

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

THE HONOURABLE MR.

)

FRIDAY, THE 19<sup>TH</sup>

JUSTICE NEWBOULD

)

DAY OF AUGUST, 2016

)



**BETWEEN:**

**GROSVENOR PARK MEDIA FUND L.P.**

**Plaintiff**

**- and -**

**ARC PRODUCTIONS LTD., ARC HOLDINGS INC., ARC INVESTMENTS LTD., ARC/DARK CRYSTAL PRODUCTIONS INC., KICK PRODUCTIONS LTD., IN THE JUNGLE PRODUCTIONS INC., TFI PRODUCTIONS INC., BL II PRODUCTIONS INC., ARCADIA PRODUCTIONS LTD., EGGS LTD., PRINCESS PRODUCTIONS INC., UNDERZOO PRODUCTIONS INC., HOLE IN THE BELLY PRODUCTIONS LTD., SIR SIMON PRODUCTION LTD., SAMURAI PRODUCTIONS LTD., THOMAS MURRAY, KALLAN KAGAN and PETER KOZIK**

**Defendants**

**APPROVAL AND VESTING ORDER**

THIS MOTION, made by Deloitte Restructuring, Inc. in its capacity as the Court-appointed receiver (the "**Receiver**") of the undertaking, property and assets of Arc Productions Ltd. and the other corporate defendants (together, the "**Debtors**") for an order approving the sale transaction (the "**Transaction**") contemplated by an agreement of purchase and sale (the "**Sale Agreement**") between the Receiver and Jam Filled

Entertainment (Toronto) Inc. (the “**Purchaser**”) dated August [16] , 2016, which is included in the First Confidential Supplement to the Second Report of the Receiver dated August 16, 2016 (the “**Report**”), and vesting in the Purchaser the Debtors’ right, title and interest in and to the assets described in the Sale Agreement (the “**Purchased Assets**”), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Report, the affidavits of the Receiver and its counsel as to fees, and on hearing the submissions of counsel for the Receiver, the Plaintiff, the Purchaser various persons appearing, service list, although properly served as appears from the affidavit of Sanja Sopic sworn August 18, 2016, filed:

### **SERVICE**

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

### **APPROVAL OF FEES AND ACTIVITIES**

2. **THIS COURT ORDERS** that the activities of the Receiver and its counsel, as set out in the Report, are hereby approved.

3. **THIS COURT ORDERS** that the fees of the Receiver and its counsel, as set out in the Report, are hereby approved.

### **SALE TRANSACTION AND VESTING**

4. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved, and the execution of the Sale Agreement by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the

completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.

5. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Receiver's certificate to the Purchaser substantially in the form attached as Schedule A hereto (the "**Receiver's Certificate**"), all of the Debtors' right, title and interest in and to the Purchased Assets described in the Sale Agreement (and listed in Schedule B hereto) shall vest absolutely in the Purchaser, free and clear of and from any and all ownership claims, security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages (including freehold and leasehold), pledges, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens (including liens under the *Construction Liens Act*, excepting the claims for lien of Vestacon Limited registered as Instrument No. AT4239426 and Plan Group Inc. registered as Instrument No. AT4304518, each of which are registered in the Land Registry Office for Toronto and which are hereby vacated without security as against the leasehold interest only pursuant to Section 44 of the *Construction Lien Act*, and hereby cease to attach to such leasehold interest), executions, levies, charges, claims, guarantees, encumbrances, liabilities, obligations, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured, legal, equitable, possessory, or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice Wilton Siegel dated July 29, 2016 or any other order made in the within proceedings; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system including any intellectual property registry system; (all of which are collectively referred to as the "**Encumbrances**") and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

6. **THIS COURT ORDERS** that nothing in this Order or the Sale Agreement shall (i) prejudice any existing consent rights of any counterparties to any Assigned

Contracts, as that term is defined in the Sale Agreement (ii) prejudice any rights that any party may have pursuant to prior Orders of this Court to receive payment for goods or services provided to the Debtors on or after August 2, 2016, or (iii) vest in the Purchaser any asset not owned by the Debtors.

7. **THIS COURT ORDERS AND DECLARES** that for greater certainty, nothing in this Order including paragraph 5 shall:

(i) prevent the assertion or exercise of any rights or remedies, if any, against:

(a) 1302207 Ontario Limited, and 364 Richmond Street West Inc. (the "Landlords");

(b) Thomas Murray, Kallan Kagan, Peter Kozik or any other current or former directors or officers of the Debtors, Arc Productions Ltd., or other persons defined as trustees under section 13 of the *Construction Lien Act* (the "D&Os");

(c) the fee simple interest in the real properties municipally known as 134 Peter Street, Toronto and 364 Richmond Street West, Toronto, other than any leasehold interest therein (the "Real Property"); and

(d) any claims made pursuant to section 19 or Part II the Trust Provisions of the *Construction Lien Act*; or

(ii) expunge, release or discharge any Claims (including, but not limited to lien claims) against the Landlords, D&Os, or the Real Property.

8. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Receiver's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the

Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale, including any claims pursuant to Part II, the Trust Provisions of the *Construction Lien Act*.

