



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 FOURTH REPORT TO COURT

MARCH 31, 2015

PRETTY ESTATES LTD.
MONITOR'S FOURTH REPORT TO COURT
MARCH 31, 2015

TABLE OF CONTENTS

Background and Purpose of this Report.....	3
Monitor's Activities.....	4
Summary of Key Findings and Activities.....	5
Status of Operations Improvements and Cost Containment Measures.....	6
Company's Financial Results – February 2015 and Four Months to February 28, 2015....	6
Status of Borrowings/DIP Financing.....	7
Key Elements of the Restructuring Plan.....	8
Search Process for Potential Partner.....	9
Next Steps.....	10

APPENDICES

A. IHM Operations and Cash Flow Report for February 2015 including exhibits:

Exhibit 1 - Status of Operations Initiatives

Exhibit 2.0 - Monthly Cash Flow - Period ending February 28, 2015

Exhibit 2.1 - Summary Operating Statement - Period ending February 28, 2015

B. Resume of Neil Atchison, P.Eng.

C. Overview of Search Process

D. Teaser Brochure

PRETTY ESTATES LTD.
MONITOR'S FOURTH REPORT TO COURT
MARCH 31, 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 Fourth Report ("**Fourth Report**") of the Monitor with respect to the CCAA filing of the Company.
4. This Fourth Report should be read in conjunction with the Monitor's Preliminary Report dated November 5, 2014, and the Monitor's First Report dated December 5, 2014 ("**First Report**"), the Monitor's Second Report dated January 30, 2015 ("**Second Report**") and the Monitor's Third Report dated February 27, 2015 ("**Third Report**"). For reference, the summary version of the Company's statement of projected cash flows consisting of the period November 1, 2014 to October 31, 2015 (the "**Cash Flow Statement**") was included as Appendix "D" to the First Report.
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 Third Report was issued;

- b) an update on the actual financial performance of the Company during the restructuring period and particularly during the period ending February 28, 2015;
 - c) a summary of key operating performance indicators over the four-month period of operations under the CCAA;
 - d) an update on the operations improvements and cost containment measures implemented at the Pretty Estates Resort (the "**Resort**") by IHM; and
 - e) an update on the Company's progress with respect to its restructuring plan including the Company's process to find a new strategic and financial partner ("**Potential Partner**") to participate with it in developing a timely restructuring plan (the "**Restructuring Plan**") and provide commentary on next steps leading to the next Court hearing which will occur on or before April 30, 2015.
7. In preparing this report, the Monitor has maintained discussions with the Company, its legal counsel, Lawson Lundell LLP ("**Lawson**"), IHM, the Company's first and second mortgagees and third parties potentially interested in participating with the Company in its Restructuring Plan. The Monitor was given 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 Third Report was submitted:
- a) maintained contact with the Company's first mortgagee represented by Mr. Mohamed Samman and the Company's second mortgagee and DIP lender, Mr. James Young, to update them on the status of CCAA proceedings and respond to their queries;
 - b) maintained regular correspondence with the Company's legal counsel, Lawson, and with IHM to obtain ongoing updates on the Company's restructuring activities, and current events at the Resort and the status of operations improvements and financial performance;
 - c) reviewed the financial and operational report from IHM for the period ending February 28, 2015, and with commentary relating to early March results, and considered this information in connection with Cash Flow Statement, and the Company's current position with respect to the DIP Financing;
 - d) continued to discuss the Restructuring Plan with Ms. Betty Anne Faulkner, the owner and President of the Company, and its legal counsel, and helped organize and implement a formal process for the Company to identify and consider prospects who may be interested in participating in the Restructuring Plan; and
 - e) continued to identify additional prospects who could qualify as Potential Partners.

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 Company hiring them 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 four months of their operation ending February 28, 2015, the Company has fallen short of their budgeted results by approximately \$70,000. However, the performance exceeds the Company's results for the same period a year earlier by \$158,400. Early indications are that the Resort's March 2015 performance will be slightly below budgeted targets, albeit not by a significant amount. IHM is optimistic that it can still meet the budgeted operating results for the year ending October 31, 2015;
- b) IHM reports that an additional \$131,000 in DIP Financing, in excess of what was initially projected in their budget, has been required to February 28, 2015 which is approximately the same variance that existed a month earlier. 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. However, we now expect that an increase in the administrative charge will be required in the next two months to deal with the pressure by a secured creditor and the Court to produce an acceptable Restructuring Plan more quickly than originally anticipated;
- c) There are higher professional costs for the Monitor and the Company's legal counsel than originally anticipated due to the initial positions taken by the secured creditors and the more frequent reporting by the Monitor as required by the Court and because the first and second secured creditors wanted to advance the finalization of a Restructuring Plan earlier than initially anticipated by the Company, requiring additional assistance from its counsel and the Monitor;
- d) Now that IHM is fully entrenched with the performance improvement initiatives and producing significantly-improved operating results, the Company is focussed on determining the additional elements of its Restructuring Plan. It has asked for assistance from the Monitor in identifying the key additional elements and assistance to find a Potential Partner to implement it sooner than anticipated; and
- e) The Monitor's opinion is that the negative operating variances from budget experienced for the period ending February 28, 2015 do not represent a material

adverse change in the Company's projected Cash Flow Statement at this time and that substantial early progress is being achieved by the Company towards its objective of filing a Restructuring Plan that will be acceptable to its creditors.

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 February 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 February 28, 2015; and Exhibit 2.1 - Summary Operating Statement - Period ending February 28, 2015 (collectively, the "**IHM February Report**").
11. In summary, the IHM February Report contains details on the Resort's financial performance for the month of February 2015, as well as for the four months ending February 28, 2015 including its actual performance compared to projected cash flows to February 28, 2015, and status of borrowings under the DIP Financing. The IHM February 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 February Report and has discussed it with IHM and the Company. The Monitor recommends that stakeholders review the IHM February Report as it contains a significant amount of information about the Resort's operations since the commencement of the CCAA to February 28, 2015, and also contains brief commentary about estimated projected operating results for the month of March 2015.
13. A brief summary of the Resort's February 2015 financial results follows.

COMPANY'S FINANCIAL RESULTS - FEBRUARY 2015 AND FOUR MONTHS TO FEBRUARY 28, 2015

14. As part of its review of the IHM February Report, the Monitor has reviewed the Resort's actual to budgeted cash flows and operating (income) statements, both for the month of February 2015 and for the four month period ending February 28, 2015.
15. The IHM February Report summarizes the variances in actual results compared to the projections included in the Cash Flow Statement. The results as reported in the IHM February 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 February 28, 2015, the Resort's actual earnings before interest, taxes, depreciation and amortization ("**EBITDA**") is approximately \$4,700 better than the budgeted EBITDA (loss) of (\$44,400) for the month;

- b) for the month ending February 28, 2015, the Resort's EBITDA (loss) of (\$39,700) was considerably better than the prior year's February EBITDA (loss) of (\$94,000); and
 - c) for the four month period ending February 28, 2015, the Resort's EBITDA (loss) of (\$213,100) is approximately \$158,400 improved compared to the prior year's four month EBITDA (loss) of (\$371,500). These operating results evidence the fact that IHM's cost control and revenue initiatives are gaining traction at the Resort and that these initiatives are significantly improving results during four of the months of operations that seasonally are very low.
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, as IHM reports significantly improved financial results for the first four months of fiscal 2015 compared to the same period in fiscal 2014.

