

This is the 1st Affidavit of J. Reilly Pollard
in this case and was made on April 23, 2015

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

AND

IN THE MATTER OF THE BUSINESS CORPORATIONS ACT
R.S.B.C. 2002, c. 57

AND

IN THE MATTER OF
PRETTY ESTATES LTD.

PETITIONER

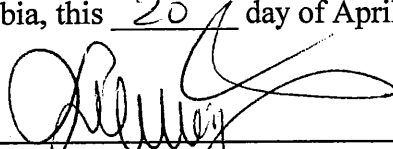
AFFIDAVIT

I, J. Reilly Pollard, Lawyer, of the City of Vancouver, in the Province of British Columbia,
MAKE OATH AND SAY THAT:

1. I am an Associate employed by Lawson Lundell LLP ("**Lawson**"), solicitors for the Petitioner in these proceedings and as such have personal knowledge of the matters herein deposed to except where stated to be based upon information and belief.
2. The purpose of this Affidavit is to outline the Petitioner's efforts to secured DIP financing in this proceeding.
3. Lawson, on behalf of the Petitioner, sought expressions of interest from 6 different potential lenders, with varying degrees of experience in DIP lending.
4. Two such parties, each of whom had a small amount of experience with DIP lending, responded indicating that they would not be interested in the opportunity because in their previous experience, the returns did not justify the due diligence effort involved in making the loans.

5. However, four parties expressed interest in making a DIP loan and provided term sheets to Lawson for consideration by the Petitioner. The four different DIP loans offered had the following terms:
- (a) 12% interest with a loan broker fee of 3.5% for a 12 month term;
 - (b) 12% interest with a commitment fee of \$15,000 for a 12 month term;
 - (c) 10% interest with a commitment fee of 3.5% for a 12 month term and a pre-payment penalty of the full amount of interest over the term;
 - (d) 10% interest with a commitment fee of 2% for a 12 month term and no pre-payment penalty.
6. Each of the above offers included a term that the Petitioner pay the lender's legal fees.
7. The Petitioner accepted the last offer listed in paragraph 5 as being the best available terms for DIP financing in the circumstances.

SWORN BEFORE ME at the City of
Vancouver, in the Province of British
Columbia, this 20 day of April, 2015.


A Commissioner for taking Affidavits in
British Columbia

SARAH J. NELLIGAN
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J. REILLY POLLARD