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VANCOUVER
SUPREME COURT SCHEDULING

NO. S148656
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*
R.S.C., 1985, c. C-36, AS AMENDED

AND

IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF PRETTY ESTATES LTD.

MONITOR'S FIFTH REPORT TO COURT

APRIL 23, 2015

G-FORCE GROUP

PRETTY ESTATES LTD.

MONITOR'S FIFTH REPORT TO COURT

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PRETTY ESTATES LTD.

MONITOR'S FIFTH REPORT TO COURT

APRIL 23, 2015

BACKGROUND AND PURPOSE OF REPORT

1. On November 10, 2014, Pretty Estates Ltd. (the "**Company**") commenced a proceeding under the *Companies' Creditors Arrangement Act* ("**CCAA**"), and on that same date this Honourable Court granted an Initial CCAA Order (the "**Initial Order**"). G. Powroznik Group Inc. of G-Force Group was appointed as Monitor in the CCAA proceeding (the "**Monitor**"). The date of the Comeback Hearing was set for Wednesday, December 10, 2014.

2. On December 10, 2014, the Comeback Hearing was adjourned by consent until December 15, 2014. At the Comeback Hearing the Court made an order (the "**December 15 Order**") authorizing an extension of the stay of proceedings to April 30, 2015. Also, the Company received authorization for further advances under the DIP Facility up to a maximum of $750,000 ("**DIP Financing**").

3. Also pursuant to the December 15 Order, at the request of the secured creditors, the Monitor was ordered to file, by the last day of each month commencing in January 2015, a written report with the Court, with a copy to the secured creditors, outlining the progress being made by the Company with respect to its restructuring efforts. Accordingly, this report represents the Fifth Report ("**Fifth Report**") of the Monitor with respect to the CCAA filing of the Company.

4. This Fifth Report should be read in conjunction with the Monitor's Preliminary Report dated November 5, 2014 which included the Company's Cash Flow Statement ("**Original Cash Flow Statement**"), and the Monitor's First Report dated December 5, 2014 ("**First Report**"), the Monitor's Second Report dated January 30, 2015 ("**Second Report**") the Monitor's Third Report ("**Third Report**") dated February 27, 2015, and the Monitor's Fourth Report dated March 31, 2015 ("**Fourth Report**"). The capitalized terms used in this Fifth Report are defined herein or in earlier reports.

5. Copies of all pertinent reports, Court Orders, and other filings related to this proceeding are posted to the Monitor's website at the following URL: **http://www.g-forcegroup.ca/pretty-estates-ltd/**

6. The purposes of this report are to provide this Honourable Court with:

   a) an update on the Monitor's activities since the Fourth Report was issued;

b) an update on the actual financial performance of the Company during the restructuring period and particularly during the period ending March 31, 2015;

c) a summary of key operating performance indicators over the five-month period of operations under the CCAA;

d) an update on the Company's search to find a strategic partner or purchaser and development of a restructuring plan (the "**Restructuring Plan**") under the CCAA;

e) an update on the Company's projected cash flows and requirement for increased DIP Financing, the reasons for the increased financing, and the Monitor's recommendation with respect to the DIP Financing;

f) an overall summary of next steps in the process with estimated timing for key milestones that the Company is working toward; and

g) the Monitor's recommendations relating to the Company's progression and timing to filing its Restructuring Plan, including finding a Suitable Partner, increasing the DIP Financing and reducing unnecessary costs of the CCAA process.

7. In preparing this report, the Monitor has relied upon information received from the Company, its legal counsel, Lawson Lundell LLP ("**Lawson**"), IHM, the Company's first and second mortgagees and their respective counsel and third parties potentially interested in participating with the Company in its Restructuring Plan. The Monitor was given uninhibited access to information relating to the operations of the Company including financial and operations information.

MONITOR'S ACTIVITIES

8. The following is a summary, without limitation, of the Monitor's activities since the Fourth Report was submitted:

a) maintained regular contact with the Company's first mortgagee, First West Credit Union (formerly known as Envision Credit Union) ("**First West**"), represented by Mr. Mohamed Samman, and the Company's second mortgagee and DIP lender, Mr. James Young, and their respective counsel to update them on the status of CCAA proceedings and respond to their queries. In particular the Monitor spent considerable time with Mr. Young on all aspects of the Company's search for a prospect to assist it with developing an acceptable Restructuring Plan;

b) maintained regular contact with the Company and Lawson to review the improved operating results and the detailed elements and timing of a Restructuring Plan. This included a meeting with the Company's President and shareholder, Mrs. Betty Anne Faulkner, Lawson and a close family member to review the Company's objectives to ensure that they were realistic in the context of the requirements of the CCAA, the significant improvement in operating results and the range of interest being shown for similar enterprises and for the Resort in particular. The Monitor provided a range of options for the Company to consider in identifying a Potential Partner to assist it with its Restructuring Plan;

c) maintained regular contact with IHM to obtain ongoing updates on the Company's operational restructuring activities, and current events at the Resort and the status of operations improvements and financial performance;

d) reviewed the financial and operational report from IHM for the period ending March 31, 2015, and with commentary relating to early April results, and considered this information in connection with Cash Flow Statement, and the Company's current position with respect to the DIP Financing;

e) reviewed the Company's requirement for increased DIP Financing as a result of revised professional fee estimates for dealing with the restructuring process under the CCAA and the additional assistance that the Company required to find a prospect to assist with the Restructuring Plan;

f) managed the formal process for the Company to identify and consider prospects who may be interested in participating in the Restructuring Plan, and held meetings with several prospects who may qualify as a Potential Partner or a Value Investor, hereinafter defined, for the Company or who may be interested in purchasing the shares or Assets of the Company; and

g) assisted the Company in developing a time-line for key milestones as it works to develop its Restructuring Plan taking into account the feedback from the first and second mortgagees.

SUMMARY OF KEY FINDINGS AND ACTIVITES

9. The Monitor summarizes its key findings and activities as follows:

a) IHM has implemented all of the performance improvement initiatives which are producing immediate improvements in operating results. The two-month delay in the fall of 2014 in hiring IHM has resulted in reduced levels of improvements of EBITDA over their initial budget which was produced in August 2014. This budget was not adjusted for their later start or to account for the Company's activities for September and October. For the first five months of their operation ending March 31, 2015, the Company has fallen short of their budgeted results by approximately $77,000. However, the performance exceeds the Company's results for the same period a year earlier by $221,100. Early indications are that the Resort's April 2015 performance is on track to meet budgeted targets which would be a further $56,000 in improvement over the results for April 2014. IHM is optimistic that it can still meet the budgeted operating results for the year ending October 31, 2015 of EBITDA of $502,000, or an improvement over the prior year of $772,000;

b) IHM reports that an additional $156,400 in DIP Financing, in excess of what was initially projected in their budget, has been required to March 31, 2015. This variance relates to Unbudgeted Costs and Initial Transition Losses which were referenced in the Third Report and explained in paragraph 21 in the Second Report. These variances were anticipated in arranging the DIP Financing limit of $750,000 but IHM's budget was not adjusted for this higher DIP loan requirement. The DIP loan was expected to continue to be drawn down until June and then expected to start declining when the high summer revenue levels are anticipated;

c) There are higher professional costs for the Monitor and the Company's legal counsel than originally anticipated due to:

   i. the initial positions taken by the secured creditors;
   ii. the more frequent reporting by the Monitor as requested by the first mortgagee and required by the Court;
   iii. the pressure by the first and second secured creditors to advance the finalization of a Restructuring Plan earlier than initially anticipated by the Company, requiring additional assistance from its counsel and the Monitor because the full benefits of the expected improved operating results would not have fully materialized, making finding a Value Investor to support an acceptable Restructuring Plan more difficult;
   iv. the commencement of the Search Process for a Potential Partner or Value Investor was started in February, with the assistance with the Monitor, which was much earlier than anticipated. The Search Process is a comprehensive form of sale process involving substantially more information for prospects than normally provided through a standard real estate listing process, among other features.

d) IHM has revised the Resort's cash flow projections to account for higher estimated professional costs for April 2015 to October 2015 in order to determine the required additional DIP Financing to allow the Company to maintain its plan for restructuring the operations until the Resort's peak season, when it can commence repaying a portion of the DIP Financing. The increase in DIP Financing will also allow the Company to continue its search for a Value Investor or otherwise attract buyers for its going-concern operations and Assets to allow it to make an acceptable Restructuring Plan to creditors within a reasonable period of time;

e) The Monitor recommends that attempts be made to curtail unnecessary costs of the CCAA and restructuring activities by eliminating the need for the Monitor to file monthly reports with the Court but instead allow the Monitor to issue less formal monthly reports directly to the secured creditors and Company. These reports will summarize the operating results, cash flow and the activities and results to find a Value Investor and finalize the Restructuring Plan; and

f) The Company is now well underway with its search for a Value Investor and has a minimum of 2-3 seriously interested parties. Should an acceptable proposal not materialize by May 22, 2015, the Company will expand the Search Process to a comprehensive full market offering which can easily be done.

STATUS OF OPERATIONS IMPROVEMENTS AND COST CONTAINMENT MEASURES

10. Included as **Appendix "A"** to this Report is the IHM Operations and Cash Flow Report for March 2015 including the following exhibits: Exhibit 1 - Status of Operations Initiatives (including Exhibit 1A - Revenue Enhancement Initiatives); Exhibit 2.0 - Monthly Cash Flow - Period Ending March 31, 2015; Exhibit 2.1 - Summary Operating Statement - Period ending March 31, 2015; Exhibit 3.0 - Revised Cash Flow Projections to October 31, 2015; and Exhibit 3.1 - Notes to Revised Cash Flow Projections to October 31, 2015 (collectively, the "**IHM March Report**").

11. In summary, the IHM March Report contains details on the Resort's financial performance for the month of March 2015, as well as for the five months ending March 31, 2015 including its actual performance compared to projected cash flows to March 31, 2015, and status of borrowings under the DIP Financing. The IHM March Report also contains a summary of the status of the various cost containment and operations improvements initiatives that IHM has implemented since its appointment.

12. The Monitor has reviewed the IHM March Report and has discussed it with IHM and the Company. The Monitor recommends that stakeholders review the IHM March Report as it contains a significant amount of information about the Resort's operations since the commencement of the CCAA to March 31, 2015, and also contains brief commentary about estimated projected operating results for the month of April 2015. A brief summary of the Resort's March 2015 financial results follows.