STATUS OF BORROWINGS/DIP FINANCING

17. As outlined in the IHM February Report, as at February 28, 2015, the Company had drawn \$557,436 on account of the DIP Financing. This is approximately \$131,000 more than the \$426,115 borrowing position as at February 28 as projected in the Company's Cash Flow Statement. However, this variance is offset by the fact the Company still held \$89,000 of cash in its bank account as at February 28, 2015 and cash held for post CCAA wedding deposits. Also, the variance is also caused by the Unbudgeted Costs and Initial Transition Losses (as defined below).
18. Additionally, at the time of writing this Fourth Report, the Company has received advances totaling \$617,436 under the DIP Financing. This is approximately \$151,000 more than the \$466,190 projected borrowing position, as at the end of March 2015, in the Company's Cash Flow Statement. However, the amount of the DIP Financing requirement currently set at \$750,000 was increased from \$600,000 which was what was in IHM's operating budget for the year ending October 31, 2015. The higher levels took into account the expected higher professional costs and continued deterioration of the Company's operations during the delays in originally filing the CCAA and in engaging IHM to improve the operating performance (see paragraph 21 in the Second Report) (the "**Unbudgeted Costs and Initial Transition Losses**"). IHM's budget was not adjusted for these expected additional costs or DIP Financing levels. A majority of the additional amount borrowed to date, as compared to the Cash Flow Statement, relates to these Unbudgeted Costs and Initial Transition Losses.
19. The Monitor expects that the fees for both the Company's legal counsel, Lawson, and the Monitor will continue to exceed the budget which was prepared in October 2014. These negative variances relate to the additional time required to deal with the additional and more frequent reporting now required by the Monitor than originally expected. They also relate to the additional time for Lawson's relating to positions taken by the secured creditors with respect to the operations and the Comeback Hearing, and legal services for

other operational issues including, without limitation, employment matters, insurance related matters, issues relating to suppliers, sale of equipment, and banking matters.

20. The search for a Potential Partner has always been contemplated by the Company and the Monitor. At the beginning of the CCAA process it was hoped to be deferred until June/July 2015 after several months of improved operating performance could be confirmed. By that time, the high operating revenue season was anticipated to pay back a significant portion of the DIP Financing which would have made room for the additional costs for assisting the Company to find a Potential Partner. We expect that the Company will need to increase the amount of the administrative charge provided in the Initial Order in the next month for this and other reasons. However, the pay downs of the DIP Financing that were originally forecasted for the high operating season are still anticipated. We will report further on this in our next report.

KEY ELEMENTS OF THE RESTRUCTURING PLAN

21. The Company's primary objectives for its Restructuring Plan under the CCAA were to:
 - (a) Substantially improve its operating performance by hiring a specialist hospitality management firm, IHM, with full support of the Company's owner;
 - (b) Demonstrate that the underlying value of the Company's assets (the "**Assets**") is much higher for all stakeholders in a going-concern restructuring than under a forced sale scenario, even after considering the one-time restructuring costs, when the available substantial operating improvements are realized;
 - (c) Provide a foundation for a sustainable profitable operation on a long-term basis, including the availability of sufficient financial and management resources;
 - (d) Obtain acceptance of the Restructuring Plan from the required majority of pre-filing arm's length creditors under the CCAA process which may provide refinancing and/or payment of specific pre-filing debts; and
 - (e) Provide for a reasonable return for the Company's owner over the longer term.
22. During the first three months under the CCAA process, the Company fully integrated IHM into the management of its Resort operations and supported the successful implementation of its wide-sweeping performance improvements. The substantial improved results are well documented in this and earlier reports. Once this foundational basis for the Restructuring Plan was in place, the Company wanted to formally establish a process to review its objectives and resources with pre-qualified prospects (the **Potential Partners**) that can bring complementary strengths, including financing, to help complete a Restructuring Plan that would be acceptable to the creditors.
23. The Monitor has had substantial experience over the past 25 years in successfully assisting debtors with developing restructuring plans for hospitality and real estate assets and operations that are in financial difficulty. As a result, the Company asked the Monitor to assist it in formulating the review process and the likely key elements of the

Restructuring Plan. The Company then asked the Monitor to coordinate the process to find a Potential Partner for the Company to assist with the Restructuring Plan. It is envisioned that the Potential Partner could provide financing, management and/or a potential purchase of all or part of the Assets in the short or longer term.

SEARCH PROCESS FOR POTENTIAL PARTNER

24. The co-ordination of the process for the Monitor is being led by Neil Atchison from the G-Force Group, whose resume is included hereto as **Appendix "B"**.
25. We have included as **Appendix "C"** a summary slide of the process to search for a Potential Partner ("**Search Process**") that we have designed to assist the Company to develop an acceptable Restructuring Plan in a reasonable timeframe. There is a detailed work plan behind each of the key five steps on this slide. The current strategy is to find a Potential Partner that will understand the current restructuring process and the objective of preserving and rebuilding value for the Assets for the current stakeholders and also for the Potential Partner. Practically, the objective is to find a Potential Partner who will recognize the improving value of the Assets, which have been referred to by many who have seen them as unique and attractive. The underlying dramatic improvement in operating performance underpins this strategy and, in effect, was the first leg of the Restructuring Plan.
26. A key element in the Search Process is to provide targeted prospects with detailed and tailored due diligence information that, among other things, demonstrates the increasing value of the Company and its Assets. The targeted prospects can then conduct their due diligence more timely and efficiently. In the Monitor's experience, prospects will then more likely recognize and pay for the inherent higher value of the Company. Otherwise, in the Monitor's experience, prospects typically will not take the time, nor make the necessary investment, to identify the inherent higher value of a company or asset prior to making their investments and acquisitions.
27. The following key elements of the Search Process have been completed or are underway:
 - (a) Completed most of the detailed steps in the 'Setting the Stage' phase;
 - (b) Prepared a "teaser" electronic brochure that is attached hereto as **Appendix "D"**;
 - (c) Prepared a Confidential Information Memorandum ("**CIM**");
 - (d) Developed an on-line Data Room where the due diligence materials are easily accessible by pre-approved prospects;
 - (e) Completed a confidentiality agreement ("**Confidentiality Agreement**") for prospects to submit with additional information to determine if they qualify as a Potential Partner; and

