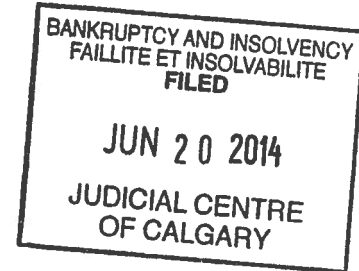


Deloitte.



COURT FILE NUMBER	25-1859192
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
DOCUMENT	SECOND REPORT OF THE TRUSTEE IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF 3 EAU CLAIRE DEVELOPMENTS INC.

DATED JUNE 20, 2014

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

Deloitte Restructuring Inc.
700 Bankers Court, 850 – 2nd Street SW
Calgary, AB T2P 0R8
Attention: Jeff Keeble
Telephone/Facsimile: 403-503-1458/ 403-718-3681
Email: jkeeble@deloitte.ca

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SCHEDULES

Schedule 1	Statement of Projected Cash Flow for the Eight Week Period from the week ending June 21, 2014 to the week ending August 9, 2014, including a Report on the Cash Flow Statement by the Person Making a Proposal and a Trustee's Report on the Cash Flow Statement
Schedule 2	Variance Analysis for the Seven Week Period Ended June 14, 2014

Introduction and Notice to Reader

Introduction

1. On April 11, 2014, 3 Eau Claire Developments Inc. ("3 Eau Claire" or the "Company") filed a Notice of Intention to Make a Proposal (the "NOI") under Section 50.4(1) of the *Bankruptcy and Insolvency Act* (the "BIA"). Deloitte Restructuring Inc. ("Deloitte") consented to act as Trustee under the NOI (the "Trustee"). Information on these proceedings can be accessed on Deloitte's website at www.deloitte.ca under the Insolvency and Restructuring link.
2. The Company was granted an initial 30-day stay of proceedings pursuant to Section 69(1) of the BIA (the "Initial Stay"). 3 Eau Claire was required to file a proposal within the Initial Stay or within any further extension of that period granted by the Court of Queen's Bench of Alberta (the "Court"). On May 8, 2014, the Court granted an Order (the "May 8 Order") extending the stay of proceedings from May 11, 2014 until June 25, 2014 (the "First Extension").
3. On April 17, 2014, 3 Eau Claire filed a Statement of Projected Cash Flow for the eight week period ending June 14, 2014 (the "Forecast"). On May 2, 2014, the Company filed an Amended Statement of Projected Cash Flow for the ten week period ending July 5, 2014 (the "Amended Forecast"). On June 20, 2014, 3 Eau Claire filed a Second Amended Statement of Projected Cash Flow for the eight week period from the week ending June 21, 2014 to the week ending August 9, 2014 (the "Second Amended Forecast", the "Forecast Period"). The Trustee notes that the Second Amended Forecast was dated June 19, 2014. As required pursuant to Section 50.4(2) of the BIA, all of the Forecast, the Amended Forecast and the Second Amended Forecast were accompanied by a Report on the Cash Flow Statement by the Person Making a Proposal and a Trustee's Report on the Cash Flow Statement (the "Reports"). Copies of the Forecast and the Amended Forecast are attached as Schedules 3 and 4 to the First Report of the Trustee, which was filed on May 5, 2014 (the "First Report"). A copy of the Second Amended Forecast and the corresponding Reports are attached hereto as "Schedule 1".
4. This report is the second report of the Trustee (the "Second Report"). The Second Report is being filed in support of 3 Eau Claire's application to the Court on June 25, 2014 (the "June Application") seeking approval of an extension of the time for the filing of the proposal for a further 45 days (the "Second Extension").

Notice to Reader

5. In preparing the Second Report, the Trustee has relied on unaudited financial information, the books and records of the Company and discussions with 3 Eau Claire's employees, interested parties and stakeholders. The Trustee has not performed an independent review or audit of the information provided.
6. The Trustee assumes no responsibility or liability for any loss or damage occasioned by any party as a result of the circulation, publication, reproduction, or use of the Second Report.