COMPANY'S FINANCIAL RESULTS - MARCH 2015 AND FIVE MONTHS TO MARCH 31, 2015

13. As part of its review of the IHM March Report, the Monitor has reviewed the Resort's actual to budgeted cash flows and operating (income) statements, both for the month of March 2015 and for the five month period ending March 31, 2015.

14. The IHM March Report summarizes the variances in actual results compared to the projections included in the Original Cash Flow Statement. The results as reported in the IHM March Report are self-explanatory and will not be repeated by the Monitor except to highlight the most significant financial results at a high level as follows:

    a) for the month ending March 31 2015, the Resort's actual earnings before interest, taxes, depreciation and amortization ("**EBITDA**") is approximately $6,700 behind the budgeted EBITDA (loss) of ($16,200) for the month;

    b) for the month ending March 31, 2015, the Resort's EBITDA (loss) of ($22,900) was $62,600 better than the prior year's March EBITDA (loss) of ($85,500); and

c) for the five month period ending March 31, 2015, the Resort's EBITDA (loss) of ($235,900) is approximately $221,100 improved compared to the prior year's equivalent period's EBITDA (loss) of ($457,000). These operating results evidence the fact that IHM's cost control and revenue initiatives have gained traction at the Resort, evidenced by the substantially improved monthly results over the past and prior years during the first five months of operations for the current fiscal year that seasonally are very low.

15. Also, IHM's early view is that the Resort is on target for the projected EBITDA (loss) of ($20,000) for April 2015 which is $56,000 lower than the loss for April 2014. Actual April results will be known in the first half of May 2015.

16. The Monitor observes that IHM has made advancements in several key operations areas in its management of the Resort, and that all of its planned initiatives have now been commenced. It is clear that the initiatives, both for cost containments, and now also for revenue enhancements, are taking hold. IHM is optimistic that it will meet its budgeted EBITDA results for the year ending October 31, 2015 of $502,000. This will require that it picks up the negative variance cumulative to date of $77,000 in EBITDA in the last 7 months of the current year (the "**Pick Up Amount**").

REVISED CASH FLOW PROJECTIONS

17. The professional fee estimates to the end of October 2015 had to be increased due to the fact the Company clearly required additional assistance in developing its Restructuring Plan and the Monitor had to become more involved with respect to the search for a Potential Partner or Value Investor. Also, the Company has required significantly-higher than expected legal support from Lawson. These reasons, when combined with the higher professional costs to date for the reasons explained elsewhere in this and earlier reports, required an increase in the budget for professional fees. The professionals involved have tried to estimate the remaining costs in order to assist the Company to find a Value Investor, complete the Restructuring Plan and CCAA process by October 31, 2015. The result is that the professional cost estimates have been increased by $240,000 for the period April 1, 2015 to October 31, 2015 which, at this time, is considered the maximum required to complete these activities. If a Value Investor can be found earlier and the Restructuring Plan completed earlier then we expect that all of these fees will not be incurred. The Monitor reminds all the stakeholders however, that a significant amount of the increased fees in the past have been the result of additional requirements requested by the secured creditors that the Company feels are not necessary in these circumstances.

18. As part of the IHM March Report, IHM has revised the monthly cash flow projections (the "**Revised Cash Flow Statement**")[1] for the Resort for the year ending October 31, 2015 to reflect actual results for the five-month period ending March 31, 2015 and revised professional fee estimates for April 2015 to October 2015. There are no changes to the components of the Original Cash Flow Statement that relate to the Resort's

[1] The Revised Cash Flow Statement is included as Exhibit 3.0 to the IHM March Report.

operations and EBITDA. The only changed estimates incorporated into the Revised Cash Flow Statement relate to professional costs in the CCAA proceeding and that the Pick Up Amount is not reflected. Accordingly, IHM is still optimistic that it will achieve the Pick Up Amount as reflected in its annual budget for EBITDA of $502,000, but the Revised Cash Flow Statement does not reflect the $77,000 in Pick Up Amount as it shows $425,754 in forecast EBITDA. IHM advises that it would have been too expensive to prepare a full revised budget so that the Pick Up Amount could have been properly allocated amongst the various revenue and expense accounts. Based upon IHM's performance to date and its optimism about reaching its original budgeted performance for the current year, we believe that there will be a reasonable chance that there will be an additional $77,000 in cash generated from the operations during the balance of the year that is not reflected in the Revised Cash Flow Statement.

19. IHM and the Company continue to be optimistic that the Resort's financial operating results can be improved and that results will be in line over the balance of the year ending October 31, 2015 with the overall projections presented in the Original Cash Flow Statement for the Company's operations. Although it has become apparent additional DIP Financing will be required to allow the Company to complete its Restructuring Plan, the operating results at the Resort are vastly improved over the prior year and should continue to improve as the Resort enters the summer including the peak golf season, and thereby substantiate the sustainable value of the Assets, benefitting all stakeholders.

20. The Monitor is of the view that the Revised Cash Flow Statement does not reflect a material adverse change in the Company's operating cash flows for the reason stated above. In fact, the projections for the operations of the Resort (i.e. EBITDA before professional costs) remain unchanged to October 31, 2015. It is not uncommon in a CCAA proceeding for a company to require additional DIP Financing. However, in this case, the Company's operating results have been vastly improved on a permanent basis because the Company took decisive steps to change its operations management and provided the support to make the transition effective immediately. The improved performance is having a direct effect at proving up a higher sustainable value for the Company's Assets and operations than was the case prior to the CCAA, in the eyes of some prospects, who could become a Value Investor.

STATUS OF BORROWINGS/DIP FINANCING AND REQUIREMENT FOR INCREASED DIP FINANCING

21. As outlined in the IHM March Report, as at March 31, 2015, the Company had drawn $622,598 on account of the DIP Financing. This is approximately $156,400 more than the $466,190 borrowing position as at March as projected in the Company's Cash Flow Statement. However, this variance is offset by the fact the Company still held $52,500 of cash in its bank account as at March 31, 2015. The reasons for the variance in the DIP Financing compared to projections have been discussed in prior Monitor's reports and are summarized again in the IHM March Report.

22. Additionally, as at April 16, 2015, the Company has received advances totaling $717,598 under the DIP Financing. At this time, there is only approximately $5,000 in remaining

borrowing available, inclusive of interest and the three-month interest reserve of $22,500, under the current DIP Financing amount of $750,000. This is not sufficient to allow the Company's operations to continue into the peak season (summer) and to allow it to continue its efforts to develop a Restructuring Plan.

23. The Revised Cash Flow Statement suggests that the Company will hit its highest required point of DIP Financing, estimated at $907,500 and inclusive of professional costs, in the month of June 2015. This assumes that the Company is able to complete its deal with the Value Investor and file its Restructuring Plan by July 31, 2015. Including additional commitment fees and expanded interest reserves, the Monitor recommends that the DIP Financing be increased by $250,000 to a maximum of $1,000,000 to allow the Company to continue its restructuring activities and attracting a Value Investor to assist it in completing a successful Restructuring Plan. The Revised Cash Flow Statement indicates the Company will have at least $200,000 in positive cash flow, and possibly more, depending on the Resort's operating results as the year progresses, i.e. the unbudgeted Pick Up Amount of $77,000.

UPDATE ON SEARCH PROCESS FOR POTENTIAL PARTNER OR VALUE INVESTOR

24. The key objectives of the Restructuring Plan are set out in paragraph 21 of the Monitor's Fourth Report. The Company's dramatic turnaround in its operating results has resulted in clearly demonstrating that there is considerable appreciation in value occurring or perhaps better described as there is a firming up the underlying value of the Company's going-concern business and Assets. A universal assessment by virtually everyone who has expressed interest in the Company's Resort business and Assets acknowledges that the property is uniquely attractive, likely with upside development potential over the longer term.

25. The Monitor has been involved in preserving the value of, and restructuring approximately fifteen hotel and resort type businesses since 2008 in his current firm, and many more in this industry over the twenty years before that occurred in a predecessor firm. In almost every case, third party investors or purchasers were attracted who recognized the improvement in value where solutions for previous operating problems have been implemented by paying higher prices (the "**Value Investor**"). In these circumstances, the increase in net values after the restructuring costs, went to the existing creditors and other stakeholders. However, there are many buyers and investors in the market who are looking to acquire properties at low values, make the improvements themselves and keep the benefits. That is not in the best interests of the existing stakeholders in a debtor under a CCAA proceeding. In this case, the Company is looking for a Value Investor that can assist in maximizing the recovery for the existing stakeholders.

26. The existing stakeholders can be broken into the following:

a) the first mortgagee for $1,752,000;

b) the second mortgagee at $2,489,242, who provided the DIP financing of approximately $750,000;

c) Mrs. Faulkner, who also represents the largest creditor, when combining her secured and unsecured position, for $4,462,244; and

d) the unsecured creditors which comprise suppliers to the Resort of $174,246, customer deposit claims of $72,900 and a related party for $104,813.

Most of the unsecured trade creditors have continued to supply the Company and have not provided any negative pressure for a quick solution of the CCAA process. The customer deposit claims are being honoured in the normal course of business and the related party is supporting the Company's restructuring efforts. Mr. Young has been very proactive in discussing the Company's restructuring plans and operational improvements with the Monitor and is satisfied with the results to date and the Search Process for a Value Investor. We believe that some of the reporting requirements should now be reduced to minimize unnecessary costs but which will not limit the available information to the secured creditors relating to the operating results, and the effect on value, the efforts and results of the Search Process in identifying a Value Investor and the final details of the Restructuring Plan.

