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.

FIRST REPORT OF THE RECEIVER ERNST & YOUNG INC.

June 28, 2010

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APPENDICES

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, undertaking 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. The Orders granted on October 8, 2009, comprising the Receivership Order, approval of the additional DIP Financing and the extension to the CCAA Proceedings are collectively referred to as the "October 8th Orders".

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 the property known as Tsehum Harbour 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. The Monitor understands that any amount available after paying Fisgard and the other secured charges against the property would still be available to unsecured creditors.

7. On November 27, 2009, an application was brought before this Honourable Court for advice and directions with respect to the effect, if any, of the error in the material put before this Honourable Court in the granting of the October 8th Orders approving the DIP Financing, granting the Receivership Order and the extension to these CCAA

proceedings. This Honourable Court advised that the matter would be put over until December 4, 2009.

8. On December 4, 2009, a further extension of the stay of proceedings was sought. This Honourable Court denied the application to extend the stay and issued its reasons for judgment dated December 7, 2009.

9. On January 11, 2010, this Honourable Court issued an Order which was ultimately entered on March 2, 2010 (the "March 2 Order") which ordered and declared the following:

   a. Ernst & Young Inc. shall pay the outstanding fees and disbursements up to the date of the entry of the Order relating to fees owing to Ernst & Young Inc., its counsel and counsel for the Applicants from the funds which were held by counsel to the Monitor;

   b. That Ernst & Young Inc. be discharged as Receiver and Manager pursuant to the Receivership Order;

   c. Ernst & Young Inc. is appointed as receiver, without security, of all the Debtors' current and future interest in the Lands (as defined in the March 2, 2010 Order);

   d. The Receiver shall not enter into possession, management or control of the Lands;

   e. 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 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 Order) – a parcel of land located along the shore of Skaha Lake, in the community of Okanogan Falls, British Columbia Lake (herein referred to as "Skaha"); and

iv) OK Falls (as legally defined in the March 2, 2010) – a recreational vehicle park located in Okanagan Falls, British Columbia (herein referred to as "OK Falls").

f. 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:

i) The Bearspaw property with the legal description as per Appendix 2 of the Monitor's Third Report comprising a parcel of 160 acres of land within the Bearspaw area, recently annexed into the City of Calgary, Alberta ("Bearspaw");

ii) The Orillia property with the legal description as per Appendix 2 of the Monitor's Third Report consisting of parcels of land located in Orillia, Ontario ("Orillia");

iii) Maples and White Sands with the legal description as per Appendix 2 of the Monitor's Third Report consisting of a parcel of land and the operations of the Sorrento Inn, located in Sorrento, British Columbia ("MWS");

iv) 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

v) Other miscellaneous properties of the Shire Group.

g. 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.

10. Capitalized terms not defined in this First Report are as defined in the Initial Order or the previous reports of the Monitor and/or Receiver. All references to dollars in this First Report are in Canadian currency unless otherwise noted.

PURPOSE OF THIS REPORT

11. The purpose of this report is to provide this Honourable Court with a brief update as to the marketing and realization efforts completed by Romspen and other secured lenders with respect to the Specified Lands and Other Lands as well as seeking advice and direction with respect to the following:

a. The request from the Alberta Securities Commission (the "ASC") to obtain the books and records and other information of the Shire Group that is currently in the possession of the Receiver as well as certain financial analysis that was completed by the Monitor in conjunction with the completion of its report to this Honourable Court;

b. The application by Romspen seeking to appoint Ernst & Young Inc. as Receiver and Manager of the following Specified Lands:

i) MWS; and

ii) OK Falls;

c. The Receiver seeking authorization to send an information request to each of the secured lenders who are completing the realization efforts of the Other Lands, as defined below, seeking information with respect to the status of the realization process; and

d. The Receiver seeking Court authorization to discharge a caveat registered on lands described in more detail below in favour of the Shire Group in order to facility a sale of that property.