- (f) Approximately twelve individual prospects have been sent the teaser brochure and the Confidentiality Agreement to date and were invited to participate in the Search Process.
28. Prior to filing the CCAA, the Company had been approached or had reached out in an informal way to parties who had expressed an interest in becoming a partner or in acquiring the Company's Assets. The Company did not receive any unconditional acceptable offers. Since the filing of the CCAA process, the Monitor has identified some potential third party prospects and the Company has continued to receive interest from prospects falling into two general categories. First, those who understand the restructuring process and the improvement in value that is occurring as well as the inherent value in the unique Assets. Second, prospects who primarily want to acquire the Assets at a low value and are more concerned about their return than sharing any upside with the existing creditors or shareholders. A key objective of a successful restructuring process usually includes a Restructuring Plan that will strike a reasonable balance of sharing the inherent value in the Assets with the current stakeholders and new ones, like a Potential Partner or purchaser. The Company is currently focusing on prospects that would fit those in the first category.
29. The current prospects being pursued by the Company include some that would only be interested in refinancing a part of the current debt. This is because a refinancing solution could be part of an interim or longer term solution for the Company and the second mortgagee who would like to be paid out. The prospects include qualified domestic and foreign parties, some of whom are advised by real estate brokers. There are several more prospects who are currently not being pursued because they have not demonstrated any interest in becoming a Potential Partner and/or recognize the inherent value in the Assets for the current shareholders that is now being firmed up by the continuing substantial improvement in operating results. They can be approached later if an acceptable Potential Partner does not materialize. We expect to quickly determine whether any of the current prospects are serious in becoming a Potential Partner or in refinancing part of the current debt, otherwise they will be dropped from active consideration. Further we are continuing to identify others who may be invited into the Search Process.
30. We will provide more details of the results obtained in the Search Process in future reports and in particular in our report to the Court for the April hearing.

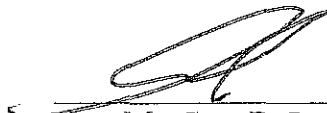
NEXT STEPS

31. 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 Company's cash flow statement for the Company's operations. We have asked IHM to put on hold the process of revising certain operating and cash flow estimates to conserve current cash required to cover other priority restructuring activities. It has agreed to do so as it does not consider the updated budget to be necessary at this time.

32. The Monitor will provide an update on the search for a Potential Partner for the Company to assist in the Restructuring Plan. The Monitor will submit its next report to this Honourable Court in advance of the next Court hearing which will occur prior to April 30, 2015.
33. 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.

All of which is respectfully submitted this 31st day of March, 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 February 2015 (including exhibits)



INTEGRATED 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, Integrated Hospitality Management Ltd.
Date: March 19, 2015
Re: Pretty Estate Resort – Operations and Cash Flow Report, February 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 March 16, 2015; all initiatives have been actioned and highlighted initiatives indicate areas of significant advancement.

For the four month period ended February 28, 2015 we provide the following summary:

	2015	2014	Improvement
	\$	\$	\$
Total Revenue	351,400	311,100	40,300
Labour Costs	327,000	386,000	59,000
Other Costs	<u>237,500</u>	<u>296,600</u>	<u>59,100</u>
EBITDA (Before Restructuring Costs)	<u>(213,100)</u>	<u>(371,500)</u>	<u>158,400</u>

Our initiatives, especially as they relate to cost control and mitigation, and efficiency appear to be operational. Our revenue enhancement initiatives, especially as they related to golf operations appear to be gaining traction and generating additional revenues.

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 \$59,000 in labour cost savings has been achieved in the 4 months ended February 28, 2015 without sacrificing guest satisfaction.

Suite 313, 223 Mountain Highway
North Vancouver, BC V7J 3V3
Telephone: 604.982.0888
Facsimile: 604.982.0999

Box 14, Site 17, RR 8
Calgary, AB T2J 2T9
Telephone 403.619.9767
Facsimile: 403.938.1724

Other cost savings have been recorded in and across multiple expense classifications. For example, for the 4 months ended February 28, 2015 the cost of food and beverage was 40.0% of food and beverage revenues, 12.4 percentage points better than the 52.4% cost of food and beverage revenues reported in the 4 months ended February 28, 2014.

Our revenue enhancement initiatives were delayed as a result of only 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, we 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 February 28, 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 February 28, 2015, and provide the following discussion thereon.

Total Operating Revenue recorded for February 2015 was \$91,000, \$5,000 above projected levels, with golf revenues \$20,000 above expectations and rooms and food and beverage combined to be (\$15,000) below expectations.

The Earnings (Loss) before Interest Taxes Depreciation and Amortization ("EBITDA") for the month of February 2015 was (\$39,700); \$4,700 better than the projected EBITDA of (\$44,400).

By comparison the Total Operating Revenue and EBITDA reported for the month of February 2014 was \$56,000 and (\$94,000) respectfully.

Rooms department revenue for February was \$18,500, approximately (\$5,600) less than projected levels. 120 guest rooms were sold, (8) less than the projected guest room sales of 128; the average room rate achieved was \$152.08, approximately (\$35.97) worse than the projection of \$188.05.

Food & Beverage department revenues for February were \$35,700, approximately (\$8,700) less than the projected levels.



Golf department revenues for February were \$36,600, approximately \$20,600 more than the golf revenues projected; 978 rounds of golf were recorded, 678 more than projected; the average green fee realized was \$19.00, (\$1.00) less than \$20.00 green fee projected.

Non-Operating Income for February was \$800; \$300 more than projected.

Total labour costs for the month were \$78,280, \$3,167 more than the projected labour costs of \$75,113. Labour costs represented 86.3% of total operating revenues, slightly better than the projection of 87.9% of total projected revenue.

Overall operating earnings (loss) of (\$39,700) was recorded for the month of February 2015, \$4,700 better than the projected earnings (loss) for the month of (\$44,400).

On a year to date basis (4 months to February 28, 2015), EBITDA of (\$213,000) has been reported; (\$70,000) worse than the projected EBITDA of (\$143,000). Total operating revenues of \$339,000 were recorded in the period, (\$52,000) less than the operating revenue projected.

By comparison the EBITDA reported for the 4 months ended February 28, 2015 was (\$213,000), \$158,000 better than the EBITDA of (\$371,000) reported for 4 months ended February 28, 2014.

In our report on the operations for January 2015, dated February 23, 2015, we provided an estimate for the anticipated operating loss for February 2015 at (\$45,000) based on the daily revenue and labour cost reporting implemented at the Resort. An actual operating loss of (\$40,000) was incurred, approximately \$5,000 better than the estimate.

March 2015

According to the revenue and labour cost tracking/monitoring systems installed at the Resort, as of March 17, 2015, the Resort is reporting an actual revenue to projection deficiency in the range of \$6,500 month-to-date and an actual labour cost to projection shortfall in the range of \$3,500 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 March were very favourable. Overall for March 2015 we projected EBITDA of (\$16,000); based on the experience to March 17, 2015 we anticipate achieving EBITDA in the range of (\$20,000) approximately (\$4,000) worse than the EBITDA projection.

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 for February 2015 was (\$39,700).