27. The Search Process currently underway embodies the following principles:

a) a marketing plan to attract a Value Investor for the Company's Assets and business as a going concern;

b) a tailored flexible process to work with each prospect to determine whether it is a Value Investor who can submit a Letter of Intent as soon as practical. A limiting factor is the fact that the Company's substantially improved operating results are occurring on a monthly basis but the big seasonal volume months are yet to come as they occur in July and August;

c) if a Value Investor is not identified by May 22, 2015, the Company has asked the Monitor to assist it to expand the marketing plan to the open sales market rather than stick with the narrow market approach, in order to attract a broad base of buyers, which can easily be done within 1 or 2 days;

d) if this marketing plan, as described in (c) above, is needed, we are confident that the Search Process will reach both local and international prospects who will be attracted to the unique features of the Resort and its improved performance;

e) maintain full transparency of the process with the Company and three secured creditors, including providing monthly operating reports and disclosing and reviewing any written offers or serious expressions of interest to initiate a purchase the Assets; and

f) the Monitor's role in assisting the Company is comparable to the role of Monitors in some other liquidating CCAAs to facilitate and assist in bringing an acceptable prospect or offer that can form the basis of a Restructuring Plan for the benefit of the various stakeholders who can make an assessment independent of the Monitor. We have worked closely with both the Company and Mr. Young to ensure that the process is objective and is expected to produce Value Investors that will benefit all stakeholders.

28. The Search Process was detailed in Paragraphs 24-30 in the Monitor's Fourth Report. In that report we identified the sources of the initial prospects that were contacted and invited to formally consider the opportunity to become a Potential Partner or Value Investor. The Company and the Monitor recognized that it would take only one prospect to allow the Company to complete its Restructuring Plan so it was not considered necessary to open up the Search Process on a wider scale unless no Value Investor emerged. To date we have dealt with over 20 prospects and have focussed on seven or eight that demonstrated serious interest. However, we are continually adding to this list on a weekly basis as there is widespread news of the Company's CCAA process and interest in attracting a Value Investor for the following reasons:

a) the Company had been informally looking for a Value Investor, buyer or partner prior to filing the CCAA which produced an immediate list of prospects;

b) the Monitor has identified a number of strategic prospects and drawn from its extensive contact base developed from its work in this industry and in its previous restructuring, real estate and corporate finance engagements over the past 35 years; and

c) the Monitor provided an interview to the Vancouver Sun that was carried in an article on March 11, 2015 which has produced interested prospects.

An example of the impact of the article was that the Monitor received a call the next day from Costa Rica, from a vacationing BC resort owner familiar with the golf course business and Pretty Estates, expressing interest. Accordingly, there is broad knowledge of the availability for an interested prospect to consider the opportunity to become a Value Investor.

29. There are three prospects who have indicated in an informal and preliminary manner this past week that they are very interested in becoming a Value Investor We are in discussions with them and the Company to determine if we can obtain formal offers and confirm the financial ability of the prospects to complete on a timely basis. Two of the prospects are well known to the Monitor and appear to have the management and financial ability to complete a transaction of the size required. The third is represented by a broker who assures us that the financial capability is there for his client but their focus is on how to structure of the investment.

CONCLUSIONS

30. The Monitor is confident that all of the necessary processes and actions to find Value Investors are in place. The issue will be the ultimate value placed on the Company's Assets and operations by the prospects and timing of a transaction that will allow the Company to complete its Restructuring Plan within the CCAA. A key aspect to this is the continued improved operating results and how much more evidence a Value Investor needs to finalize a deal.

31. The Company and its principal, Mrs. Faulkner, have been very co-operative with the Monitor and in the Search Process. The Monitor continues to be of the opinion that the Company has acted, and is acting, in good faith and with due diligence during the restructuring process with the intention of preparing and presenting its Restructuring Plan as soon as reasonably possible.

All of which is respectfully submitted this 23nd day of April, 2015.

G. Powroznik Group Inc. of G-Force Group
In its capacity as Court Appointed Monitor
of Pretty Estates Ltd.

Per: Mr. Gary D. Powroznik
Managing Director

Appendix "A"

IHM Operations and Cash Flow Report for March 2015
(including exhibits)

INNTEGRATED HOSPITALITY MANAGEMENT LTD

Memorandum

To: Betty-Anne Faulkner, Pretty Estates Ltd.
CC: G. Powroznik Group Inc.as Court Appointed Monitor of Pretty Estates Ltd.
Bonita Lewis-Hand, Lawson Lundell LLP
From: Ralph Miller, Inntegrated Hospitality Management Ltd.
Date: April 14, 2015
Re: Pretty Estate Resort – Operations and Cash Flow Report, March 2015

Betty-Anne:

As you are aware, IHM took control of the management of Pretty Estate Resort (the "Resort") on November 10, 2014, with the mandate to implement approximately 80 cost containment, operations efficiency, and revenue enhancement initiatives, which we previously identified. In Exhibits 1 and 1A, we set out our status report in respect of the various initiatives as at April 13, 2015; all initiatives have been actioned and highlighted initiatives indicate areas of significant advancement.

For the 5 month period ended March 31, 2015 we provide the following summary:

	2015 $	2014 $	Improvement $
Total Revenue	456,700	393,800	62,900
Labour Costs	413,400	482,400	69,000
Other Costs	279,200	368,400	89,200
EBITDA (Before Restructuring Costs)	(235,900)	(457,000)	221,100

Our revenue enhancement, cost control and mitigation, and efficiency are focused on the company's operations; revenue enhancement initiatives, especially as they related to golf operations appear to be gaining momentum, generating additional revenues.

On a comparative basis for the 5 months period ended March 31, revenues have been increased $62,900, labour costs have been reduced $69,000, and other operating costs have been reduced by $89,200, resulting in a reduction in the operating loss for the 5 month period of $221,100.

Labour cost, the single most important expense in any hospitality business, is now monitored on a daily and weekly basis. When compared against same period last year $69,000 in labour cost savings, approximately 15% of the prior year labour cost, has been achieved in the 5 months ended March 31, 2015 without sacrificing guest satisfaction.

Other cost savings have been recorded in and across multiple expense classifications. For example, for the 5 months ended March 31, 2015 the cost of food and beverage was 36.5% of food and beverage revenues, 14.6 percentage points better than the 51.1% cost of food and beverage revenues reported in the 5 months ended March 31, 2014 (measured in absolute dollars, the food and beverage cost reduction is $27,970 over the 5 month period).

Some of our revenue enhancement initiatives were delayed as a result of being appointed in November 2014 rather than in September 2014, eliminating opportunities to leverage on the 2014 Christmas season. Our revenue enhancement initiatives are a series of building blocks, which unlike cost containment initiatives, require specific sequencing for each target sector. In Exhibit 1A, we set out our revised revenue enhancement initiatives that will carry the Resort well into the spring golf season.

Our business and operating philosophy continues to promote changes that improve the business paradigm at the Resort. We operate the business on a go-forward basis making suitable arrangements for the continued operations of the Resort and making appropriate business decisions to that end. In accepting new commitments for future event obligations such as weddings, which are often booked a year or more in advance, we segregate customer deposits and hold them in a separate bank account, not comingled with general operating cash balances. In respect of pre-selling golf play entitlements, we acknowledge that any purchaser has immediate access for use of the golf course. In addition, for the unlimited season pass, we have developed a payment program to assist in mitigating the perception of additional risk associated with the Sandpiper Golf Course as a result of the restructuring process.

Operating Earnings (Loss) for the Month Ended March 31, 2015

In respect of the financial performance of the Resort, we attach a Statement of Monthly Cash Flow from Operations (Exhibit 2.0) and a Summary Operating Statement (Exhibit 2.1) for the period ended March 31, 2015, and provide the following discussion thereon.

Total Operating Revenue recorded for March 2015 was $117,800, ($18,400) below projected levels, with golf revenues $14,700 above expectations and rooms and food and beverage combined to be ($33,100) below expectations.

The Earnings (Loss) before Interest Taxes Depreciation and Amortization ("EBITDA") and Restructuring Costs for the month of March 2015 was ($22,900); ($6,700) worse than the projected EBITDA and Restructuring Costs of ($16,200).

By comparison the Total Operating Revenue and EBITDA reported for the month of March 2014 was $82,700 and ($85,500) respectfully.

Rooms department revenue for March was $22,000, approximately ($10,200) less than projected levels. 142 guest rooms were sold, (26) less than the projected guest room sales of 168; the average room rate achieved was $153.08, approximately ($34.97) worse than the projection of $188.05.

Food & Beverage department revenues for March were $43,600, approximately ($21,900) less than the projected levels.

Golf department revenues for March were $52,100, approximately $14,700 more than the golf revenues projected; 1,388 paid rounds of golf were recorded, 488 more than projected; the average green fee realized was $20.97, ($4.03) less than $25.00 green fee projected.

Non-Operating Income for March was $2,260; $1,760 more than projected.

Total labour costs for the month of March 2015 were $86,383, ($961) more than the projected labour costs of $85,422, and $9,991 less than the labour costs incurred in the month of March 2014. For March 2015 labour costs represented73.4% of total operating revenues, approximately 10.6 percentage points worse than the projected labour costs of 62.8% of total projected revenue.

An overall operating earnings (loss), represented by EBITDA before Restructuring Costs, of ($22,900) was recorded for the month of March 2015, ($6,700) worse than the projected operating earnings (loss) for the month of ($16,200).

On a year to date basis (5 months to March 31, 2015), EBITDA and Restructuring Costs of ($235,900) have been reported; ($77,000) worse than the projected EBITDA and Restructuring Costs of ($158,900). Total operating revenues of $456,700 were recorded in the 5 month period, ($70,600) less than the projected operating revenue, and $62,900 more revenue than was recorded in the 5 month period ended March 31, 2014.

By comparison the EBITDA and Restructuring Costs reported for the 5 months ended March 31, 2015 was ($235,900), $221,100 better than the EBITDA and Restructuring Costs of ($457,000) reported for 5 months ended March 31, 2014.

In our report on the operations for February 2015, dated March 19, 2015, we provided an estimate for the anticipated operating loss for March 2015 at ($20,000) based on the daily revenue and labour cost reporting to March 17, 2015, implemented at the Resort. An actual operating loss of ($22,900) was incurred, approximately ($2,900) worse than the estimate.

April 2015

According to the revenue and labour cost tracking/monitoring systems installed at the Resort, as of April 12, 2015, the Resort is reporting an actual revenue to projection surplus in the range of $2,000 month-to-date and an actual labour cost to projection surplus in the range of $2,000 month-to-date. Booking and reservation activity indicates that non-golf revenues in the last half of the month will be stronger than that experienced in the first half of the month. Golf revenues vary with weather conditions, which in the first half of April were mixed. Overall for April 2015 we projected

EBITDA of ($20,000); based on the experience to April 12, 2015 we anticipate achieving the EBITDA projection of ($20,000).