Background

Operations

7. The Company was incorporated under the *Alberta Business Corporations Act* on February 15, 2008 and operates as a real estate development company. 3 Eau Claire was created for the purpose of building an approximately 652,000 square foot mixed-use condominium project (the "Project") located at 633 3rd Avenue SW in Calgary, Alberta (the "Lands").
8. In March 2014, the Company entered into an agreement with Precise ParkLink Inc. ("Precise") to lease the Lands as a parking lot (the "Parking Lot") for \$40,000 per month (the "Precise Agreement"). In early May 2014, 3 Eau Claire's management ("Management") indicated that they were negotiating a go-forward reduction in the lease rate payable pursuant to the Precise Agreement due to poor soil conditions on the South-East corner of the Lands. Management's negotiations with Precise were ultimately unsuccessful and Management terminated the Precise Agreement effective June 8, 2014. 3 Eau Claire has now entered into a new management agreement with Imperial Parking Canada Corporation ("Impark", the "Impark Agreement") whereby 3 Eau Claire will receive actual monthly parking revenue net of a 5% management fee and operating costs of \$2,000. 3 Eau Claire anticipates receiving net monthly revenue of approximately \$35,000 from the Impark Agreement.
9. Further information on the operations of 3 Eau Claire is available in the First Report.

Court Proceedings

10. The First Report was filed in conjunction with 3 Eau Claire's application on May 8, 2014, at which time the Court granted the May 8 Order including the following relief:
 - 10.1. Approval of the First Extension;
 - 10.2. Approval for a charge in the amount of \$50,000 as security for the reasonable professional fees and disbursements of the Trustee and the Company's legal counsel (the "Administrative Charge"). The Administrative Charge formed a first charge over all assets, rights, undertakings and properties of 3 Eau Claire of every nature and kind whatsoever, and wherever situated including all proceeds thereof; and
 - 10.3. Requiring 3 Eau Claire to provide counsel for the Korea Exchange Bank of Canada ("KEB") weekly updates during the First Extension regarding the Company's activities, which information was to be kept strictly confidential by KEB.
11. The Second Report is being filed in support of the June Application seeking the "Second Extension.

Restructuring Efforts

12. On March 12, 2014, 3 Eau Claire entered into an Exclusive Commercial Listing Agreement (the "Listing Agreement") with Avison Young Real Estate Alberta Inc. ("Avison"). The Listing Agreement authorized Avison to act as the Company's agent for the sale of the Lands or to procure a development partner to complete the Project. Pursuant to the Listing Agreement, Avison moved forward with a marketing campaign to introduce the opportunity to a select group of potential purchasers, which was to cumulate with one interested party being brought forward with whom to negotiate a transaction. Further information on the marketing campaign undertaken by Avison is available in the First Report. At the time of the First Report, Avison was anticipating the receipt of initial letters of intent ("LOIs") in mid to late May 2014. Avison has advised the Trustee that they continue to negotiate with selected parties regarding the sale of the Lands and remain hopeful that they may be in receipt of one or more LOIs by the end of June 2014. Outside of the marketing campaign being undertaken by Avison, 3 Eau Claire has received two letters of intent (the "3EC LOIs"), one for the outright purchase of the Lands and one for a development partnership. The marketing efforts undertaken by both Avison and 3 Eau Claire will be collectively referred to as the "Marketing Process". Copies of the 3EC LOIs are attached as exhibits to the Second Confidential Affidavit of Andrew Seong-Jin Lee which we understand will be provided to the Court in conjunction with the June Application.
13. Although the timing of any transaction is uncertain, based on the information provided to the Trustee, the Marketing Process appears to be advancing in a commercially reasonable manner.
14. If the Company enters into a contract either for the sale of the Lands or with a development partner, then it may be in a position to make a proposal to both its secured and unsecured creditors. In addition to the Marketing Process, the Company has undertaken the following restructuring activities:
 - 14.1. Management has advised that they are having on-going discussions with both KEB and Computershare Trust Company of Canada ("Computershare"), who represent the Hyundai Wise Private Investment Trust. KEB and Computershare are registered as the first and second mortgage holders on the Lands. Also, as required pursuant to the May 8 Order, the Company's counsel has been providing weekly updates to KEB. At the time of the Second Report, the Trustee is not aware of any opposition by KEB or Computershare to the Second Extension.
 - 14.2. Management advises that they have also had ongoing discussions with Shorebrook Capital Inc., another mortgage holder, and have continued to respond to other creditor inquiries as

they have arisen. At the time of the Second Report, the Trustee is not aware of any opposition to the Second Extension by the five mortgage holders registered subsequent to Computershare and KEB.

15. As reported previously, following the termination of the Precise Agreement, 3 Eau Claire entered into the Impark Agreement in order to generate ongoing cash flow from the Parking Lot and the Second Amended Forecast suggests that the Company will have sufficient cash flow to fund its ongoing operations during the Forecast Period.