The cash flow surplus (deficiency) from operations for February 2015 was approximately \$20,000, and consider all of the changes in the working capital accounts for the Resort. Overall, there is a favorable cash flow from operations of \$70,000, 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. The cash flow projections did not include a specific monthly provision for the DIP Financing costs.

For the month of February 2015 a cash flow deficiency of (\$76,000) was incurred, \$19,000 better than the projected cash flow deficiency of (\$95,000).

Our cash flow projections anticipated no changes being made to the extent the Envision Line of Credit was drawn down, and only carrying nominal cash balances. On a year to date basis (4 months to February 28, 2015), a cash flow deficiency of (\$519,000) has been incurred, only (\$11,000) worse than the projected cash flow deficiency of (\$508,000).

DIP Financing

As at February 28, 2015 DIP Financing totaling \$557,436 had been advanced, approximately \$131,000 more than the \$426,115 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 February 28, 2015, cash balances of \$76,340 were available in the Royal Bank of Canada accounts, and approximately \$13,000 has been temporarily paid down on the Envision Line of Credit to enable the processing of certain approved payments. Our projection anticipates 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 balances of \$76,000 and made available Line of Credit balance of \$13,000, the result is total unbudgeted cash flow available of \$89,000, as at February 28, 2015, which effectively reduces the unfavourable DIP Funding variance from (\$131,000) to (\$42,000).

As at March 17, 2015 DIP Financing totaling \$617,436 had been advanced, \$151,000 more than the \$466,190 projected for the end of March 2015. The additional \$151,000 in DIP Financing has been required as a result of a number of actual to projected cash flow variances, including:

	\$
DIP Financing Costs	24,000
Additional Legal Costs - paid	48,000
Additional Monitor costs - paid	21,000
Unfavorable Variance in beginning cash balance	44,000
Unfavorable variance in period to date EBITDA	70,000
New Gift Certificates	(16,000)
Increase in Actual Month-end Cash Balances	(39,000)
Rounding	(1,000)
	<u>151,000</u>

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 \$69,000, and are not within the control of management. Given the monthly Monitor reporting requirements and anticipating additional legal and Monitor costs to prepare for the April 30 court date, significantly greater costs legal and monitor cost will need to be included in the planned revision to the operating and cash flow forecast.

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.

We have commenced work on revising the monthly operating and cash flow forecasts, for the balance of the year ending October 31, 2015; the timing associated with certain revenues / receipts and expenses / disbursements continues to change, and better information is available now than was available to us in August 2014.

We anticipate that the revised monthly operating and cash flow forecasts, for the balance of the year ending October 31, 2015 will be finalized prior to April 10, 2015.

Conclusion

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

We are pleased to report a four month period – 2015 EBIDTA improvement of \$158,000, when compared to the same four 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 forecast (\$4,000).

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

Initiative	Status as of March 16, 2015
Customer Service Standards	
Establish and document operational efficient customer service standards for each area of the operation; for example:	
1 shorten tee time intervals from 10 minutes to 9 minutes during periods of peak golf demand;	Implemented as of March 6, 2015
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	Inventory continues to be reduced; no 2015 purchasing commitments have yet been made.
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
Develop an understanding of the cost matrix for various components of the services provided (right size the service delivery model to make a profit).	
Sandpiper Golf Course	
1 Reduce off-season Golf Course hours of operation to reflect only prime golf days and golf able hours	Hours reduced, ongoing monitoring.
2 Reduce off-season Pro Shop hours of operation to reflect reduced golf course operations	Daily time schedule 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	Favourable weather has resulted in an increase in golf rounds over projection in the first half of March, necessitating additional staffing costs.
4 Through the off season provide minimum food & beverage service at pro shop	Only limited F&B service currently required, additional food services will be added when business volumes dictate.

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 March 16, 2015
5 Liquidate Pro Shop merchandise inventory to convert inventory to cash flow	Pro Shop merchandise continues to be moved at slightly better than cost margins
6 Reduce purchasing plans for 2015 Pro Shop merchandise to essentials and proven high volume/margin items to reduce cash requirements	An initial order for spring 2015 retail merchandise has been placed, increasing the depth of inventory available for sale as volume of golfers increases.
7 Incentivize on-line bookings for tee times	Strategies in development to enhanced online promotions, software developed being researched at our request. <u>Dynamic / yield pricing structures are in effect.</u>
8 Incentivize repeat visitation through the use of time activated coupons	Coupon programs will be eliminated in favour of dynamic pricing model.
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)	Being promoted through the website and data base contacts.
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. Community relationships to be pursued in February/March 2015
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.

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 March 16, 2015
River's Edge Restaurant	
<p>Eliminate breakfast service in River's Edge Restaurant; provide breakfast service in</p> <p>1 Rowena's Inn. Provide a good quality continental breakfast in Rowena's Inn for all room guests, eliminate breakfast delivery to the cottages.</p> <p>Close the River's Edge Restaurant immediately after Thanksgiving with re-opening for</p> <p>2 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.</p> <p>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</p> <p>4 Re-engineer the menu offerings and pricing, taking into consideration kitchen production and storage capabilities as well as competitive market pricing.</p>	<p>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.</p> <p>Rivers Edge Restaurant closed Dec 18. Restaurant space is being promoted for catering and events.</p> <p>River's Edge is scheduled to open April 1, 2015. New menu, hours of operation and service strategy will be finalized by March 26, 2015.</p> <p>New Menu commenced Dec 18, 2014. Menu continues to be tweaked for efficiencies and market feedback.</p>
Rowena's Inn (Food & Beverage)	
<p>1 Transfer breakfast service to the main floor of Rowena's Inn (upper room)</p> <p>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,</p> <p>2 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.</p> <p>3 Afternoon tea service (individual or group) should be serviced by F&B employees</p> <p>4 Continue Rowena's inn dining through the summer months as an alternative to River's Edge casual menu.</p>	<p>Completed Dec 1, 2014</p> <p>Relocation of lunch & dinner service effective Dec 18, 2014. Menu planning complete, reassessment scheduled for Jan/Feb 2015. Promotional calendar has been established for 2015 season and will feature monthly Chef's Farm to Table dinners commencing on March 10, 2015.</p> <p>Initiative was implemented Dec 18, 2014</p> <p>Plans to continue Rowena's Dining are in development - menu, hours and availability because of pre-booked weddings will be addressed by March 26.</p>

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 March 16, 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. Amend the Event/Catering contract to add/change information based on accommodation requirements, additional charges for statutory holiday labour and clean-up fees.	As above.
3 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.). 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.	Completed and implemented.
4 Catering menu pricing has been amended. Increases will be passed on when reasonable.	
5 Amended wedding package information addresses the issues of accommodation blocks and packaging. Effective Jan 25, 2015	
6 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 Discussions initiated with onsite staff, training will follow through spring 2015.	
8 Contact made with Harrison Beach Resort and commissionable room rate in place. Harrison Hot Springs Resort is unlikely to be convinced to participate.	
9 Classic Reward points are no longer be awarded on catering functions	
Eliminate awarding Classic Reward points 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

Initiative	Status as of March 16, 2015
Food & Beverage General	
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).	Deferred to spring 2015 as kitchen passageway is not currently in 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.	Liquor, Beer & wine storage has been re-aligned. Central storage opportunity still to be determined.
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

Initiative	Status as of March 16, 2015
Rowena's Inn (Bed & Breakfast)	
Inventory	
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	
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 March 16, 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 March 16, 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.	Automated payroll services are anticipated to begin with the April 7 pay day. Vendor payments issues are addressed as required.
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.	Recent developments indicate a reassessment of this initiative.
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 March 16, 2015
3 Reduce off-season golf course and other maintenance to reflect reduced operations	Golf course and other maintenance reduced to necessary practices only.
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	GM to contact Liquor Inspector in March to confirm interpretation of the revised regulations and address issues.
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 March 16, 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. Volumes Thursday through Sunday continue to grow, averaging over \$1800 per night through the first half of March.