Statement of Monthly Cash Flow from Operations

The Cash Flow from Operations is determined after considering changes in the working capital accounts and before interest, depreciation, and other non-operating items. The EBITDA before Restructuring Costs for March 2015 was ($22,900).

The adjusted cash flow surplus (deficiency) from operations for March 2015 was approximately ($43,300), and consider all of the changes in the working capital accounts for the Resort. Overall, there is an unfavorable cash flow from operations of ($47,500), when compared against the projected operating cash flow requirements, largely as a result of the timing for recognizing the previously unbilled professional services accounts and their planned payments.

Non-Operating cash flow items generally include the financing activities and restructuring costs incurred. In March 2015 approximately $8,600 in capital replacements were made; $6,700 to replace the main water pump and motor and $1,700 for a replacement (used) for the main ice machine for the Resort. In addition, $18,232 in legal fees and disbursements related to the Envision Financial 1st mortgage were recorded; these legal fees and related taxes were added to the principle amount of the 1st mortgage outstanding. As noted in previous reports, the cash flow projections did not include a specific monthly provision for the DIP Financing costs.

For the month of March 2015 a cash flow deficiency of ($89,000) was incurred, ($49,000) worse than the projected cash flow deficiency of ($40,000). On a year to date basis (5 months to March 31, 2015), a cash flow deficiency of ($608,000) has been incurred, ($60,000) worse than the projected cash flow deficiency of ($548,000).

Our cash flow projections anticipated that no changes would be made to the Envision Line of Credit, which was effectively fully drawn down as at November 10, 2014, and that only nominal cash balances would be carried at each month-end. However, as at March 31, 2015 there was $52,500 in un-projected cash balances on deposit in the Royal Bank of Canada accounts and $9,000 available on the Envision Financial Line of Credit. The un-projected cash balances and line of credit resources which total $61,500 as at March 31, 2015, effectively offset the unfavourable variance in the cash flow deficiency for the month of March 2015 ($49,000) and the 5 month period ended March 31, 2015 ($60,000).

DIP Financing

As at March 31, 2015 DIP Financing totaling $622,598 had been advanced, approximately $156,408 more than the $466,190 projected. Our DIP Funding cycle is estimated semi-monthly in advance and the timing of any specific month-end can indicate potential over borrowing or additional short term cash flow deficiencies. As at March 31, 2015, cash balances of $52,490 were available in the Royal Bank of Canada accounts, and approximately $9,000 was available on the Envision Financial Line of Credit. Our projection anticipated that the Envision Line of Credit balance would remain unchanged and that there would be no cash balances at any month-end. Taking into consideration the unbudgeted cash resources of $61,500 as at March 31, 2015, these resources effectively reduce the unfavourable DIP Funding variance from ($156,000) to ($95,000).

As at April 13, 2015 DIP Financing totaling $672,598 had been advanced, $137,000 more than the $535,402 projected for the end of April 2015. Allowing for the April 2015 DIP interest, and the three month interest reserve, there is approximately $48,000 in remaining borrowing available under the approved DIP Financing of $750,000.

The additional $156,000 in DIP Financing as at March 31, 2015, has been required as a result of a number of actual to projected cash flow variances, including:

	$
DIP Financing Costs	30,000
Additional Legal Costs, paid	56,000
Additional Monitor costs, paid	28,000
Unfavorable Variance in beginning cash balance	44,000
Rounding	(2,000)
	156,000

DIP Financing costs were not specifically included in the monthly cash flow projections, but were included in the total DIP Funding application made in November 2014. The approved DIP Funding of $750,000 includes the $600,000 in projected operating funds plus DIP Financing and related costs.

The additional legal and monitoring costs total $84,000, and are not within the control of management. $18,000 of the additional legal costs relate to the legal fees and disbursements for Envision Financial which were added to the outstanding 1st mortgage balance.

Projected Cash Flow for the Year ending October 31, 2015

Based on the operating performance achieved since November 10, 2014, and the expected financial impacts of the operational changes and revenue enhancement initiatives introduced, we remain cautiously optimistic that the financial projections for the operations and cash flow of the Resort, presented in November 2014, are still achievable in total over the balance of the year ending October 31, 2015.

Previously we recommended that the Resort revise the monthly operating and cash flow forecasts for the balance of the year ending October 31, 2015. The Resort tabled our recommendation in the short term, citing the need to avoid any additional professional fees.

As instructed we revised only the professional fees section of the monthly cash flow projections, prepared previously, obtaining new estimates for professional fees. In addition, the cash flow projection model was adjusted to include estimates for the costs associated with the DIP Financing (interest, commitment fees, etc.).

IHM

The revisions made to the cash flow projections for Pretty Estates Ltd. for the year ending October 31, 2015, increased the estimates for professional fees related to the CCAA application and restructuring process by approximately $320,000; with approximately $150,000 related to increased legal fees and approximately $170,000 in increased costs and fees related to work anticipated by the Court Appointed Monitor and the formal restructuring process.

The revised cash flow projections are presented in Exhibit 3.0 with the Notes to the revised cash flow projections presented in Exhibit 3.1. The revised cash flow projections indicate that additional DIP Financing in the range of $200,000 will be required to support the operation at the Resort and fund the restructuring initiatives, plus an additional provision of $50,000 in DIP Financing should be provided to fund additional commitment fees and provide for expanded interest reserves. This would increase the DIP Financing to $1,000,000.

The revised cash flow projection indicates that the additional DIP Financing will be required in the months of May and June 2015; with DIP repayments of approximately $200,000 occurring in July and August 2015. In the event that we are successful in achieving the level of projected operating earnings originally presented in November 2014, additional repayment of DIP Financing will be available.

Conclusion

The foregoing represents our report on the operations and cash flow for the Resort for March 2015 and the 5 months then ended.

We are pleased to report a 5 month period – 2015 EBIDTA improvement of $221,000, when compared to the same 5 month period – 2014.

We are also encouraged by the improvement in the negative variance being achieved in the actual to projected EBITDA; December 2014 ($42,700), January 2015 ($29,100), February 2015 $4,675; March 2015 ($6,605); April 2015 – Forecast – No Variance.

Based on the revised cash flow projections, a $250,000 increase in DIP Financing to $1,000,000 appears to be required.

We are pleased to review our report with you, the Monitor, or the Resort's legal advisors, at your convenience.

If you have any questions related to this memorandum please do not hesitate to contact me directly by email or at 403.619.9767 (mobile).

Exhibit 1

Pretty Estate Resort

Schedule of Cost Containment, Operations Efficiency and Revenue Enhancement Initiatives

Related to August 2014 Operations Review, Recommendations

Customer Service Standards

Establish and document operational efficient customer service standards for each area of the operation; for example:

	Initiative	**Status as of April 15, 2015**
1	shorten tee time intervals from 10 minutes to 9 minutes during periods of peak golf demand;	Implemented for peak time period each day.
2	eliminate the inclusion of a hot breakfast with guest rooms, substitute a good quality continental breakfast;	Breakfast delivery to cottages discontinued as of November 29; adjusted breakfast menu offered in Rowena's dining room effective December 1.
3	eliminate the inclusion of a cottage in the wedding package, substitute the two room suite in Rowena's Inn	Wedding package has been updated to reflect new menu prices, calculation of the resort fee per person. Cabins are excluded as a standard inclusion.
4	reduce golf pro shop merchandise inventory to essentials and proven high volume/margin items, to reduce appearance of being overstocked	Purchasing for 2015 season is occurring with an emphasis on high volume/margin items and expected golf service items, only.
5	create a welcome desk near the Pro Shop to greet and direct all incoming guests and patrons	Front desk / welcome desk has been relocated to the Pro Shop Building
6	Develop an understanding of the revenue / cost matrix for various components of the services provided (right size the service delivery model to make a profit).	Ongoing developoment and evaluation.

Sandpiper Golf Course

1	Reduce off-season Golf Course hours of operation to reflect only prime golf days and golf able hours	Completed for Off-Season. Hours are being expanded to reflect the increase in demand and lengthening daylight hours.
2	Reduce off-season Pro Shop hours of operation to reflect reduced golf course operations	Completed for Off-Season. Daily savings time schedule have been implemented, based on expected volumes by day as well as being adjusted for weather. Cross training of front desk clerk allows for efficient coverage when required.
3	Reduce off-season course maintenance to reflect reduced golf course operations	Completed for Off-Season. Course maintenance hours are increasing to reflect the needs of course maintenance and preparation for the upcoming season

Exhibit 1
Pretty Estate Resort
Schedule of Cost Containment, Operations Efficiency and Revenue Enhancement Initiatives
Related to August 2014 Operations Review, Recommendations

	Initiative	Status as of April 15, 2015
4	Through the off season provide minimum food & beverage service at pro shop	Completed for Off-Season. F&B service in the Pro Shop is being enhanced to reflect the increased golfers passing thru the shop. On course F&B is being provided when bookings indicate demand potential and/or to meet golfer expectations.
5	Liquidate Pro Shop merchandise inventory to convert inventory to cash flow	Stale merchandise continues to be cleared with a return to normal margins on new and in-demand merchandise
6	Reduce purchasing plans for 2015 Pro Shop merchandise to essentials and proven high volume/margin items to reduce cash requirements	Orders for spring 2015 retail merchandise are being placed, increasing the depth of inventory available for sale as volume of golfers increases.
7	Incentivize on-line bookings for tee times	The "Flex pricing" program and a "March Madness" promotion have served to increase the percentage of bookings made online. In March 2015 32% of bookings were made online compared to 6% in 2014.
8	Incentivize repeat visitation through the use of time activated coupons	Coupon programs will be eliminated in favour of price yielding theories and models.
9	Develop a more demand based, dynamic pricing model for green fees	Dynamic pricing was implemented in February resulting in a positive increase in bookings. Our software provider is indicating that new dynamic pricing models may be available in April 2015.
10	Energize messaging and touch point opportunities through social media and loyalty program members	Social media and loyalty programs are promoting the golf product, pricing and specials. The Tournament website page has been updated for 2015.
11	Enhance league play programs (F&B features, attendance and performance prizes)	Men's, Ladies, and Couples League play will commence at the end of April. F&B programs and prize structures are being developed.
12	Explore opportunity of partnering with Harrison Hot Springs Hotels, guest houses, RV Lots, etc., for seasonal golf player opportunities, consider a small commission or other compensation for referrals or wholesale pricing options for packaging	Commissionable room rates for wedding business has been secured at Harrison Beach Hotel. We have committed to provide green fee commissions to the Harrison Beach Hotel and Harrison Hot Springs Hotel. An improved seasons pass program has been launched and is being proposed to local RV parks etc. for distribution.
13	Energize a season's pass / punch card sales program in time for Christmas gift purchases.	Successful 12 Days of Christmas Promotion included a 10 game and 50 game pass component. 210 Game packs were sold at the February Vancouver Golf Show. A spring launch of the seasons pass / pass card program is underway.

