \$3,600.
16. The Receiver respectfully requests that this Honourable Court approve the Receiver and the Receiver's counsel fees and disbursements along with the estimate of fees to complete the receivership of the operations of OK Falls.

DISCHARGE OF THE RECEIVER

17. Assuming approval of the sale of OK Falls, the Receiver's administration of the estate with respect to the operations of OK Falls would be essentially complete. The Receiver may have some miscellaneous administrative items to attend to post-discharge, but these items are immaterial and in the Receiver's opinion should not prevent this Honourable Court from granting an unconditional discharge.
18. The Receiver respectfully requests that this Honourable Court approve an Order absolutely and forever, unconditionally discharging the Receiver from any and all obligations with respect to the operations of OK Falls.

RECEIVER'S RECOMMENDATIONS

19. The Receiver recommends that this Honourable Court approve the following:
 - a. the sale of OK Falls;
 - b. the Receiver's Final Statement of Receipts and Disbursements, as outlined above, including the Receiver's and its counsels fees and disbursements; and
 - c. the discharge of the Receiver with respect to the operations of OK Falls.

All of which is respectfully submitted this 4th day of October, 2010.

ERNST & YOUNG INC.

**in its capacity as Receiver
of Shire International Real Estate Investments Ltd. et. al**



Deryck Helkaa, CA-CIRP
Senior Vice-President

Appendix A



Ernst & Young Inc.
Calgary, Alberta

Invoice

Invoice Number: CA0189583409

Date: October 4, 2010

Okanagan Falls
Shire International Real Estate Investments Ltd.
300, 808 - 4th Avenue SW
Calgary, AB T2P 3E8
Canada

Remit To:

P.O. Box 57104, Postal Station A
Toronto, Ontario M5W 5M5

A/R Queries : 416-943-3851
1-800-311-1104

Client Reference: 14844536

	CAD
For services rendered from 03 June 2010 to 30 June in connection with Shire International Real Estate Ltd re Okanagan Falls Matter.	2,884.00
CAE	144.20
Expenses	435.65
For services rendered from 01 July 2010 to 16 September 2010 in connection with Shire International Real Estate Ltd. re Okanagan Falls Matter.	10,676.50
CAE	533.83
Subtotal:	14,674.18
GST 5%:	733.71
TOTAL DUE:	\$ 15,407.89

A member of Ernst & Young Global

Terms: Payment due upon receipt. Interest is charged at the rate of 12 % per annum on balances unpaid after 30 days from date of invoice.
Any disbursements not charged to your account on the date of this invoice will be billed later.
GST/HST: R123425522 **QST:** 1006354498

Wire transfer instructions:
Send direct and pay to: Bank of Montreal, International Banking, H.O. Montreal, SWIFT BIC Address BOFMCAM2, Ernst & Young LLP, Transit #2411 Account #24111000237, 6 King Street West, Toronto, Ontario, Canada, M5H 1C3; Reference the name & address of remitter, invoice number & engagement number

**Shire International Real Estate Ltd.
From 03 June 2010 to 30 June 2010**

Individual	Hrs	Rate	Amount
Deryck Helkaa	4.5	595	2,677.50
Kevin Meyler		425	-
Dustin Olver	0.7	295	206.50
Betty Trinh			
Total	5.2		\$ 2,884.00

Expenses

CAE		\$	144.20
Taxi, Meals, Printing		\$	435.65
Total		\$	3,463.85

Grand Total 14,685.20

**Shire International Real Estate Ltd.
From 01 July 2010 to 16 September 2010**

Individual	Hrs	Rate	Amount
Deryck Helkaa	1.0	625	625.00
Kevin Meyler	6.9	510	3,519.00
Dustin Olver	13.8	325	4,485.00
Betty Trinh	9.8	210	2,058.00
Total	31.5		\$ 10,687.00