- 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.

- 3 Develop a monthly promotional calendar, identifying special event offers and recurring features to encourage repeat customers.

A monthly calendar of events has been developed. 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 has been rescheduled for April 18.

- 4 Find new revenue streams for non-peak dining.

Our current initiatives to contact 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

Decision was made to continue operating Rowena's for evening dining through the summer in addition to re-opening River's Edge April 1.

- 6 Sales promotion activity through the web and social media

Promoted the re-opening of Rowena's Dining, menus and facility using the website. Call to action using 'Reserve a Table' and 'Book now' features. FaceBook and Twitter are being used to reach customers and promote features and events - current social media promotion is Easter Brunch.

Events

- 1 Develop a meeting package to take advantage of River's Edge as a meeting room.

Solicitation for Group Meal opportunities featuring River's Edge are being focused for spring.

Sales promotion activity through the web and social media

Promotion of golf tournaments, special events and activities, by direct sale, website, Facebook and Twitter.

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

Initiative	Status as of March 16, 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.	The 2015 season's passes have been priced with reference to market competitors. To increase pass sales, a payment program is offered. Season's passes are promoted on the website and at golf events.
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 view and select from alternative tee times and price points over a 10 day period.
5 Increase tournament bookings by mining existing data base and targeting previous tournament groups.	Sandpiper has booked 6 large tournaments to date with quotes out for 2 more. Last year the golf course booked a total of 4 of this type of tournament.
6 Maximize retail sales volumes by offering Sale pricing on selected merchandise.	Older inventory continues to be cleared at sale prices.
7 Sales promotion activity through the web and social media	A variety of initiatives including; website updates and announcements for flex pricing and tournament opportunities; social; media discussion on implementing the new dynamic pricing model (FaceBook, Twitter, Instagram); and newsletter blasts to Classic Rewards members and other 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	Expedia and Trip Advisor engaged as On-line Travel Agents to feature mid-week Inn Rooms as part of the 'Boutique Inns' category; implementation scheduled for completion for the 1st week of April.
5 Re-introduce room packages highlighting amenities and services available through the Resort as well as promoting mid-week business.	New mid-week room packages will be live on the website for April 1

Exhibit 2.0

Pretty Estate Resort Ltd.
Statement of Monthly Cash Flow from Operations
for the Period Ended February 28, 2015

	Month Ended February 28, 2015			4 Months Ended February 28, 2015		
	Actual	Projection	Variance	Actual	Projection	Variance
Rooms Occupied	120	128	(8)	529	604	(75)
Average Room Rate	\$ 152.08	\$ 188.05	\$ (35.97)	\$ 168.95	\$ 195.71	\$ (26.76)
Golf Rounds Played	978	300	678	1,961	1,300	661
Golf Average Realization	\$ 19.00	\$ 20.00	\$ (1.00)	\$ 17.92	\$ 20.00	\$ (2.08)
Earnings (Loss) Before Interest, Taxes, Depreciation, and Amortization	(39,710)	(44,385)	4,675	(213,081)	(142,694)	(70,387)
Cash Flow Adjustments						
Change Accounts Receivable	(261)	854	(1,115)	(5,319)	3,912	(9,231)
Change in Inventory	4,061	848	3,213	43,160	3,673	39,487
Change in Prepaid Insurance (P, C, BI)	2,882	2,322	560	8,577	9,288	(711)
Change in Prepaid Insurance (Auto)	164	0	164	856	200	656
Change in Prepaid Property Tax	0	4,039	(4,039)	7,386	15,770	(8,384)
Change in Prepaid Other	(1,217)	0	(1,217)	(15,469)	0	(15,469)
Change in General Accounts Payable	61,832	(237)	62,069	63,203	(22,019)	85,222
Change in Current Crown Claims	(0)	(551)	551	(55,009)	(49,530)	(5,479)
Change in Customer Deposits	4,428	(1,720)	6,148	19,593	(9,770)	29,363
Change in Delinquent Crown Claims	(12,500)	(11,561)	(939)	(54,500)	(53,561)	(939)
	59,389	(6,006)	65,395	12,478	(102,037)	114,515
Adjusted Cash Flow from Operations	19,679	(50,391)	70,070	(200,603)	(244,731)	44,128
Non-Operating Cash Flow Items						
Capital Replacements	0	0	0	(3,910)	(10,000)	6,090
Envision Financial LOC Interest	(1,202)	(1,174)	(28)	(4,955)	(4,696)	(259)
Envision Financial LOC Advance (Repayment)	8,769	0	8,769	32,875	0	32,875
Envision Financial - Loan Interest	(6,250)	(6,387)	137	(25,257)	(25,548)	291
Envision Financial - Loan Principal Payment	0	0	0	(8,904)	0	(8,904)
Equipment Lease Payments	(554)	(654)	100	(15,693)	(7,023)	(8,670)
Car Loan Payments	(1,597)	(1,208)	(389)	15,825	(8,098)	23,923
2nd Mortgage Interest	(5,808)	(6,116)	308	(24,892)	(24,464)	(428)
DIP Commitment Fee	0	0	0	(14,500)	0	(14,500)
DIP Financing Interest	(3,882)	0	(3,882)	(9,936)	0	(9,936)
Shareholder Loans	0	0	0	0	0	0
	(10,524)	(15,539)	5,015	(59,347)	(79,829)	20,482
Restructuring Costs						
Restructuring Legal	60,981	7,500	(53,481)	149,155	52,500	(96,655)
Appraisal	0	0	0	0	10,000	10,000
Operations Restructuring / Management	16,183	18,000	1,817	62,185	94,000	31,815
CCAA Monitor	8,041	3,200	(4,841)	47,647	26,900	(20,747)
	85,205	28,700	(56,505)	258,987	183,400	(75,587)
Cash Flow Surplus (Deficiency)	(76,050)	(94,630)	18,580	(518,937)	(507,960)	(10,977)
Cash Balance						
Beginning Cash Balance (RBC Accounts)	57,508	0	(57,508)	37,841	81,845	44,004
DIP Financing Advanced	94,882	94,630	(252)	557,436	426,115	(131,321)
Ending Cash Balance (RBC Accounts)	76,340	0	(76,340)	76,340	0	(76,340)