Initiative	Status as of April 15, 2015

Exhibit 1
Pretty Estate Resort
Schedule of Cost Containment, Operations Efficiency and Revenue Enhancement Initiatives
Related to August 2014 Operations Review, Recommendations

	Initiative	Status as of April 15, 2015
	River's Edge Restaurant	
1	Eliminate breakfast service in River's Edge Restaurant; provide breakfast service in Rowena's Inn. Provide a good quality continental breakfast in Rowena's Inn for all room guests, eliminate breakfast delivery to the cottages.	All meal service was relocated from Rivers Edge restaurant to Rowena's Inn effective Dec. 18, 2014. Breakfast delivery to cottages now discontinued. Package pricing of hot breakfast was re-defined and is now allocated in Accommodation pricing.
2	Close the River's Edge Restaurant immediately after Thanksgiving with re-opening for Easter. Relocate daily meal service to the Rowena's Inn and use the River's Edge Restaurant space for off-season events and catering functions.	Rivers Edge Restaurant closed Dec 18. Restaurant space is being promoted for catering and events. River's Edge Restaurant was re-opened April 1, 2015.
3	On re-opening for Easter 2015, River's edge to provide lunch and dinner service only, breakfast service to remain at Rowena's Inn	Rivers Edge Restaurant was re-opened April 1. Due to demand and logistics breakfast and lunch (afternoon) service being provided in Rivers Edge with dinner service continuing in Rowenas Inn until demand indicates otherwise.
4	Re-engineer the menu offerings and pricing, taking into consideration kitchen production and storage capabilities as well as competitive market pricing.	New Menu commenced Dec 18, 2014. Menu continues to be tweaked for efficiencies and market feedback. New spring menu was rolled out April 1, 2015.
	Rowena's Inn (Food & Beverage)	
1	Transfer breakfast service to the main floor of Rowena's Inn (upper room)	Completed Dec 1, 2014
2	Commencing with Thanksgiving weekend, provide lunch and dinner service in Rowena's Inn (main floor living room and dining room). Menu offerings should be limited, focusing on kitchen efficiency and quality standards. Dinner service may feature a chef's table, wine tasting dinners, farm-to-table and theme dinners; which should be sold into the local market as well as being available for overnight guests.	Relocation of lunch & dinner service effective Dec 18, 2014. Menu planning complete, reassessment scheduled for Jan/Feb 2015. Feature dining in effect on a rotational basis.
3	Afternoon tea service (individual or group) should be serviced by F&B employees	Initiative was implemented Dec 18, 2014
4	Continue Rowena's Inn dining through the summer months as an alternative to River's Edge casual menu.	Dinner service continues in Rowena's Dining Room with a new menu launched April 1. Outdoor summer service on the Inn portico is being developed.

Exhibit 1

Pretty Estate Resort

Schedule of Cost Containment, Operations Efficiency and Revenue Enhancement Initiatives

Related to August 2014 Operations Review, Recommendations

	Initiative	**Status as of April 15, 2015**
Events and Catering		
1	Audit the costing of Facility Fee components to ensure pricing reflects all inclusions	New facility fee structure and pricing has been implemented for new wedding commitments.
2	Re-evaluate listing of Facility Fee inclusions, to clarify the description and simplify the billing process.	As above.
3	Amend the Event/Catering contract to add/change information based on accommodation requirements, additional charges for statutory holiday labour and clean-up fees.	Completed and implemented.
4	Neither the "Old" or the "New" Event/Catering contract guarantees pricing; events booked for December 2014 and beyond could have price adjustments if appropriate (cost increases for food & beverage products, etc.).	Catering menu pricing has been amended. Increases will be passed on when reasonable.
5	Eliminate the requirement for weddings to book-out all accommodation; wedding package should be changed to include the two-room suite in Rowena's Inn as the Bride & Groom's accommodation, and only include the INN rooms in the wedding block. This will allow Cottages to continue to be sold into the transient accommodation market for potentially higher rates.	Amended wedding package information addresses the issues of accommodation blocks and packaging. Effective Jan 25, 2015
6	When quoting on events one year out, use current pricing with an anticipated % escalation (i.e. dinner price of $50 plus 5%).	Quotes for weddings will not be confirmed farther than 1 year out, menu quotes will be based on percentage increase over current pricing and will not be guaranteed until 90 days prior to event.
7	Implement a 'displacement analysis' approach to the decision when evaluating the acceptance of a booking (considers profitability of the function in the decision)	Discussions initiated with onsite staff, training will follow through spring 2015.
8	Explore opportunity of partnering with Harrison Hot Springs Hotel for reciprocal commissions on referrals.	Contact made with Harrison Beach Resort and commissionable room rate in place. Harrison Hot Springs Resort is unlikely to be convinced to participate.
9	Eliminate awarding Classic Reward points on catering functions	Classic Reward points are no longer be awarded on catering functions

Exhibit 1
Pretty Estate Resort
Schedule of Cost Containment, Operations Efficiency and Revenue Enhancement Initiatives
Related to August 2014 Operations Review, Recommendations

Food & Beverage General

#	Initiative	Status as of April 15, 2015
1	The kitchen should occupy 100% of the 'domestic kitchen' in Rowena's Inn (including the atrium), to provide adequate space for preparation and production for events/catering and a la carte service; personal items should be removed and stored.	Kitchen has recovered necessary space in domestic kitchen to facilitate efficient service of Rowena's Dining Room. Solarium has been repurposed as buffet space and dining room staging.
2	Basement storage areas should be cleaned and organized to provide efficient access to dry stores and tableware, glassware, and cutlery; obsolete items should be removed.	Non functioning equipment to be removed in the short term, remaining items to be addressed as time permits.
3	Actual food cost needs to be determined for all a la carte and catering menu items; the continued use of theoretical product costs is misleading. Regular audits of actual product cost and product yields need to be performed.	Chefs action plan includes food cost audits on selected menu items. Actual costing for catering buffets will be completed on the June 13, 2015 wedding buffet.
4	Non-employee use of the kitchen passage to River's Edge to be eliminated (especially during meal periods).	Kitchen passage way no longer in use for non-employee use.
5	Inventory control procedures, especially related to events/catering functions need to be upgraded; including a liquor requisitioning system, opening par stocks and ending inventory counts need to be recorded to ensure that all product dispensed is recorded as sales.	A location for central storage needs to be identified prior to SOP development. Updated control procedures will be established for the April 2015 month end.
6	Centralized storage for liquor, beer and wine products is required.	A suitable space for centralized liquor storage is not available without a cash expenditure. Inventory Audit controls are in place to monitor/control shrinkage.
7	Review employee scheduling procedure in all Front of House and Back of House areas to improve labour productivity, (i.e. based on server to customer standard ratios)	Completed implementation of departmental schedules approval by GM / IHM personnel. Labour requirements continually monitored through the daily report.
8	Assign/schedule all FOH service staff from one F&B staff pool.	Completed, events Service staff amalgamated with F&B service staff
9	Maximize the use of permitted labour scheduling tools, as defined in the Labour Standards, (short shifts, split shifts, etc.) to maximize availability of service during expected busy periods.	Scheduling practices are being reviewed weekly by GM / IHM personnel.

Exhibit 1

Pretty Estate Resort

Schedule of Cost Containment, Operations Efficiency and Revenue Enhancement Initiatives

Related to August 2014 Operations Review, Recommendations

Rowena's Inn (Bed & Breakfast)

Inventory

	Initiative	Status as of April 15, 2015
1	Maximize the transient use of the Cottages and Gatehouse by excluding them from the wedding block.	Cottages & gatehouse are no longer required in the wedding package format
2	Develop yield management practises to maximize the pricing for all rooms during high demand periods	New pricing structures and yield management processes have been implemented
3	Replace all incandescent light bulbs in guest room areas.	Energy efficient bulbs are being used for replacements where reasonable.
4	Establish a policy for gift certificate redemption/expiration to ensure the maximum number of rooms and cottages are available for transient use at any given time.	Gift certificate redemption has been reviewed and new direction provided. The Gift certificate SOP will be ready for distribution by April 30, 2015.

Rooms Operations

	Initiative	Status as of April 15, 2015
1	Establish a welcome desk within the Pro Shop building to include guest check-in and out transactions as well as a central switchboard operation.	Complete
2	Rowena's main floor facilities need to be accessible to room guests in the evening (should not be an issue while dinner service is being offered there).	Will be accessible with the relocation of dining services to Rowena's Inn. Effective as of Dec 18, 2014
3	Wedding guest check- out and check-in needs to be structured to allow time for servicing guest rooms.	This initiative has been addressed in the revised wedding contract now in place.
4	Daily Room inspections to identify maintenance and housekeeping deficiencies, prioritize outstanding maintenance repairs as well as upgrades as capital becomes available.	inspections have identified major maintenance and deficiency issues. Work order priority list has been prepared and will be attended to through the end of May.
5	Set and maintain a standard of amenities and supplies by room type such as glassware, china cups, plates and cutlery.	New standards of amenities and supplies have been finalized and are in place. Complimentary room amenities have been adjusted to include Keurig coffee and bottled water.
6	Provide a single serving coffee service to the second floor sitting room for 24-hour guest room use (i.e. Nespresso)	Keurig coffee makers now available for Inn guests as well as cottage guests.