ACTIVITIES OF THE RECEIVER SINCE THE 10[TH] REPORT OF THE MONITOR

12. In accordance with the March 2 Order, the Receiver made payments as set out in The 10th Report of the Monitor dated December 18, 2009 and as summarized in the table below:

Receipts		
	DIP Funds held by Monitor's counsel	919,171
	Estimated cash on hand	118,000
		1,037,171
Disbursements		
	Reserve for contingent claim	42,000
	Outstanding Receiver fees	368,925
	Outstanding legal fees	213,559
	DIP interest	54,819
	Other expenses	36,181
		715,484
Funds paid to Echo Merchant Trust II LP		321,687

13. As set out in the table above, the Monitor's counsel held approximately $919,171 relating to the undrawn DIP facility and the Receiver held an additional $118,000 in cash on hand as at December 4, 2009. From these amounts, the Receiver paid the outstanding professional fees and other expenses as set out in the March 2 Order. The Receiver holds approximately $42,000 relating to a potential trust claim for funds received by the Receiver in about November 2009. The Receiver has requested information to support the alleged trust claim, however, no further information has been received to date. After the above noted payments, the Receiver's counsel remitted approximately $321,687 of the fund on hand to Echo Merchant Trust.

14. The Receiver has continued to work closely with Romspen with respect to the various Lands, in particular providing administrative advice with respect to the operations of the Sorrento Inn and OK Falls recreational vehicle park which are owned by MWS and OK Falls respectively. The Receiver's primary role has been facilitating the payment of operating costs and collection of revenues through the use of the Receiver's bank accounts which remained in place subsequent to the granting of the March 2 Order. The Receiver has not undertaken management or operational control of either MWS or OK Falls.

15. Since the granting of the March 2 Order, the Receiver has continued to field a large volume of calls from Investors requesting updates as to the status of the proceedings. On February 17, 2010 the Receiver sent a letter to all creditors and investors of the Shire Group providing them with a brief update as to the status of the proceedings and how additional updates can be obtained. A copy of the February 17, 2010 letter is attached to this Report at Appendix A.

16. The Receiver continues to monitor the various realization efforts being undertaken by Romspen and the other secured creditors to ensure that the processes being undertaken will maximize value; however, as discussed in further detail below, the Receiver is uncertain as to the current status of several of the realization processes.

ALBERTA SECURITIES COMMISSION REQUEST FOR INFORMATION

17. The ASC contacted the Receiver requesting information relating to the books and records of the Shire Group as well as the financial analysis completed by the Monitor in connection with the various reports, and specifically the Third Report of the Monitor. The Receiver notes that the books and records of the Shire Group that were maintained at the Shire Group's Calgary offices were transferred and continue to be stored at the Receiver's offices. Furthermore, the Receiver has copies of the computer records that were located in Shire's Calgary offices. Attached at Appendix B to this report is a copy of the letter from the ASC to the Receiver regarding the ASC's information request.

18. The Receiver has meet with representatives of the ASC and advised the ASC that the analysis undertaken by the Monitor and requested by the ASC related to the Monitor's work product (the "Work Product") and did not, strictly speaking, comprise the books and records of the Shire Group. It has been determined that the ASC's demand for production extends to the Work Product.

19. Accordingly, the Receiver advised the ASC that it would seek authorization from this Honourable Court with respect to:

    a. Authorizing the Receiver to provide the ASC access to any and all records of the Shire Group that are currently in the Receiver's possession and allow ASC to make copies of such records; and

    b. Authorizing the Receiver to provide the ASC with the Work Product upon the ASC providing the Receiver and the Monitor with any written acknowledgements that may be required by the Receiver and the Monitor. Such acknowledgements would include that the Work Product was prepared by the Monitor to assist in the completion of its reports to court and in completing the Work product, the Monitor relied upon the Shire Group's unaudited financial information, its books records and discussions with management. The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information and, accordingly, the Monitor can express no opinion or other form of assurance in respect of such information contained in the Work Product.

APPLICATION BY ROMSPEN TO APPOINT ERNST & YOUNG INC. AS RECEIVER AND MANAGER

20. Romspen is seeking a Court order to appoint Ernst & Young Inc. as Receiver and Manager over the following Lands:

    a. OK Falls; and

    b. MWS.

21. The Receiver advises that the above noted properties comprise small operating entities including an operating recreational vehicle park in Okanagan Falls, British Columbia and an inn located in Sorrento, British Columbia. Each of these properties have insignificant operations from a cash flow perspective, however they both have operating activities including the generation of rental income and the payment of operating activities. As discussed above, the Receiver is currently not in possession of the above noted lands. The Receiver understands that Rompsen is seeking the appointment of the Receiver and Manager to manage the operations.