Exhibit 2.1

Pretty Estates Ltd.
Summary Operating Statement
For the Period Ended February 28, 2015

Rooms Available:
Rooms Sold:
Occupancy:
ADR:
Rooms RevPAR:

Month End February 28, 2015			4 Months - Ended February 28, 2015		
Actual	Projection	Variance	Actual	Projection	Variance
252	252	0	1080	1080	0
120	128	-8	529	604	-75
48%	51%	(3.2%)	49%	56%	(6.9%)
\$152.08	\$188.05	(\$35.97)	\$168.95	\$195.71	(\$26.76)
\$73.39	\$95.52	(\$22.13)	\$83.47	\$109.45	(\$25.98)

Operating Revenue
Rooms
Food and Beverage
Golf Course
Miscellaneous Income
Total Operating Revenue

Month End February 28, 2015						4 Months - Ended February 28, 2015					
Actual		Projection		Variance		Actual		Projection		Variance	
\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
18,494	20.4%	24,070	28.2%	(5,576)	(105.2%)	90,151	26.6%	118,210	30.2%	(28,059)	53.7%
35,654	39.3%	44,366	51.9%	(8,712)	(164.3%)	168,821	48.8%	206,958	52.9%	(38,137)	73.0%
36,580	40.3%	15,990	18.7%	20,590	388.4%	79,988	23.6%	62,040	15.9%	17,948	(34.4%)
	0.0%	1,000	1.2%	(1,000)	(18.9%)	-	0.0%	4,000	1.0%	(4,000)	7.7%
90,728	100.0%	85,426	100.0%	5,302	100.0%	338,960	100.0%	391,208	100.0%	(52,248)	100.0%

Departmental Expenses
Rooms
Food and Beverage
Golf Course
Total Departmental Expenses

Month End February 28, 2015						4 Months - Ended February 28, 2015					
Actual		Projection		Variance		Actual		Projection		Variance	
\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
9,797	53.0%	7,430	30.9%	(2,367)	42.5%	49,082	54.4%	32,784	27.7%	(16,298)	58.1%
39,279	110.2%	45,092	101.6%	5,813	(66.7%)	199,752	118.3%	194,293	93.9%	(5,459)	14.3%
28,118	76.9%	19,397	121.3%	(8,722)	(42.4%)	98,090	122.6%	82,888	133.6%	(15,202)	(84.7%)
77,194	85.1%	71,919	84.2%	(5,275)	(99.5%)	346,924	102.3%	309,965	79.2%	(36,959)	70.7%

Total Departmental Profit

13,533	14.9%	13,508	15.8%	26	0.5%	(7,964)	(2.3%)	81,242	20.8%	(89,207)	170.7%
--------	-------	--------	-------	----	------	---------	--------	--------	-------	----------	--------

Undistributed Operating Expenses
Administrative and General
Information and Telecommunications Systems
Sales and Marketing
Property Operation and Maintenance
Utilities
Total Undistributed Expenses

Month End February 28, 2015						4 Months - Ended February 28, 2015					
Actual		Projection		Variance		Actual		Projection		Variance	
\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
26,202	28.9%	24,570	28.8%	(1,632)	(6.6%)	108,154	31.9%	99,147	25.3%	(9,008)	(9.1%)
3,564	3.9%	2,652	3.1%	(912)	(34.4%)	12,335	3.6%	10,608	2.7%	(1,727)	(16.3%)
6,820	7.5%	11,935	14.0%	5,115	42.9%	27,157	8.0%	38,740	9.9%	11,583	29.9%
4,872	5.4%	7,192	8.4%	2,320	32.3%	20,679	6.1%	29,896	7.6%	9,217	30.8%
6,086	6.7%	4,983	5.8%	(1,103)	(22.1%)	22,745	6.7%	19,933	5.1%	(2,812)	(14.1%)
47,543	52.4%	51,332	60.1%	3,789	71.5%	191,071	56.4%	198,323	50.7%	7,253	(13.9%)

Gross Operating Profit

(34,010)	(37.5%)	(37,825)	(44.3%)	3,815	72.0%	(199,035)	(58.7%)	(117,081)	(29.9%)	(81,954)	156.9%
----------	---------	----------	---------	-------	-------	-----------	---------	-----------	---------	----------	--------

Income Before Non-Operating Income and Expenses

(34,010)	(37.5%)	(37,825)	(44.3%)	3,815	72.0%	(199,035)	(58.7%)	(117,081)	(29.9%)	(81,954)	156.9%
----------	---------	----------	---------	-------	-------	-----------	---------	-----------	---------	----------	--------

Non-Operating Income and Expenses

Month End February 28, 2015						4 Months - Ended February 28, 2015					
Actual		Projection		Variance		Actual		Projection		Variance	
\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
827	0.9%	500	0.6%	327	6.2%	12,513	3.7%	2,000	0.5%	10,513	(20.1%)
-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
3,800	4.2%	4,039	4.7%	239	(4.5%)	14,986	4.4%	15,771	4.0%	785	1.5%
2,727	3.0%	3,021	3.5%	294	(5.5%)	11,573	3.4%	11,842	3.0%	270	(0.5%)
-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
(5,700)	(6.3%)	(6,560)	(7.7%)	860	16.2%	(14,046)	(4.1%)	(25,613)	(6.5%)	11,567	22.1%

Earnings Before Interest, Taxes, Depreciation, and Amortization

(39,710)	(43.8%)	(44,385)	(52.0%)	4,675	88.2%	(213,081)	(62.9%)	(142,694)	(36.5%)	(70,387)	134.7%
----------	---------	----------	---------	-------	-------	-----------	---------	-----------	---------	----------	--------

Interest

Month End February 28, 2015						4 Months - Ended February 28, 2015					
Actual		Projection		Variance		Actual		Projection		Variance	
\$		\$		\$		\$		\$		\$	
7,452		7,561		109		30,211		31,552		1,341	
5,808		6,116		308		24,892		24,964		72	
3,882		-		(3,882)		24,436		-		(24,436)	
17,142		13,677		(3,465)		79,539		56,516		(23,023)	

Restructuring Costs

Month End February 28, 2015						4 Months - Ended February 28, 2015					
Actual		Projection		Variance		Actual		Projection		Variance	
\$		\$		\$		\$		\$		\$	
60,981		7,500		(53,481)		149,155		52,500		(96,655)	
-		-		-		-		10,000		10,000	
8,041		3,200		(4,841)		47,674		26,900		(20,774)	
16,183		18,000		1,817		62,185		94,000		31,815	
85,205		28,700		(56,505)		259,014		183,400		(75,614)	

Depreciation & Amortization

Income Taxes

Net Income (Loss)

(142,058)		(86,762)		(55,296)		(551,634)		(382,610)		(169,024)	

Appendix "B"

Resume of Neil Atchison, P. Eng.