Exhibit 1
Pretty Estate Resort
Schedule of Cost Containment, Operations Efficiency and Revenue Enhancement Initiatives
Related to August 2014 Operations Review, Recommendations

	Initiative	Status as of April 15, 2015
7	Change the included breakfast offering to a Continental Breakfast and charge extra for a la carte hot breakfast items.	Elimination of Cottage breakfast delivery complete. Transition of breakfast service to Rowena's dining room completed. A decision has been reached to continue offering dinner service in Rowena's through the summer, providing an additional dinner option to River's Edge.
8	Provide an incentive for guests to book rooms on-line and reduce phone time	Necessity for an incentive in this area has been deemed unnecessary given the yielding of room prices for online bookings.
Technology		
1	Only proceed with moving to iHotelier if it is supported by a proper business case.	Consideration of iHotelier suspended
2	Make use of the management tools and reporting available on WebRez.	Training ongoing. Reports and user parameters have been reviewed and software provider contacted to clarify procedures.
3	Make use of the management tools and reporting available through Squirrel.	Accounting assistant becoming proficient with squirrel reporting.
4	Make use of the management tools and reporting available through Tee On.	Director of Golf Operations and the Accountant have identified necessary reporting tools required at this time..
General and Administrative		
1	Develop and implement a "Team" culture within the department heads; break down departmental "silos" to achieve operating efficiencies available through the use of effective communication and shared resources.	In Progress, weekly management meetings and team meetings coordinated to encourage collaborative decision making and responsibilities .
2	Retain an experienced sales and food & beverage oriented General Manager, to monitor the delivery of premium guest experience and direct the sales strategy	IHM personnel onsite
3	Regular meetings with department managers should be convened to review monthly financial results, coordinate weekly bookings, activity, and special events (weddings and tournaments)	Weekly department managers meetings are conducted to review operating statistics, bookings and activities. A Daily report allows for continuous monitoring of revenues and labour costs.

Exhibit 1

Pretty Estate Resort

Schedule of Cost Containment, Operations Efficiency and Revenue Enhancement Initiatives

Related to August 2014 Operations Review, Recommendations

	Initiative	Status as of April 15, 2015
4	Establish a process for continuous budgeting and goal setting to foster collaboration and reinforce accountability	Financial Results and budget process reviewed monthly throughout the fiscal year. Weekly objectives review were added Jan 27, 2015.
5	Eliminate F&B Manager position, a FOH Service Supervisor can work with the Events Coordinator and report to the General Manager.	Completed.
6	Golf sales responsibility should be aligned with the Director of Golf Operations	Completed.
7	The Front Desk Manager position should be eliminated, with continued use of a Rooms Supervisor.	Guest Services Manager position evolving to fill requirements.
8	Implement automated payroll and vendor payment systems.	An EFT system has been implemented for payroll, vendor payment opportunities to be developed.

Sales & Marketing

1	Re-assess sales and marketing strategy, focus on message targeting audiences for each of the resorts amenities.	Several meetings with the Marketing contractor have occurred to this end. Recommendations for targeting social media are being assessed and implemented as required.
2	Create/distribute off season promotions for loyalty program members and local residents (Agassiz, Harrison Mills, Harrison Hot Springs, Chilliwack, Mission) for participation in resort F&B activities (Chef Tables, Wine Dinners, etc.)	F&B activity promotions have been identified and promoted through the website, on social media and through the community information boards. Golf / F&B partnered promotional activities are underway.
3	Reassess pricing strategies for guest rooms, event/catering, and food & beverage offerings	Ongoing initiative; pricing strategies are being assessed and altered at every opportunity.

Property Operations and Maintenance

1	Landscaping and Maintenance Program should be amalgamated under the direction of the Golf Course Superintendent.	Landscaping requirements are now under the direction of the Golf Course Superintendent. As a result of the Superintendent change the maintenance department continues to report to the GM

Exhibit 1

Pretty Estate Resort

Schedule of Cost Containment, Operations Efficiency and Revenue Enhancement Initiatives

Related to August 2014 Operations Review, Recommendations

	Initiative	Status as of April 15, 2015
2	Review employee scheduling procedure in all Front of House and Back of House areas to improve labour productivity.	Department managers have evaluated current employees and availability and weekly schedules are being reviewed by the General Manager.

Exhibit 1
Pretty Estate Resort
Schedule of Cost Containment, Operations Efficiency and Revenue Enhancement Initiatives
Related to August 2014 Operations Review, Recommendations

	Initiative	Status as of April 15, 2015
3	Reduce off-season golf course and other maintenance to reflect reduced operations	Golf course and other maintenance are now being expanded in preparation for the season ahead.
4	Relocate fuel storage to maintenance yard and institute access controls	Fuel storage locks have been changed, access controls in place, operational access program has been implemented. Relocation of storage to be investigated as per environmental practices.
Internal Control Procedures		
1	Provide and review monthly financial statements with Department Managers to set short term objectives	Monthly financials are distributed to department managers for their review. GM meets with each manager to discuss the results, current month trend and projections.
2	Develop an appropriate purchase order authorization system	Purchase Order system was established Nov 17, 2014 with procedure updated in February 2015.
3	Develop purchasing and inventory control procedures for the purchasing, receiving, storage, issue, and use of food products.	Purchase Order system in place.
4	Develop purchasing and inventory control procedures for the purchase, receiving, storage, issue, recovery, and recording of sales for alcoholic beverages.	Purchase Order system in place, awaiting central stores implementation.
5	Develop inventory control procedure for storage and issuing petroleum products as well as turf & grass chemicals.	Purchase Order system in place, subsequent product handling policies review and practice is ongoing.
General Risks		
1	Compliance with Food Safe regulations needs to be documented.	Fraser Valley Health confirmed compliance during a January inspection.
2	Compliance with Liquor Licensing regulation issues need to be addressed	A meeting with the liquor inspector has resulted in a clarification of regulation deficiencies, appropriate applications are being prepared.
3	Potential environmental contamination from petroleum storage tanks and turf chemicals needs to be monitored	Ongoing monitoring by GM and Golf Superintendent.

Exhibit 1A
Pretty Estate Resort
Revenue Enhancement Initiatives
Related to Departmental Action Plans and Operations Recommendations

	Initiative	Status as of April 15, 2015
	Identify specific action items by department which will generate direct revenue as well as provide additional exposure through web based channels.	
	Food & Beverage	
	Rowena's Inn Dining	
1	Introduce new menu features on a frequent basis to augment the core winter offerings.	The core menu items were adjusted to suit customer preferences at the end of December and again at the end of January. Nightly features continue to augment the menu. Complete menu revisions were implemented on April 1 including a return to "casual fare" in the Rivcers Edge
2	Monitor the Table D'Hote menu offering to ensure a reasonable rotation and sales activity.	The Table D'Hote offering was amended in January to a three course meal at $40 per person. TDH continues on the spring menu in the Inn.
3	Develop a monthly promotional calendar, identifying special event offers and recurring features to encourage repeat customers.	The monthly calendar of events is updated as needed. The first event featured was Valentine's Day weekend which generated $4200 in F&B sales on the Friday and Saturday. The March 10 Farm to Table dinner was cancelled because of poor advance sales. The format of this event will be amended to focus on feature partners throughout the month rather than a single event. The Easter weekend was very strong . Tulips of the Valley Festival in Agassiz has been a strong draw for the resort.
4	Find new revenue streams for non-peak dining.	Current initiatives include contacting previous wedding couples, inviting them to return and celebrate anniversaries, birthdays, reunions and other special occasions.
5	Extend Rowena's dining through the summer months	Rowena's evening dining will continue. Monthly monitoring will provide indicators of demand.
6	Sales promotion activity through the web and social media	Updated website with new information - Farm to Table dinner as well as revised menus. Utilized Facebook, Instagram and Twitter to announce dining specials including Easter weekend. Sent newsletter email blasts to subscribers.
	Events	
1	Develop a meeting package to take advantage of River's Edge as a meeting room.	Resort Corporate Retreat package featuring River's Edge, will be suspended for the summer season. Solicitation of group meal opportunities has replaced the Corporate Retreat.
2	Sales promotion activity through the web and social media	As above, promoting our golf tournaments, special events and activities using the website, Facebook and Twitter.
3	Sales promotion activity for Food & Beverage Functions	Current initiatives include contacting previous wedding couples, inviting them to return and celebrate anniversaries, birthdays, reunions and other special occasions; calls to Senior's Groups for lunches; contacting local schools for Graduation Functions.

Exhibit 1A
Pretty Estate Resort
Revenue Enhancement Initiatives
Related to Departmental Action Plans and Operations Recommendations

	Initiative	Status as of April 15, 2015
Sandpiper Golf Course		
1	Promote pre-season golf rounds including a F&B component	Promoting a 'Nine & Dine' package through the website and local community advertising opportunities. Introduced lower green fees by demand period to encourage paid rounds.
2	Continue focus on season pass and game card sales on-line and golf events.	A full Seasons Pass Program has been launched with promotions online, in print and PPC. Direct calls to RV parks and residential developments are underway.
3	Increase peak time rounds by reducing Tee time interval to 9 minutes	This will increase paid rounds by approximately 24 golfers during the primary periods. More golfers during peak times will also have a spill-over effect on F&B revenues.
4	Maintain a competitive approach to green fee pricing to capture a greater share of local and regional golfers	Introduced a dynamic pricing model and improved the on-line booking sheet to reflect green fee rates by time period. Golfers are able to see the various price points available over a 10 day period. This has contributed to the success in achieving double the golf rounds over the previous best year of 2010.
5	Increase tournament bookings by mining existing data base and targeting previous tournament groups.	Sandpiper has now booked 11 large tournaments for this season to date with estimated revenues of $137,000.
6	Maximize retail sales volumes by offering Sale pricing on selected merchandise.	Retail revenue for the first 13 days of April is $879 ahead of projection.
7	Sales promotion activity through the web and social media	Tactics included: - website updates and announcements for flex pricing, tournament page, - promoting flex pricing and season's pass sales using Facebook, twitter and Instagram - newsletter blasts to data base customers
Rooms		
1	Develop a new room rate grid to capitalize on demand, primarily for cottages	New rates were implemented as of January 5, 2015. Breakfast is included as a package addition.
2	Provide 'advance of arrival communication' for guests to increase dining reservations	Guests receive a letter prior to arrival, describing changes to the Resort operation and suggesting they make dinner reservations to ensure availability. An estimated 33% are making reservations in advance.
3	Institute a Yield strategy to room pricing, ensuring rates coincide with demand	Introduced a weekly forecast meeting to review bookings over the next 2 month period. Rates are adjusted to capitalize on remaining inventory and/or encourage bookings.
4	Explore participation on Expedia and Trip Advisor booking programs	The property is now featured on Expedia (effective April 1) Expedia promotional tools are being used to encourage spring bookings (to May 15)
5	Re-introduce room packages highlighting amenities and services available through the Resort as well as promoting mid-week business.	New room packages for April and May promoting extended stays, Golf as well as a Spring Get-away.
6	Enhance Spring room bookings with features & promotions	Late spring promostions such as "Play Free with Stay" and multi-night stay discounts are being promoted via Social Media, database e-blasts & PPC