REALIZATION EFFORTS

22. While the Receiver is not in possession, management or control of the Specified Lands or Other Lands, nor responsible for the marketing and realization efforts of these properties, the Receiver has received numerous requests for updates from various stakeholders. As a result, the Receiver is making certain recommendations with respect to seeking additional information from the respective parties as discussed below which will allow it to provide a comprehensive update to this Court and stakeholders on the status of the recovery efforts.

23. As discussed above, Rompsen has the conduct of sale relating to the Specified Lands. On April 12, 2010, Rompsen filed a report as to the status of its realization efforts with respect to the Specified Lands. A copy of Rompsen's report is attached at Appendix C to this report and the Receiver has posted a copy of the report on its

website. The Receiver understands that a further update is to be filed by Rompsen by July 12, 2010.

24. The Receiver has received only limited information with respect to the recovery efforts of most of the Other Lands. Given the numerous queries received by the Receiver from various investors and stakeholders regarding the status of the recovery efforts, the Receiver requests and recommends that it be authorized to contact each of the secured lenders who are proceeding with the realization of the Lands to request an update of the sale efforts. Attached at Appendix D is a copy of the letter the Receiver proposed to be sent to each of the secured lenders.

25. Upon receiving the information from the various secured lenders, the Receiver will be able to provide further updates to this Honourable Court and the stakeholders of the Shire Group as to the status of the recovery efforts and such information will also more fully allow the Receiver to discharge its duties.

RECOMMENDATIONS

26. The Receiver recommends the following:

a. That this Court authorize the appoint of the Receiver and Manager over the lands referred to as OK Falls and MWS;

b. That the Receiver be authorized to provide access to the ASC with respect to the books and records of the Shire Group and , further, that the Receiver be authorized and directed to provide the Work Product to the ASC; and

That the Receiver be authorized to send a letter in substantially the form set out at Appendix D to each of the lenders who have conduct of sale of the Lands requesting certain information with respect to the marketing and recovery efforts undertaken to date and that such lenders be directed to respond to the request within 21 days of receipt of such request.

All of which is respectfully submitted this 28th day of June, 2010.

ERNST & YOUNG INC.

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

Deryck Helkaa, CA·CIRP
Senior Vice-President

APPENDIX A

Ernst & Young Inc.
Ernst & Young Tower
1000, 440- 2nd Avenue SW
Calgary, AB T2P 5E9
Tel: (403) 206-5432
Fax:(403) 206-5075
www.ey.com

February 17, 2010

RE: Shire International Real Estate Investments Ltd. et al ("Shire") - UPDATE TO INVESTORS AND CREDITORS

Background

As you are aware, on August 10, 2009 Shire and certain other companies (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 "Initial Order"). Pursuant to the Initial Order, Ernst & Young Inc. was appointed monitor of the Applicants during these CCAA proceedings (the "Monitor").

On October 8, 2009, the Applicants sought and obtained an Order (the "Receivership Order") appointing Ernst & Young Inc. as Receiver and Manager (the "Receiver") of all of the Applicants' current and future assets, undertaking and property of every nature and kind whatsoever, and wherever situate.

The purpose of this letter is to provide a brief update as to the recent court proceedings that occurred in late December 2009 and early January 2010.

December 21, 2009 and January 8, 2010 Applications

A series of motions were heard by the Court of Queen's Bench Alberta in December 2009 and January 2010 that primarily dealt with whether the CCAA proceedings should continue or whether the mortgage lenders should be entitled to pursue their foreclosure remedies. Ultimately, the Court terminated the CCAA proceedings and ordered that the mortgage lenders were entitled to continue and proceed with the forced judicial sale of the land held as security by such mortgage lenders.

In particular, the Court ordered the following:

1. The stay of proceedings contained in the Initial Order was terminated and the Monitor discharged;

2. The Receivership Order granted on October 8, 2009 was terminated and the Receiver discharged;

3. Rompsen Investment Corporation ("Romspen"), a secured lender of the Shire Group, was permitted to pay the amount owing to the DIP Lender (as defined in the Court material) and therefore became the DIP Lender;

4. Romspen was granted exclusive conduct of the sale of certain properties of the Shire Group (the "Lands") until a further order of the Court is received or until the DIP loan is repaid ("Realization Process"); and

5. Ernst & Young Inc. was appointed receiver of the Lands on the express proviso that it shall not enter into possession, management or control of the Lands but is empowered and authorized to:

    a. Receive notice of and defend in any realization proceeding taken by any creditor entitled to take realization proceedings against any of the lands; and

    b. Receive excess funds arising from the sale of the Lands.