Professional Qualifications



Summary (Range of Experience)

Neil Atchison, P.Eng., is an Associate Director with G-Force Group (www.g-forcegroup.ca), a Vancouver based professional services firm. It provides a wide range of experience and approaches to assist any stakeholder to enhance or recover its investment in a business, real estate or a loan in a wide range of industries and real estate holdings.

Neil advises corporate, government and institutional clients on workable asset management and development strategies to maximize the value of their real estate, consistent with their goals and risk tolerances. He also assists clients realize the value of their real estate by managing and undertaking real estate acquisitions and dispositions, and undertaking due diligence on their behalf. Neil has over 30 years of experience in real estate, development, urban planning and transportation engineering in Canada and internationally, including Mexico and the Caribbean. Prior to joining G-Force Group, he was a director in the Real Estate Advisory & Transaction Services group of PricewaterhouseCoopers following his role as head of the real estate consulting practice in BC of Colliers International.

Education

- B.Sc. in Engineering (Civil)
University of Manitoba, 1975
- M.A.Sc. (Transportation Engineering) program
University of Toronto, 1978-79
- B.B.A. (Business Admin.) program
Simon Fraser University, 1982-94
- CFA program

Professional Designations and Certification

- Professional Engineer (P.Eng.), Association of Professional Engineers and Geoscientists of British Columbia (Canada)
- Associate Broker, G-Force Real Estate Inc. licensed under the BC Real Estate Services Act

Neil Atchison

Areas of Specialization

- Real Estate: strategy, feasibility, development, asset management, and investments and sales

Notable Project Experience

Brokerage –

- Marketing and sale of full-service strata hotel, Whistler, BC
- Marketing and sale of fractional interest resort hotel, Vancouver Island
- Marketing and sale of ski resort, BC
- Marketing and sale of 25 acres of leasehold land for multi-family development, Metro Vancouver, BC
- Marketing and sale of acreage for single family development, Metro Vancouver, BC
- Marketing and sale of 20-acre Versatile Shipyards mixed use development site, North Vancouver, BC
- Marketing sale of downtown office building, Vancouver
- Marketing, sale and asset management of 250,000 sf suburban office building, Toronto, ON
- Marketing and sale of sale-leaseback of four industrial warehouses, Edmonton, AB
- Acquisition of 15-20 acres for private recreation club, Metro Vancouver, BC
- Acquisition of 15 acres for commercial development, Metro Vancouver, BC

Advisory –

- Market and financial feasibility of full-service airport hotel, YVR Airport, BC
- Vendor due diligence, valuation and monetization options for 8.5 million sf industrial real estate portfolio, global
- Business cases for Vancouver Convention & Exhibition Centre for Government of Canada, Vancouver, BC
- Market and financial feasibility, and valuation of 1,300 acre development on Burke Mountain, Coquitlam, BC

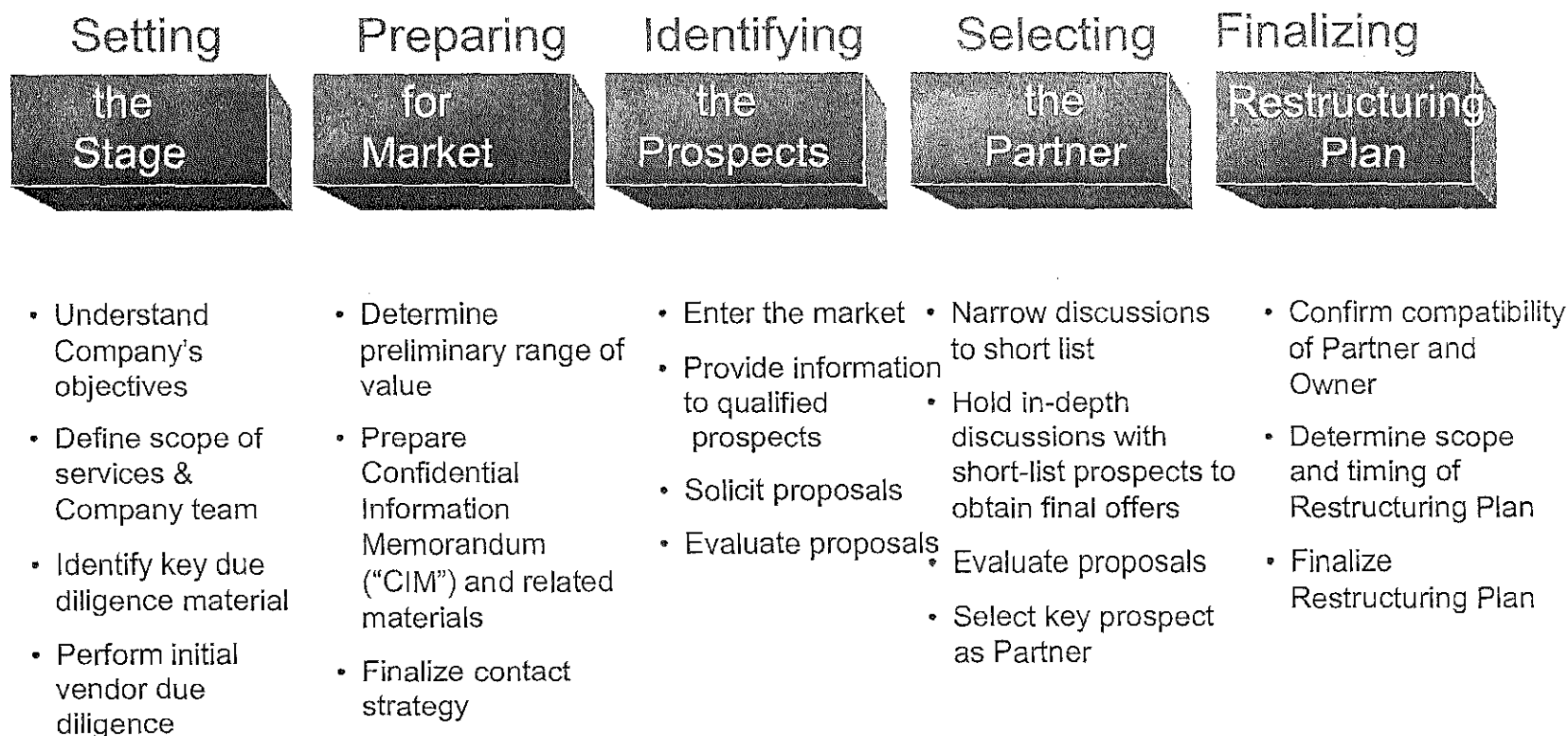
Contact Information

Neil Atchison
Associate Director
604 318 2825 mobile
778 370 0003 G-Force office
natchison@g-forcegroup.ca
www.g-forcegroup.ca

Appendix "C"

Overview of Search Process

Overview of the Search Process for Partner to Assist in Finalizing the Restructuring Plan



Business, Real Estate & Loan Recovery Solutions

Appendix "D"