Expenses

CAE		\$	534.35
Total		\$	11,221.35

**Shire International Real Estate Ltd. - Okanagan Falls
Time Details - 03 June 2010 to 16 September 2010**

Person	Date	Description	Hours	Total
Helkaa,Deryck	10-Jun-10	Update call regarding Receivership and op issues.	1.0	595.00
Olver,Dustin	21-Jun-10	Cutting cheques for Okanagan Falls; Correspondence with Inn manager.	0.2	59.00
Olver,Dustin	22-Jun-10	Cutting cheques for Okanagan Falls; Correspondence with Inn manager.	0.3	88.50
Olver,Dustin	23-Jun-10	Cutting cheques for Okanagan Falls; Correspondence with Inn manager.	0.2	59.00
Helkaa,Deryck	25-Jun-10	Drafting report to court regarding receivership and advice and direction to court	3.5	2,082.50
Trinh,Betty	5-Jul-10	Cutting payroll cheques	0.3	63.00
Olver,Dustin	7-Jul-10	OK Falls - travel to and from OK Falls, perform site visit, discussions and protocol with RV manager.	5.0	1,625.00
Trinh,Betty	7-Jul-10	Depositing cheques and filing	0.3	63.00
Olver,Dustin	8-Jul-10	OK Falls - travel to and from OK Falls, perform site visit, discussions and protocol with RV manager.	2.5	812.50
Meyler,Kevin	13-Jul-10	Shire - Service list emails, s.245 notices and correspondence to OSB.	1.7	867.00
Olver,Dustin	13-Jul-10	Payroll, approving payments 245 Notices.	1.1	357.50
Trinh,Betty	19-Jul-10	Cutting cheques and bank recs	1.5	315.00
Trinh,Betty	20-Jul-10	Cutting cheques and bank recs	1.5	315.00
Trinh,Betty	27-Jul-10	Returning investor's calls; cut cheques re payments.	1.5	315.00
Meyler,Kevin	28-Jul-10	Reviewing OK Falls sales materials	5.0	2,550.00
Trinh,Betty	28-Jul-10	Returning investor's calls; cut cheques re payments.	0.2	42.00
Trinh,Betty	3-Aug-10	Respond to investor's queries and voicemails	0.5	105.00
Helkaa,Deryck	5-Aug-10	Miscellaneous updates regarding status of property; calls to counsel.	1.0	625.00
Trinh,Betty	5-Aug-10	Entering Direct Deposits; reconcile bank statement and cut payroll cheques; respond to investor's hotline and return calls	1.0	210.00
Trinh,Betty	6-Aug-10	Cut payroll cheques, prepare for delivery	0.5	105.00
Olver,Dustin	9-Aug-10	General managing operation approving payments, discussion with realtor.	1.0	325.00
Olver,Dustin	11-Aug-10	General managing operation approving payments, discussion with realtor.	0.4	130.00
Olver,Dustin	12-Aug-10	General managing operation approving payments, discussion with realtor.	0.3	97.50
Trinh,Betty	12-Aug-10	Respond to Investor's calls; check hotline	0.5	105.00
Olver,Dustin	13-Aug-10	General managing operation approving payments, discussion with realtor.	0.5	162.50
Trinh,Betty	26-Aug-10	Bank Reconciliation Cut payroll cheques and pay invoices	1.0	210.00
Olver,Dustin	30-Aug-10	Writing Court report, conference call, managing general operations, approving payroll and other disbursements.	1.5	487.50
Trinh,Betty	31-Aug-10	Prepare bank reconciliations	1.0	210.00
Olver,Dustin	2-Sep-10	Writing Court report, conference call, managing general operations, approving payroll and other disbursements.	1.5	487.50
Meyler,Kevin	16-Sep-10	Shire - Disc. w/Romspen, correspondence.	0.2	102.00
Grand Total			36.7	\$ 13,571.00

McCarthy Tétrault LLP

McCarthy Tétrault

4121-7th Avenue SW
Calgary, Alberta
Tel: 403-260-3500
Fax: 403-260-3501
www.mccarthy.ca

Ernst & Young Inc.
Ernst & Young Tower
1000, 400- 2nd Avenue S
Calgary, AB T2P 5E9

GST/HST Reg. No. 116532839
Date: October 4, 2010

Attention: Mr. Kevin Meyler

Ernst & Young Inc.
Reference: Shire International Real Estate Investment Ltd.
125264-415942
Re: O.K. Falls Property Receivership

For Professional Services Rendered for the period ending October 4, 2010

OUR FEES:	\$3,400.00
GST:	170.00
TOTAL DUE ON ABOVE-NOTED MATTER:	\$3,570.00

PLEASE NOTE THIS ACCOUNT IS PAYABLE IN CANADIAN DOLLARS.

Direct Deposit or Wire Transfer Instructions — Bank Information — TD Canada Trust, 317-7th Ave SW, Calgary, Alberta T2P 2Y9 Canada, Bank: 004, Transit Number: 80629, Acct No.: 0358600, Swift Code TDOMCATTTOR. Please also fax 403-260-3501 or email CALACCOUNTING@mccarthy.ca with payment details indicating invoice number(s), our client matter number and the lawyer's name.

Terms Invoice payable upon receipt, Interest charged on any unpaid balance at a rate of 12.00% per annum calculated 30 days from invoice date. Any charges not posted to your account by the date of this invoice will be billed at a later date.

Fee Detail

Date	Timekeeper	Hours	Description
29/09/10	Walker W. MacLeod	2.0	Preparing Notice of Motion and form of Order re discharge of Receiver.
30/09/2010	Walker W. MacLeod	1.0	Revising Notice of Motion and form of Order; e-mail to D. Helkaa re discharge application.
04/10/10	Walker W. MacLeod	5.0	Preparation for application to discharge Receiver. receiving Receiver's Report; revising Notice of Motion and form of Order; attending to various e-mails regarding discharge application.

Fee Summary

Timekeeper	Hours	Hourly Rate	Total Hourly Fees
Walker W. MacLeod	8.0	\$425.00	\$3,400.00

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**FOURTH REPORT OF
THE RECEIVER ERNST & YOUNG INC.**

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Barristers & Solicitors
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Calgary, Alberta
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