Future Updates

The Receiver understands that Romspen has commenced the process to list the Lands for sale, subject to further Order from the Court. Romspen is to report to the Court on or before April 12, 2010 and every 90 days thereafter of its progress in respect of marketing and sale of the Lands and to furnish particulars of its marketing process.

The Receiver has commenced the process of providing information to Romspen to assist in the Realization Process and will monitor the Realization Process in accordance with its duties as Receiver.

The Receiver will provide further reports to Court as more details become available with respect the Realization Process and will post further updates at its website at www.ey.com/ca/Shire.

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 B

ALBERTA SECURITIES COMMISSION

Form 1 - Summons to a Witness before a Person Appointed under Section 41 of the *Securities Act*

Docket: E/04279

Securities Act

RE: AN INVESTIGATION PURSUANT TO SECTION 41(1) OF THE ACT

TO: Mr. Kevin Meyler, Manager
Ernst & Young Inc.
1000, 440 – 2nd Ave S.W.
Calgary, Alberta
T2P 5E9
Phone: 403.290.4100

You are hereby summoned and required to attend before me at an examination to be held at 4th Floor, 300 - 5th Avenue S.W. Calgary, Alberta T2P 3C4 on the Friday, the 09th day of April, 2010 at the hour of 9:30 o'clock in the (a.m.) (local time), and so from day to day until the examination is concluded to give evidence on oath in connection with an investigation ordered by the Director, Enforcement and to produce on the, Friday, the 09th day of April, 2010 the following:

- Copies of all information stored on all the various Shire International Real Estate Investments Ltd. ["Shire"] computers, including but not limited to all data and information related to the Shire operations, such as records, emails, accounting information, budgets, invoices, commission reports, investor information, promotional material, banking information, accounting and bookkeeping spreadsheets for Shire, and Jeanette Cleone Couch also known as Cleone Couch or J. Cleone Couch (Born: 1950 January 29), residing at P.O. Box 586 Bragg Creek, Alberta, TOL OKO subsequent to January 1, 2006;

- Copies of the complete reports on the Ernst & Young Inc. Audit of Shire and the affiliated companies, excluding all reports filed under the *Companies' Creditors Arrangement Act* ["CCAA"] application process; including any opinions expressed by Ernst & Young Inc. additional to the reports and all documents, books and records relied upon with respect to the reports;

- Produce the requested information with the following criteria:

    - Copies of all documents produced in electronic form so as not to modify metadata such as Compact Disc ["CD"], Digital Versatile Disc ["DVD"], hard drive, or electronic storage device, with the smallest number of media required;
    - Produced the copies in the same form that they were created in or maintained;
    - Produce the Native electronic documents converted into Personal Storage Table ["PST"] files;
    - Provide all passwords for files, documents, and PST files.

Dated at the City of Calgary, in the Province of Alberta, this 08th day of March, 2010.

ALBERTA SECURITIES COMMISSION

(Signature) ______________________
Name V. Pickering
Title Securities Investigator

NOTE: You are entitled to be paid the same personal allowances for your attendance at the examination as are paid for the attendance of a witness summoned to attend before the Court of Queen's Bench. You are entitled to be represented by counsel when you attend for your examination.

If you fail to attend and give evidence at the examination, or to produce the documents or things specified at the time and place specified, without lawful excuse, you are liable to punishment by the Court of Queen's Bench in the same manner as for contempt of that court for disobedience to a subpoena.

APPENDIX C

OWEN • BIRD
LAW CORPORATION

PO Box 49130
Three Bentall Centre
2900-595 Burrard Street
Vancouver, BC
Canada V7X 1J5

Telephone 604 688-0401
Fax 604 688-2827
Website www.owenbird.com

Direct Line: 604 691-7511
Direct Fax: 604 632-4486
E-mail: afrydenlund@owenbird.com
Our File: 30200/0006

April 12, 2010

VIA EMAIL
(HILLARY.PITTMAN@ALBERTACOURTS.CA)

Calgary Courts Centre
601, 5 Street S.W.
Calgary, AB T2P 5P7

Attention: Madam Justice C.A. Kent

Re: Shire International et al: Action No. 0901-11866

Romspen Investment Corporation ("**Romspen**") writes to report in respect to the above noted matter pursuant to the Order of this Honourable Court entered March 2, 2010.