Comparison of Actual vs. Projected Cash Flow

16. Attached as "Schedule 2" is a variance analysis for the seven week period ended June 14, 2014 (the "Variance Period"), which is based on the Amended Forecast (the "Variance Analysis"). The Variance Analysis reflects an overall net positive variance of \$1,756.
17. The Variance Analysis includes the following notable permanent variances:
 - 17.1. The Amended Forecast included parking revenue of \$70,000 during the Variance Period, which was to be generated by the Precise Agreement. As reported above, 3 Eau Claire terminated the Precise Agreement effective June 8, 2014 and has now entered into the Impark Agreement. The loss of parking revenue of \$70,000 was a permanent variance; however, it was partially offset by 3 Eau Claire's receipt of a \$25,000 deposit (the "Deposit") on June 13, 2014 pursuant to the Impark Agreement. Impark has confirmed that the Deposit does not need to be held in a dedicated trust account as, upon termination of the Impark Agreement, the Deposit will be deducted from the last month's revenue. As such there was a net permanent negative variance in parking revenue of \$45,000 during the Forecast Period (the "Parking Variance").
 - 17.2. The Amended Forecast included salaries and wages of \$39,000 during the Variance Period, which were payable to 3 Eau Claire's three contract employees (the "Contractors"). To offset the Parking Variance, the Contractors agreed in writing to waive \$26,960 in salaries and wages that would otherwise have been payable to them during the Variance Period. In addition, one of the Contractors agreed to waive \$1,400 for rent that would normally have been reimbursable by 3 Eau Claire. This resulted in a permanent positive variance of \$28,360 during the Variance Period (the "Contractor Variance").
 - 17.3. Minor permanent positive variances arising for meals and entertainment, office supplies, vehicle, and contingency totaled \$5,429 during the Variance Period (the "Miscellaneous Variance"). Approximately \$4,000 of this related to amounts that were originally forecast for repairs to the Parking Lot that were ultimately not undertaken.
 - 17.4. The Amended Forecast included professional fees of \$12,150 during the Variance Period, of which approximately \$9,000 was to be payable to the Trustee and to the Company's legal counsel. Due to the Parking Variance, 3 Eau Claire had insufficient funds to make these payments. Management has indicated that they will continue to pay professional fees based

on available cash; however, the Second Amended Forecast includes the payment of only \$9,000 in professional fees. As at June 15, 2013, the Trustee had one outstanding invoice totaling \$19,924 (including GST) and had unbilled work-in progress of approximately \$3,600. 3 Eau Claire's legal counsel has advised that, as at June 19, 2014, they had an outstanding invoice of \$8,995 (including GST) and had unbilled work-in-progress of approximately \$8,500. As such, there are currently outstanding professional fees for the Trustee and the Company's legal counsel of approximately \$41,000. As noted above, the May 8 Order included the Administrative Charge; however, we understand that it is Management's intention to address the payment of any outstanding professional fees and disbursements in the Company's proposal.

18. As noted above, the Parking Variance is partially offset by the Contractor Variance and the Miscellaneous Variance. As such, the Variance Analysis reflects a negative net permanent variance of \$11,211 over the Forecast Period, excluding the negative timing variance of \$9,000 related to the payment of professional fees. The Trustee is satisfied that this variance would not constitute a material adverse change that would impair the ability of 3 Eau Claire to carry on operations, impair the likelihood of a successful proposal or significantly prejudice the rights or interests of the Company's creditors.

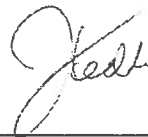
The Second Amended Forecast

19. As noted above, the Second Amended Forecast is attached as "Schedule 1".
20. The Second Amended Forecast includes the receipt of parking revenue in the amount of approximately \$67,000 over the Forecast Period pursuant to the Impark Agreement. As previously reported, the Company anticipates that the Impark Agreement will generate net monthly revenue of approximately \$35,000; however, revenue of only \$32,000 has been forecast for June 2014 due to one-time repairs to the Parking Lot of approximately \$3,000 that were completed by Impark and will be offset from June revenue.
21. The Trustee notes the following with respect to the disbursements reflected in the Second Amended Forecast:
 - 21.1. Travel expenses of \$7,000 include travel related to the Marketing Process;
 - 21.2. Salaries and wages of \$38,000 are payable to the Contractors;
 - 21.3. Rent of \$15,288 relates to 3 Eau Claire's presentation centre and two rental properties that are provided for 3 Eau Claire's Contractors; and
 - 21.4. Professional fees of \$9,000 include payments to the Trustee and the Company's legal counsel.
22. Based on the Second Amended Forecast, the Company is anticipated to continue to generate sufficient cash to fund its operations during the Forecast Period. As such, the Trustee does not believe that any creditor would be materially prejudiced should the Company's request for the Second Extension be granted. As noted above, we understand that it is Management's intention to address the payment of any outstanding professional fees in the Company's proposal.
23. On June 18, 2014, the Company provided the Trustee with a representation letter which stated, among other things, that 3 Eau Claire had made available to the Trustee all financial records and other relevant information, that the assumptions used in developing the Forecast, the Amended Forecast and the Second Amended Forecast are still valid, and that they are acting in good faith and with due diligence in developing their proposal and are not aware of any reason that they likely would not be able to make a viable proposal.