Exhibit 2.0

Pretty Estate Resort Ltd.
Statement of Monthly Cash Flow from Operations
for the Period Ended March 31, 2015

	Month Ended February 28, 2015				5 Months Ended March 31, 2015		
	Actual	Projection	Variance		Actual	Projection	Variance
Rooms Occupied	142	168	(26)		671	772	(101)
Average Room Rate	$ 153.08	$ 191.79	$ (38.71)		$ 165.59	$ 194.86	$ (29.27)
Golf Rounds Played	1,623	900	723		3,554	2,200	1,354
Golf Average Realization	$ 20.97	$ 25.00	$ (4.03)		$ 22.77	$ 22.05	$ 0.72
EBITDA before Restructuring Costs	(22,843)	(16,238)	(6,605)		(235,924)	(158,932)	(76,992)
(Earnings before Interest, Taxes, Depreciation & Amortization)							
Cash Flow Adjustments							
Change Accounts Receivable	(311)	680	(991)		(5,631)	4,592	(10,223)
Change in Inventory	575	(17,458)	18,033		43,735	(13,785)	57,520
Change in Prepaid Insurance (P, C, BI)	2,322	2,322	0		11,610	11,610	0
Change in Prepaid Insurance (Auto)	0	0	0		856	200	656
Change in Prepaid Property Tax	0	4,039	(4,039)		7,386	19,809	(12,423)
Change in Prepaid Other	(108)	0	(108)		(16,288)	0	(16,288)
Change in General Accounts Payable	(17,161)	26,965	(44,126)		37,861	4,944	32,917
Change in Current Crown Claims	4,314	5,804	(1,490)		(42,487)	(43,724)	1,237
Change in Customer Deposits	1,910	(1,950)	3,860		21,503	(11,720)	33,223
Change in DelinquentCrown Claims	(12,000)	0	(12,000)		(66,500)	(53,561)	(12,939)
	(20,459)	20,402	(40,861)		(7,956)	(81,635)	73,679
Adjusted Cash Flow from Operations	(43,302)	4,164	(47,466)		(243,880)	(240,567)	(3,313)
Non-Operating Cash Flow Items							
Capital Replacements	(8,581)	0	(8,581)		(12,491)	(10,000)	(2,491)
Envision Financial LOC Interest	(1,183)	(1,174)	(9)		(5,804)	(5,870)	66
Envision Financial LOC Advance (Repayment)	4,260	0	4,260		37,135	0	37,135
Envision Financial - Loan Interest	(5,761)	(6,387)	626		(31,350)	(31,935)	585
Envision Financial - Loan Principal Payment	19,143	0	19,143		10,239	0	10,239
Equipment Lease Payments	(554)	(654)	100		(16,247)	(7,677)	(8,570)
Car Loan Payments	(955)	(1,208)	253		14,870	(9,306)	24,176
2nd Mortgage Interest	(6,431)	(6,116)	(315)		(31,323)	(30,580)	(743)
DIP Commitment Fee	0	0	0		(14,500)	0	(14,500)
DIP Financing Interest	(5,162)	0	(5,162)		(15,098)	0	(15,098)
Shareholder Loans	0	0	0		0	0	0
	(5,222)	(15,539)	10,317		(64,568)	(95,368)	30,800
Restructuring Costs							
Restructuring Legal	18,232	7,500	(10,732)		167,387	60,000	(107,387)
Apprasial	0	0	0		0	10,000	10,000
Operations Restructuring / Management	11,505	18,000	6,495		73,690	112,000	38,310
CCAA Monitor	10,751	3,200	(7,551)		58,425	30,100	(28,325)
	40,488	28,700	(11,788)		299,502	212,100	(87,402)
Cash Flow Surplus (Deficiency)	(89,012)	(40,075)	(48,937)		(607,949)	(548,035)	(59,914)
Cash Balance							
Beginning Cash Balance (RBC Accounts)	76,340	0	(76,340)		37,841	81,845	44,004
DIP Financing Advanced	65,162	40,075	(25,087)		622,598	466,190	(156,408)
Ending Cash Balance (RBC Accounts)	52,490	0	(52,490)		52,490	0	(52,490)
Represented by:							
Unrestricted Cash	22,069						
Post November 10, 2014 Event Deposits, in Trust	30,421						
	52,490						

Pretty Estates Ltd.
Summary Operating Statement
For the Period Ended March 31, 2015

	Month End March 31, 2015			5 Months - Ended March 31, 2015		
	Actual	Projection	Variance	Actual	Projection	Variance
Rooms Available:	279	279	0	1359	1359	0
Rooms Sold:	142	168	-26	671	772	-101
Occupancy:	51%	60%	(9.3%)	49%	57%	(7.4%)
ADR:	$153.08	$188.05	($34.97)	$165.59	$194.86	($29.26)
Rooms RevPAR:	$78.78	$115.48	($36.70)	$82.51	$110.69	($28.18)

	Month End March 31, 2015						5 Months - Ended March 31, 2015					
	Actual		Projection		Variance		Actual		Projection		Variance	
	$	%	$	%	$	%	$	%	$	%	$	%
Operating Revenue												
Rooms	21,980	18.7%	32,220	23.7%	(10,240)	55.7%	112,131	24.6%	150,430	28.5%	(38,299)	54.2%
Food and Beverage	43,581	37.0%	65,440	48.1%	(21,859)	118.9%	212,402	46.5%	272,398	51.7%	(59,996)	84.9%
Golf Course	52,146	44.3%	37,438	27.5%	14,708	(80.0%)	132,134	28.9%	99,478	18.9%	32,656	(46.2%)
Miscellaneous Income		0.0%	1,000	0.7%	(1,000)	5.4%	-	0.0%	5,000	0.9%	(5,000)	7.1%
Total Operating Revenue	**117,707**	100.0%	**136,098**	100.0%	**(18,391)**	100.0%	**456,667**	100.0%	**527,306**	100.0%	**(70,639)**	100.0%
Departmental Expenses												
Rooms	10,965	49.9%	8,763	27.2%	2,202	(21.5%)	60,047	53.6%	41,547	27.6%	18,499	(48.3%)
Food and Beverage	43,633	100.1%	55,709	85.1%	(12,076)	55.2%	243,385	114.6%	250,002	91.8%	(6,617)	11.0%
Golf Course	34,004	65.2%	31,512	84.2%	2,493	16.9%	132,095	100.0%	114,400	115.0%	17,695	54.2%
Total Departmental Expenses	**88,602**	75.3%	**95,984**	70.5%	**(7,382)**	40.1%	**435,526**	95.4%	**405,949**	77.0%	**29,577**	(41.9%)
Total Departmental Profit	**29,105**	24.7%	**40,115**	29.5%	**(11,009)**	59.9%	**21,141**	4.6%	**121,357**	23.0%	**(100,216)**	141.9%
Undistributed Operating Expenses												
Administrative and General	28,633	24.3%	26,457	19.4%	2,176	8.2%	136,788	30.0%	125,604	23.8%	11,184	8.9%
Information and Telecommunications Systems	2,528	2.1%	2,652	1.9%	(124)	(4.7%)	14,863	3.3%	13,260	2.5%	1,603	12.1%
Sales and Marketing	5,237	4.4%	7,585	5.6%	(2,348)	(31.0%)	32,395	7.1%	46,325	8.8%	(13,931)	(30.1%)
Property Operation and Maintenance	6,465	5.5%	7,865	5.8%	(1,400)	(17.8%)	27,144	5.9%	37,761	7.2%	(10,617)	(28.1%)
Utilities	4,353	3.7%	5,233	3.8%	(880)	(16.8%)	27,097	5.9%	25,166	4.8%	1,932	7.7%
Total Undistributed Expenses	**47,216**	40.1%	**49,792**	36.6%	**(2,576)**	14.0%	**238,287**	52.2%	**248,115**	47.1%	**(9,829)**	13.9%
Gross Operating Profit	**(18,111)**	(15.4%)	**(9,678)**	(7.1%)	**(8,433)**	45.9%	**(217,146)**	(47.6%)	**(126,758)**	(24.0%)	**(90,387)**	128.0%
Income Before Non-Operating Income and Expenses	**(18,111)**	(15.4%)	**(9,678)**	(7.1%)	**(8,433)**	45.9%	**(217,146)**	(47.6%)	**(126,758)**	(24.0%)	**(90,387)**	128.0%
Non-Operating Income and Expenses												
Income	2,260	1.9%	500	0.4%	1,760	(9.6%)	14,773	3.2%	2,500	0.5%	12,273	(17.4%)
Rent	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Property and Other Taxes	3,800	3.2%	4,039	3.0%	(239)	(1.3%)	18,786	4.1%	19,810	3.8%	(1,024)	(1.4%)
Insurance	3,192	2.7%	3,021	2.2%	171	0.9%	14,765	3.2%	14,863	2.8%	(98)	0.1%
Other	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Total Non-Operating Income and Expenses	**(4,732)**	(4.0%)	**(6,560)**	(4.8%)	**1,693**	(9.2%)	**(18,778)**	(4.1%)	**(32,173)**	(6.1%)	**13,395**	19.0%
EBITDA before Restructuring Costs	**(22,843)**	(19.4%)	**(16,238)**	(11.9%)	**(6,741)**	36.7%	**(235,924)**	(51.7%)	**(158,932)**	(30.1%)	**(76,992)**	109.0%
(Earnings Before Interest,Taxes, Depreciation & Amortization)												
Interest												
Envision	6,943		7,561		(618)		37,154		37,803		(649)	
2nd Mortgage	6,431		6,116		315		31,323		31,080		243	
DIP Financing	5,162		-		5,162		29,598		-		29,598	
Total Interest	**18,535**		**13,677**		**4,858**		**98,074**		**68,883**		**29,191**	
Restructuring Costs												
Legal	18,232		7,500		10,732		167,387		60,000		107,387	
Appraisal	-		-		-		-		10,000		(10,000)	
Monitor	10,751		3,200		7,551		58,425		30,100		28,325	
Management	11,505		18,000		(6,495)		73,690		112,000		(38,310)	
Total Restructuring Costs	**40,488**		**28,700**		**11,788**		**299,502**		**212,100**		**87,402**	
Depreciation & Amortization												
Income Taxes												
Net Income (Loss)	**(81,866)**		**(58,615)**		**(23,387)**		**(633,500)**		**(439,915)**		**(193,586)**	