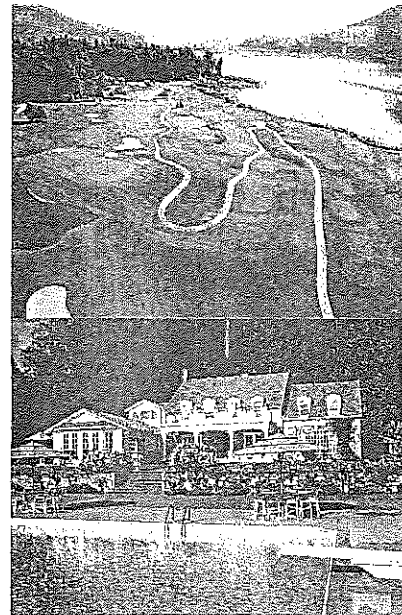
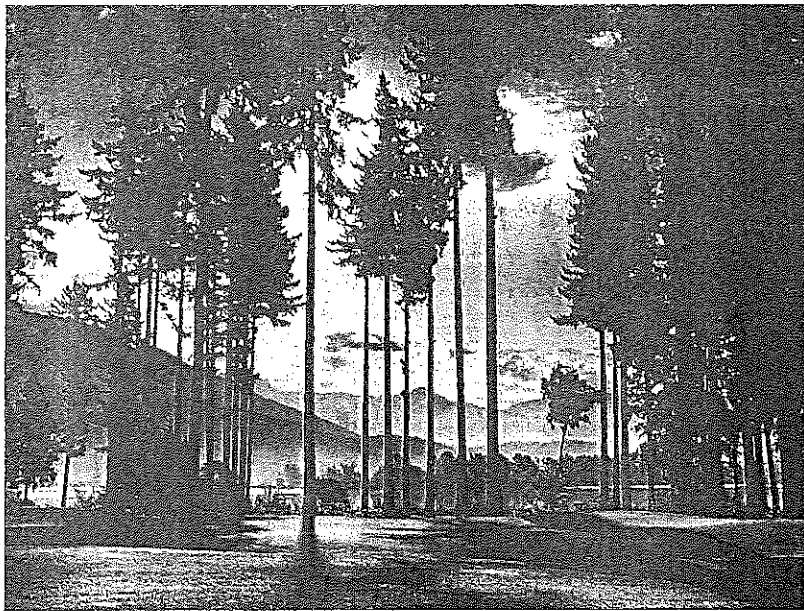
Teaser Brochure



PARTNERSHIP OPPORTUNITY

PRETTY ESTATES RESORT IN HARRISON MILLS, BC

Pretty Estates Resort (the Resort) is a year-round resort located on approximately 173 acres along the Harrison River in Harrison Mills, about 100 km east of Vancouver in the scenic Fraser Valley. The Resort, opened in 1995, and features the 18-hole par 72 Sandpiper Golf Course, the 10-room Rowena's Inn and guest cottages, and the fully licensed River's Edge Restaurant.



The Resort's historical origins trace back to 1924, when the Pretty family purchased and farmed the land. Rowena's Inn, styled as an English manor, was once the Pretty's family home. Now converted and renovated into an inn hotel, it blends old-world opulence with new-world comfort and convenience.

Pretty Estates Ltd. (the Company) owns and operates the Resort. The Company is currently in a restructuring process under the Companies Creditors Arrangement Act (CCAA). G. Powroznik Group Inc. of G-Force Group (G-Force) is the Court-appointed Monitor of the Company in the proceeding (Monitor).

PARTNERSHIP OPPORTUNITY

The Company and sole shareholder is seeking a qualified partner (the Partner) to assist the Company to develop and implement the restructuring plan to refinance \$3-4 million of the Company's debt and provide additional equity as required in the future. In exchange, the Partner will receive equity in the Company. G-Force, in its capacity as Monitor, is assisting the Company to identify and select a Partner.

PROPERTY HIGHLIGHTS

Land ±173 acres in two lots with ±1.7 km of frontage along the Harrison River

Improvements Sandpiper Golf Course
18-hole par 72 public course totalling 6,500 yards designed by Russ Olsen Golf Design
Open year-round

Improvements (cont'd)

Rowena's Inn
 2-storey historic English-style manor house, renovated in the 1990s with five guest rooms, dining and drawing room areas, and an outdoor swimming pool with hot tub
 Four log cottages and a gatehouse cottage

River's Edge Restaurant
 1-storey building attached to Rowena's Inn
 Licensed capacity of 63 people in the restaurant and lounge, and 62 people on the outside patio
 Liquor license
 Event catering and hosting, including for weddings and golf tournaments

Other Improvements
 2-storey building for the pro shop and administration offices
 Several ancillary maintenance and storage buildings

All improvements are well-maintained and in good condition

Development Land ±10 acres of the Resort are excess to the its current operations and has development potential

Other Activities & Services Eagle watching along the Harrison River reportedly the largest concentration of eagles in the world
 Landing strip for small aircraft
 Dock for small boats and float planes
 Fishing tours on the Harrison River, and nearby Fraser River and Harrison Lake

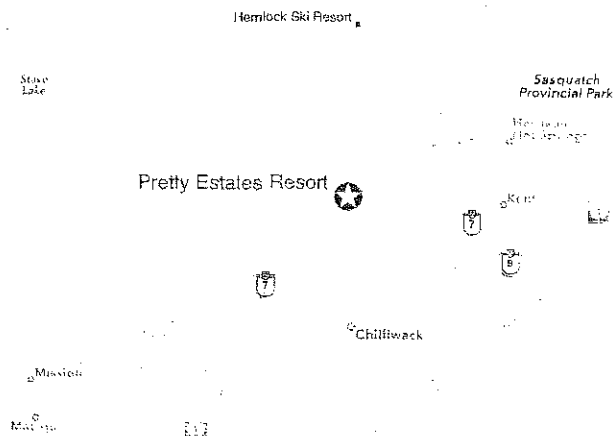
Click here to download the Confidentiality Agreement (CA) to sign and return to G-Force (principals only). A qualified party will receive a copy of the Confidential Information Memorandum (CIM) and additional information about this partnership opportunity in the on-line data room, and a tour of the Resort. The CIM and on-line data room contains financial and other information about the Company and Resort.

For further information, please contact:

Neil Atchison, P.Eng.
 Associate Director

T 778.370.0003
 E natchison@g-forcegroup.ca
 F 778.370.0043
 W www.g-forcegroup.ca

A G-Force Group
 Suite 780, 333 Seymour Street
 Vancouver, BC V6B 5A6
 Canada



Disclaimer: The Company and G-Force have prepared this and other documents and material (the Information) for advertising and general information only. The Company and G-Force makes no guarantees, representations or warranties of any kind, expressed or implied, regarding the Information including, but not limited to, warranties of content, accuracy and reliability. Any interested party should undertake its own inquiries as to the accuracy of the Information. The Company and G-Force excludes unequivocally all inferred or implied terms, conditions and warranties arising out of the Information and excludes all liability for loss and damages arising therefrom. This publication is the copyrighted property of the Company and/or its licensor(s).