9. **THIS COURT ORDERS AND DIRECTS** the Receiver to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof.

10. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver is authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Company's records pertaining to the Debtor's past and current employees, including personal information of those employees listed on Schedule "●" to the Sale Agreement. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Debtor.

11. **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Debtor and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the Debtor;

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtor and shall not be void or voidable by creditors of the Debtor, nor shall it constitute nor

be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

12. **THIS COURT ORDERS AND DECLARES** that the Transaction is exempt from the application of the *Bulk Sales Act* (Ontario).

#### **DEFAULTS STAYED**

**THIS COURT ORDERS** that, unless otherwise agreed to by the Purchaser, the Purchaser shall not be liable for liabilities incurred, accruing or due prior to the Closing Date (or thereafter as a result of any default existing at, prior to or as a consequence of Closing) under any agreements validly assigned to or assumed by the Purchaser pursuant to the Sale Agreement and any necessary

#### **THIS COURT ORDERS SEALING**

13. **THIS COURT ORDERS** that the First Confidential Supplement to the Report shall be sealed, kept confidential and not form part of the public record, but rather shall be placed, separate and apart from all other contents of the Court File, in a sealed envelope attached to a notice that sets out the title of these proceedings and a statement that the contents are subject to a sealing order and shall only be opened upon further Order of the Court, on not less than seven (7) days' notice to all persons on the Service List.

#### **GENERAL**

14. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and

administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.



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ENTERED AT / INSCRIT À TORONTO  
ON / BOOK NO:  
LE / DANS LE REGISTRE NO:

AUG 19 2016

PER / PAR: 

**Schedule A – Form of Receiver’s Certificate**

Court File No. 16-CV-11472-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

**B E T W E E N:**

**GROSVENOR PARK MEDIA FUND L.P.**

**Plaintiff**

**- a n d -**

**ARC PRODUCTIONS LTD., ARC HOLDINGS INC., ARC INVESTMENTS LTD.,  
ARC/DARK CRYSTAL PRODUCTIONS INC., KICK PRODUCTIONS LTD., IN THE  
JUNGLE PRODUCTIONS INC., TF I PRODUCTIONS INC., BL II PRODUCTIONS INC.,  
ARCADIA PRODUCTIONS LTD., EGGS LTD., PRINCESS PRODUCTIONS INC.,  
UNDERZOO PRODUCTIONS INC., HOLE IN THE BELLY PRODUCTIONS LTD., SIR  
SIMON PRODUCTION LTD., SAMURAI PRODUCTIONS LTD., THOMAS MURRAY,  
KALLAN KAGAN and PETER KOZIK**

**Defendants**

**RECEIVER’S CERTIFICATE**

**RECITALS**

A. Pursuant to an Order of the Honourable Mr. Justice Newbould of the Ontario Superior Court of Justice (the "Court") dated August 19, 2016, Deloitte Restructuring Inc. was appointed as the receiver (the "Receiver") of the undertaking, property and assets of Arc Productions Ltd. and the other corporate defendants (the "Debtor").

B. Pursuant to an Order of the Court dated August 19, 2016, the Court approved the agreement of purchase and sale made as of August 16, 2016 (the "Sale Agreement") between the Receiver and Jam Filled Entertainment (Toronto) Inc. (the "Purchaser") and provided for the vesting in the Purchaser of the Debtor’s right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased



Assets; (ii) that the conditions to Closing as set out in sections 6.1, 6.2 and 6.3 (collectively, "Section 6") of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE RECEIVER CERTIFIES the following:

1. The Purchaser has paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in Section 6 of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and
3. The Transaction has been completed to the satisfaction of the Receiver.
4. This Certificate was delivered by the Receiver at \_\_\_\_\_ [TIME] on \_\_\_\_\_ [DATE].

**DELOITTE RESTRUCTURING INC. in its  
capacity as Receiver of the undertaking,  
property and assets of ARC  
PRODUCTIONS LTD. ET AL, and not in  
its personal capacity**

Per: \_\_\_\_\_

Name:

Title:

## Schedule B – Purchased Assets

1. All machinery, equipment, technology and communications hardware and infrastructure, furniture, furnishings and accessories, parts and supplies of all kinds including office supplies, including Arc Studio Assets;
2. All trucks, cars and other vehicles;
3. All inventories and receivables;
4. All prepaid expenses;
5. All rights under contracts assigned to the Purchaser (including leases of personal property) in accordance with such approvals, consents and waivers are necessary, including rights related to the Projects being assigned to or otherwise assumed by the Purchaser;
6. All authorizations, to the extent transferable;
7. The real estate lease rights to 364 Richmond Street West, Toronto, Ontario;
8. All intellectual property rights, including Arc Technology and owned software;
9. All social media accounts;
10. All Books and Records, except those related to excluded assets or taxes;
11. All Claims; and
12. Goodwill.

**GROSVENOR PARK MEDIA FUNDS L.P.**

**Plaintiff**

**ARC PRODUCTIONS LTD. et al.**

**Defendants**

Commercial List File No. CV-16-11472-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)  
Proceedings commenced at  
Toronto**

**APPROVAL AND VESTING ORDER**

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