Pretty Estate Resort Ltd.
Revised Projection for Monthly Cash Flow from Operations
for the 12 Month Period Ending October 31, 2015

	5 Months 01-Nov-14 31-Mar-15 (Actual)	Apr 2015 (Projection)	May 2015 (Projection)	June 2015 (Projection)	July 2015 (Projection)	Aug 2015 (Projection)	Sept 2015 (Projection)	Oct 2015 (Projection)	Total
Rooms Occupied	671	145	178	188	206	206	198	168	1,960
Average Room Rate	$ 165.59	$ 194.59	$ 204.66	$ 216.70	$ 217.14	$ 217.14	$ 204.19	$ 198.21	$ 203.30
Golf Rounds Played	3,554	1,450	2,500	2,700	3,750	4,300	2,400	2,050	22,704
Golf Average Realization	$ 22.77	$ 25.00	$ 28.00	$ 35.00	$ 35.00	$ 35.00	$ 32.00	$ 31.00	$ 31.00
Forecasted EBITDA (Note 2)	(235,924)	(19,829)	59,957	92,130	181,886	214,089	79,166	54,279	425,754
Cash Flow Adjustments (Note 3 (a))									
Change Accounts Receivable	(5,631)	964	(4,504)	(5,313)	2,369	5,328	1,709	1,299	(3,779)
Change in Inventory	43,735	(10,904)	(7,938)	7,628	10,891	12,148	6,780	5,791	68,131
Change in Prepaid Insurance (P, C, BI)	11,610	2,322	2,322	(26,877)	2,438	2,438	2,438	2,438	(871)
Change in Prepaid Insurance (Auto)	856	-	-	-	-	-	-	-	856
Change in Prepaid Property Tax	7,386	4,039	4,039	(44,427)	4,039	4,039	4,039	4,039	(12,807)
Change in Prepaid Other	(16,288)								(16,288)
Change in General Accounts Payable (Note 3(b))	37,861	(2,229)	(4,418)	(21,784)	6,777	9,660	(27,241)	(11,296)	(12,670)
Change in Current Crown Claims (Note 3 (c))	(42,487)	8,963	9,301	4,796	9,701	4,808	(14,567)	(11,781)	(31,266)
Change in Customer Deposits (Note 3 (d))	21,503	(4,300)	(5,130)	(11,800)	(16,273)	(23,600)	(3,210)	-	(42,810)
Change in DelinquentCrown Claims (Note 3 (e))	(66,500)	(12,000)	(9,500)	-	-	-	-	-	(88,000)
	(7,955)	(13,145)	(15,828)	(97,777)	19,942	14,821	(30,052)	(9,510)	(139,504)
Adjusted Cash Flow from Operations	(243,879)	(32,974)	44,129	(5,647)	201,828	228,910	49,114	44,769	286,250
Non-Operating Cash Flow items (Notes 4, 5 & 6)									
Capital Replacements	(12,491)	(9,000)	(20,000)	(16,000)	(10,000)	-	-	-	(67,491)
Envision Financial LOC Interest	(5,804)	(1,174)	(1,174)	(1,174)	(1,174)	(1,174)	(1,174)	(1,174)	(14,022)
Envision Financial LOC Advance (Repayment)	37,135	-	-	-	-	-	-	-	37,135
Envision Financial - Loan Interest	(31,350)	(6,387)	(6,387)	(6,387)	(6,387)	(6,387)	(6,387)	(6,387)	(76,059)
Envision Financial - Loan Principal Payment	10,239	-	-	-	-	-	-	-	10,239
Equipment Lease Payments	(16,247)	(654)	(4,240)	(8,647)	(8,647)	(8,647)	(8,647)	(8,647)	(64,376)
Car Loan Payments	14,870	(1,208)	(1,208)	(1,208)	(1,208)	(1,208)	(1,208)	(1,208)	6,414
2nd Mortgage Payments	(31,323)	(6,116)	(6,116)	(6,116)	(6,116)	(6,116)	(6,116)	(6,116)	(74,135)
DIP Commitment Fee	(14,500)	-	(5,000)	-	-	-	-	-	(19,500)
DIP Financing Interest	(15,098)	(5,584)	(6,355)	(7,147)	(7,251)	(6,417)	(5,897)	(5,897)	(59,645)
Shareholder Loans	-								
	(64,569)	(30,123)	(50,480)	(46,679)	(40,783)	(29,949)	(29,429)	(29,429)	(321,440)
Professional Fees (Note 7)									
Restructuring Legal (Note 7(a))	167,387	-	25,000	20,000	25,000	9,000	9,000	9,000	264,387
Operations Restructuring / Management (Note 7 (b))	73,690	13,000	17,000	17,000	17,000	12,000	12,000	12,000	173,690
CCAA Monitor / Investor Search (Notes 7 (c) and 7 (d))	58,425	-	50,000	40,000	35,000	27,500	7,500	25,000	243,425
	299,502	13,000	92,000	77,000	77,000	48,500	28,500	46,000	681,502
Cash Flow Surplus (Deficiency)	(607,950)	(76,097)	(98,351)	(129,326)	84,045	150,461	(8,815)	(30,660)	(716,692)
Cash Balance									
Beginning Cash Balance (RBC Accounts)	37,841	52,489	71,392	63,041	33,715	42,760	68,221	59,406	37,841
DIP Financing Advanced (Repaid)	622,598	95,000	90,000	100,000	(75,000)	(125,000)	-	-	707,598
Ending Cash Balance (RBC Accounts)	52,489	71,392	63,041	33,715	42,760	68,221	59,406	28,747	28,747
Representred By:									
Unrestricted Cash	22,068	40,971	32,620	3,294	12,339	37,800	28,985	(1,674)	
Post November 10, 2014, Event Deposits in Trust	30,421	30,421	30,421	30,421	30,421	30,421	30,421	30,421	
	52,489	71,392	63,041	33,715	42,760	68,221	59,406	28,747	
DIP Funancing									
Beginning DIP Financing	-	622,598	717,598	807,598	907,598	832,598	707,598	707,598	-
DIP Financing Advanced (Repaid)	622,598	95,000	90,000	100,000	(75,000)	(125,000)	-	-	707,598
Ending DIP Financing	622,598	717,598	807,598	907,598	832,598	707,598	707,598	707,598	707,598

Exhibit 3.1

Pretty Estates Resort Ltd.
Notes to the Revised Projection for Monthly Cash Flow from Operations
for the 12 Month Period Ending October 31, 2015

1 The purpose of this Cash Flow Projection is to demonstrate the monthly liquidity requirements for Pretty Estates Ltd. (the "Company") during the 12 month period ending October 31, 2015.

2 (a) This projected Cash Flow Statement is based on the actual results of operations for the 5 month period from November 1, 2014 to March 31, 2015 and projected operating results for the period from April 1, 2015 to October 31, 2015 which are based on the assumption that the Company will continue operations in the normal course, except where otherwise stated, and will incorporate the initiatives outlined in the Inntegrated Hospitality Management Ltd. report dated August 29, 2014.

(b) Revenues are based on the Company's estimate of future sales forecast and are highly seasonal in nature (e.g. golf rounds drop significantly during the fall and winter months).

3 (a) It is assumed that all recurring obligations for hourly and salaried payroll, regular purchases from trade creditors, utilities and other operating costs, are paid in the normal course of operations.

(b) It is assumed that recurring obligations for purchases of operating supplies are settled on a net 14-day terms. In addition approximately $50,000 in legal fees are being settled through a monthly payment program at $12,500 per month.

(c) It is assumed that all recurring crown claims including, payroll source deductions and employment taxes, hotel tax, and federal and provincial and sales taxes, are paid monthly in arrears, in the normal course of operations.

(d) Customer deposits balance will be drawn down as certain guest events are held and the related revenue is earned (e.g. weddings).

(e) The Company has agreed to a payment plan with Canada Revenue Agency for payment of arrears of payroll source deductions which would rank as a deemed trust and be paid in priority to other claims in any event. The payment plan will see CRA paid in full on account of approximately $88k of payroll deduction arrears by May 2015.

4 It is assumed that all recurring obligations for lease payments, automobile loans, and interest to secured creditors, are paid in the normal course of operations.

5 Capital Replacements are based on requirements deemed necessary to continue the operations as planned and include items such as kitchen and food service equipment and utility system equipment and maintenance.

6 The cash flow projections include provision for all costs related to the DIP Financing and assume that the Company will continue to make interest payments on secured debt but will not pay mortgage principal during the restructuring.

7 (a) Professional fees for legal counsel to the Company, are estimated based on the timing for payment in arrears and assume that the Company may enter into a transaction that will allow it to file its restructuring plan with the Court by July 2015. If the transaction and Court application occur later, some of these estimated costs will be deferred until then, likely by October 2015.

(b) Professional fees for operations restructuring / management are based on the timing for payment in arrears as provided for in the engagement letter with Inntegrated Hospitality Management plus some additional amounts related to assisting with the investor search and the development of the restructuring plan.

(c) Professional fees for the Court Approved Monitor and restructuring advisor for the Company are estimated based for payment in arrears and assume that the Company may enter into a transaction that will allow it to file its restructuring plan with the Court by July 2015. If the transaction and Court application occur later, some of these estimated costs will be deferred until then, likely by October 2015. In the event that a suitable transaction partner is not found by the end of May 2015, the Company's assets will be listed for sale; brokerage commissions related to a sale of the Company's assets, through a listing, are not included in these estimates as any commission will not be paid out of the cash flow from operations, rather it is assumed that any brokerage commissions will be paid from the proceeds of sale.

These cash flow projections are based on currently-available information and estimates which may not prove to be correct. All projections involve risks, variables, and uncertainties. The actual operating results may differ from the projections. Consequently, no guarantee is presented or implied as to the accuracy of the projections.