Recommendation and Conclusion

24. Based on the Trustee's dealings and our review of 3 Eau Claire's operations and restructuring efforts to date, we can advise that:
- 24.1. 3 Eau Claire appears to be acting in good faith and with due diligence;
 - 24.2. The Company is cooperating with the Trustee and appears to be making efforts to obtain a favourable outcome through the Marketing Process in order to try and present a viable proposal to its secured and unsecured creditors;
 - 24.3. 3 Eau Claire requires the Second Extension to allow time to negotiate further the 3EC LOIs and any further LOIs that may be brought forward by Avison; and
 - 24.4. The Trustee is of the view that 3 Eau Claire's creditors will not be materially prejudiced by the Second Extension.
25. The Second Report is filed in support of the June Application seeking approval of the Second Extension.

DELOITTE RESTRUCTURING INC.,
in its capacity as Trustee under the proposal of
3 Eau Claire Developments Inc. and not in its
personal or corporate capacity



Jeff Keeble CA, CIRP, CBV
Senior Vice-President

Schedules

Schedule 1

3 Eau Claire Developments Inc. ("3 Eau Claire")
 Second Amended Statement of Projected Cash Flow
 For the eight week period from the week ended June 21, 2014 to the week ended August 9, 2014

	Week ended:								Total	Notes
	21-Jun-14	28-Jun-14	5-Jul-14	12-Jul-14	19-Jul-14	26-Jul-14	2-Aug-14	9-Aug-14		
Receipts										
Parking receivables				\$ 32,000	\$ -	\$ -	\$ -	\$ -	\$ 35,000	\$ 67,000
Total Receipts				\$ 32,000	\$ -	\$ -	\$ -	\$ -	\$ 35,000	\$ 67,000
Disbursements										
Travel expenses	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(3,500)	(7,000)
Utilities	-	-	(148)	(550)	-	-	(550)	-	-	(1,100)
Business taxes	-	-	-	-	-	-	(148)	-	-	(296)
Salaries and wages	-	-	-	(19,000)	-	-	-	-	(18,000)	(38,000)
Real estate rental	-	-	-	(7,644)	-	-	-	-	(7,644)	(15,288)
Meals and entertainment	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(1,600)	(8,000)
Office supply	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(800)	(4,000)
Vehicle	(774)	(774)	(774)	(774)	(100)	(100)	(100)	(174)	(2,822)	(5,622)
Insurance	(133)	-	(118)	(316)	-	-	(118)	-	(363)	(863)
Professional fees	(200)	(400)	(200)	(200)	(400)	(200)	(200)	(3,000)	(9,000)	(18,000)
Contingency	(6,305)	(1,300)	(1,306)	(23,368)	(1,416)	(1,300)	(1,916)	(64,416)	(76,959)	(153,925)
Total Disbursements	(8,995)	(1,200)	(1,386)	(2,032)	(1,416)	(1,300)	(1,516)	(3,516)	(582)	(14,589)
Net Cash Flow				\$ 29,005	\$ 1,584	\$ 1,614	\$ 1,484	\$ 1,484	\$ 34,418	\$ 52,411

Bank Balance	\$ 13,081	\$ 6,186	\$ 4,886	\$ 3,520	\$ 5,552	\$ 4,136	\$ 2,836	\$ 920	\$ 13,081
Beginning Cash Balance	(6,905)	(1,300)	(1,385)	(1,416)	(1,300)	(1,916)	(582)	(11,588)	(11,588)
Net Cash Flow	\$ 6,186	\$ 4,886	\$ 3,501	\$ 2,032	\$ 4,136	\$ 2,836	\$ 920	\$ 1,502	\$ 1,602

Prepared as at the 19 day of June, 2014

Purpose:

This Estimated Cash Flow Statement (the "Cash Flow") has been prepared by 3 Eau Claire's management pursuant to section 60.4(2) of the Bankruptcy and Insolvency Act. It is being filed specifically for the purposes contemplated in that section and readers are cautioned that it may not be appropriate for other purposes. In addition the Cash Flow has been prepared based on assumptions regarding future events; therefore actual results may vary from the estimates presented herein and these variances may be material.