Romspen confirms that it:

1. has executed or will soon execute multiple listing agreements in respect to each of the Specified Lands (capitalized terms are as defined in the March 2, 2010 Order) subject to the Order for Conduct of Sale;

2. is actively marketing each of the Specified Lands through its agents as follows:

    a. OK Falls:
        i. Lots 13 -20 at $380,000.00
        ii. Lots 7 -12 at $359,000.00

    b. Chemainus: currently waiting for listing agreement; and,

    c. Skaha: a potential purchaser is currently conducting an appraisal of the property;

3. has entered into a conditional contract for purchase and sale in respect to the Fort McMoney II property. The purchaser is in the process of conducting due diligence.

Romspen would be pleased to provide any further information desired by this Honourable Court.

Yours truly,

OWEN BIRD LAW CORPORATION

Alan A. Frydenlund
/lg

cc Shire Service List

APPENDIX D

Ernst & Young

Ernst & Young Inc.
Ernst & Young Tower
1000, 440 2nd Avenue S.W.
Calgary, Alberta T2P 5E9

Tel: 403 290 4100
Fax: 403 290 4265
ey.com/ca

June 25, 2010

Shire International Real Estate Investments Ltd. et. al. mortgage holders

RE: <u>Request for update on status of the sale of certain properties</u>

Dear Sirs,

As you are aware, pursuant to an Order entered in the Court of Queen's Bench on March 2, 2010 (the "March 2nd Receivership Order"), Ernst & Young Inc. was appointed as Receiver (the "Receiver") of all the Debtors' current and future interest in the Lands. The Order stipulated that the Receiver shall not enter into possession, management or control of the Lands but, rather, was empowered and authorized with, *inter alia*, the power "*To receive notice of and to defend or otherwise enter an appearance in any realization proceedings taken by any creditor entitled to take realization proceedings against any of the Lands.*"

While the Receiver is not in possession, management or control of the lands, nor being currently responsible for marketing the Lands, the Receiver has received numerous requests for updates with respect to the status of the sale of the Lands. In order to appropriately fulfill our mandate as under the March 2, 2010 Receivership Order and provide reasonable updates to the Court and other creditors, the Receiver requires information regarding your specific marketing efforts with respect to the sale of the Lands.

In accordance with the Court Order dated June [ ], 2010, a copy which is attached for your reference, the Receiver accordingly requests that you furnish particulars of the marketing efforts conducted thus far with respect to the sale of your specific property, including, but not limited to;

1. <u>Listing agreement</u>
   a. Copy of the listing agreement for the property, outlining:
      i. Name of listing agent and associated real estate firm, as applicable;
      ii. Credentials / qualifications received from prospective listing agents; and
      iii. Listing price for the property and reasons for determinants thereof.
   b. Names of other listing agents considered for the listing agreement and rationale behind choice of current listing agreement.

2. <u>Marketing program</u>
   a. Copy of marketing materials generated with respect to the property;
   b. Description of marketing plan for the property (i.e. description of advertising conducted with respect to the property).
   c. Current status of marketing program (i.e. details surrounding the number of parties who have expressed interest in, toured the property, executed confidentiality agreements as required for access to development or building permit data).

3. Market interest in the lands
    a. Details of the receipt of any expressions of interest or offers received and status of the respective negotiations thereon.

4. Contact details of the party responsible for the recovery efforts

To alleviate concerns regarding confidentiality and the integrity of the sales process, the Receiver assures that it will maintain the confidentiality of the above information provided with respect to the information provided with respect to market interest in the lands and other forms of commercially sensitive information.

Lastly, we would request that you please provide an updated mortgage balance and any other secured charges registered on title as at June 1, 2010.

We would request that the above information be provided no later than 21 days from the date of this letter to the following address:

Ernst & Young Inc. – Receiver of Shire International Inc.
1000, 440 – 2nd Avenue S.W.
Calgary, AB
T2P 5E9

Attention: Mr. Dustin Olver
Phone: (403) 206-5023
Fax: (403) 206-5075

Should you have any questions, please do not hesitate to contact the undersigned.

Yours very truly,

ERNST & YOUNG INC.
In its capacity as Court appointed Receiver of
Shire International et. al. and not in its personal capacity.

Per:

Deryck Helkaa, CA·CIRP
Senior Vice-President