3 Eau Claire Developments Inc.

Per: James Hong Park, CEO

Deloitte Restructuring Inc. in their capacity as Trustee under the Proposal of 3 Eau Claire Development Inc. and not in their personal capacity

Per: Jeff Kettle, Senior Vice-President

Notes & Assumptions - General:

1. Unless otherwise stated, amounts are based on historical data and management estimates.
2. All amounts include applicable GST.
3. As 3 Eau Claire is in the process of developing their Proposal, the Cash Flow does not include any payments to be made to creditors pursuant to the Proposal.

Notes & Assumptions - Specific:

1. Precise ParkLink Inc. ("Precise") was formerly leasing 3 Eau Claire's development site for use as a parking lot (the "Parking Lot") for \$40,000 per month. Due to poor soil conditions on the SE corner of the Parking Lot, 3 Eau Claire's management was negotiating with Precise with respect to a go-forward reduction in the lease revenue for the Parking Lot. These negotiations were unsuccessful and management terminated the agreement with Precise effective June 6, 2014. 3 Eau Claire has now entered into a management agreement with Imperial Parking Canada Corporation ("Imperial") whereby 3 Eau Claire will receive actual monthly parking revenue net of a 5% management fee and operating costs of \$2,000. 3 Eau Claire anticipates receiving monthly revenue of at least \$35,000 from the management agreement with Imperial; however, revenue of only \$32,000 is reflected for June 2014 due to one-time repairs of approximately \$3,000 that were completed by Imperial, which will be offset from June 2014 revenue.
2. Includes travel related to marketing efforts to sell the lands located at 633 3rd Avenue SW in Calgary, Alberta or to procure a development partner.
3. Includes telephone and internet services for 3 Eau Claire's presentation centre, located at 102, 615 - 3 Avenue SW (the "Presentation Centre").
4. Includes business loans for the Presentation Centre.
5. 3 Eau Claire has three employees who are being paid on a contract basis.
6. Includes rent for the Presentation Centre as well as for two rental properties that are provided for 3 Eau Claire's employees.
7. Includes payments for a 2014 Ford Explorer, leased by 3 Eau Claire for use by its employees, as well as for gas.
8. 3 Eau Claire has general liability insurance for the Presentation Centre, which is provided through Aon.
9. Includes payments to the Proposal Trustee and to 3 Eau Claire's legal counsel. Pursuant to the Order granted by the Court of Queen's Bench of Alberta on May 8, 2014, a first charge in the amount of \$50,000 was established over all of the assets, rights, undertakings and properties of 3 Eau Claire in favour of the Proposal Trustee and 3 Eau Claire's legal counsel in order to secure reasonable professional fees and expenses.

District of: Alberta
Division No. 02 - Calgary
Court No. 25-1859192
Estate No. 25-1859192

-- FORM 29 --
Trustee's Report on Cash-Flow Statement
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

In the matter of the proposal of
3 Eau Claire Developments Inc.
of the City of Calgary, in the Province of Alberta

The attached second amended statement of projected cash flow of 3 Eau Claire Developments Inc., as of the 19th day of June, 2014, consisting of the statement of projected cash flow for the eight week period from the week ended June 21, 2014 to the week ended August 9, 2014, has been prepared by the management of the insolvent company for the purpose described in the notes attached, using the probable and hypothetical assumptions set out in the notes attached.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied to us by the management and employees of the insolvent company. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the projection. We have also reviewed the support provided by management for the probable assumptions and preparation and presentation of the projection.

- (a) Based on our review, nothing has come to our attention that causes us to believe that, in all material respects, the hypothetical assumptions are not consistent with the purpose of the projection;
- (b) as at the date of this report, the probable assumptions developed are not suitably supported and consistent with the plans of the insolvent person or do not provide a reasonable basis for the projection, given the hypothetical assumptions; or
- (c) the projection does not reflect the probable and hypothetical assumptions.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the projection will be achieved.

The projection has been prepared solely for the purpose described in the notes attached, and readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Calgary in the Province of Alberta, this 19th day of June 2014.

Deloitte Restructuring Inc. - Trustee



700 Bankers Court, 850 - 2nd Street SW
Calgary AB T2P 0R8
Phone: (403) 267-1777 Fax: (403) 260-4077

District of: Alberta
Division 02 - Calgary
No. Court 25-1859192
No. Estate 25-1859192

- FORM 30 -
Report on Cash-Flow Statement by the Person Making the
Proposal
(Paragraphs 50(6)(c) and 50.4(2)(c) of the
Act)

In the matter of the proposal
of
3 Eau Claire Developments
Inc.
of the City of Calgary, In the Province of
Alberta

3 Eau Claire Developments Inc., has developed the assumptions and prepared the attached second amended statement of projected cash flow of the insolvent company as of the 19th day of June, 2014, consisting of the statement of projected cash flow for the eight week period from the week ended June 21, 2014 to the week ended August 9, 2014.

The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in the notes attached, and the probable assumptions are suitably supported and consistent with the plans of the insolvent person and provide a reasonable basis for the projection. All such assumptions are disclosed in the notes attached.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The projection has been prepared solely for the purpose described in the notes attached, using a set of hypothetical and probable assumptions set out in the notes attached. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Calgary in the Province of Alberta, this 19th day of June 2014.



3 Eau Claire Developments
Inc.
Debtor

James Hong Park, CEO

Name and title of signing officer

Schedule 2

Court No. 25-1859192
Estate No. 25-1859192

3 Eau Claire Developments Inc. ("3 Eau Claire")
Variance Analysis
For the seven week period ended June 14, 2014

	Forecast Total	Actual Total	Variance	Notes
Receipts				
GST receivable	\$ 22,057	\$ 22,057	\$ -	
Parking receivables	70,000	25,000	(45,000)	1
Total Receipts	92,057	47,057	(45,000)	
Disbursements				
Travel expenses	(3,500)	(135)	3,365	2
Utilities	(1,206)	(1,038)	168	2
Business taxes	(296)	(296)	-	
Salaries and wages	(39,000)	(12,040)	26,960	3
Real estate rental	(15,288)	(13,887)	1,400	3
Meals and entertainment	(1,400)	(994)	406	4
Office Supply	(700)	(288)	412	4
Vehicle	(2,722)	(2,329)	393	4
Insurance	(868)	(434)	434	2
Professional fees	(12,150)	(3,150)	9,000	5
Contingency	(4,600)	(382)	4,218	4
Total Disbursements	(81,730)	(34,974)	46,756	
Net Cash Flow	\$ 10,327	\$ 12,083	\$ 1,756	

Bank Balance

Beginning Cash Balance	\$ 1,008	\$ 1,008
Net Cash Flow	10,327	12,083
Ending Bank Balance	\$ 11,335	\$ 13,091

Prepared as at the 17 day of June, 2014

Notes & Assumptions - General:

1. All amounts include applicable GST.
2. Includes all timing and permanent variances during the seven week period ended June 14, 2014.

Notes & Assumptions - Specific:

1. As previously reported, Precise ParkLink Inc. ("Precise") was leasing 3 Eau Claire's development site for use as a parking lot (the "Parking Lot") for \$40,000 per month. Due to poor soil conditions on the SE corner of the Parking Lot, management was negotiating a go-forward reduction in the lease revenue for the Parking Lot. These negotiations were unsuccessful and Management terminated the agreement with Precise effective June 8, 2014. 3 Eau Claire has now entered into a management agreement with Imperial Parking Canada Corporation ("Impark") whereby 3 Eau Claire will receive monthly parking revenue net of a management fee and selected agreed upon costs. The loss of parking revenue of \$70,000 in May and June 2014 is a permanent variance. 3 Eau Claire received a deposit of \$25,000 pursuant to the management agreement with Impark on June 13, 2014, which offsets a portion of this permanent variance.
2. Timing related variances that are anticipated to reverse themselves in future weeks.
3. To offset the loss of parking revenue in May and June 2014, the three employees, who are being paid on a contract basis, agreed to waive \$26,960 in fees that would otherwise have been payable to them. In addition, one of the contractors agreed to waive \$1,400 for rent, which would normally be reimbursable by 3 Eau Claire.
4. Permanent variances as a result of actual required expenditures being lower than originally forecast.
5. 3 Eau Claire was unable to make forecast payments of approximately \$9,000 to the Proposal Trustee and to 3 Eau Claire's legal counsel. Management has indicated that they will continue to pay professional fees based on available cash; however, it is unlikely that these missed payments will be caught up in the short-term.