

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

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., 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

**SEVENTH REPORT OF DELOITTE RESTRUCTURING INC.,
RECEIVER OF ARC PRODUCTIONS LTD., ET AL.
(September 5, 2017)**

1. This report is filed by Deloitte Restructuring Inc. (the “Receiver”) in its capacity as receiver of the assets, properties and undertakings of Arc Productions Ltd. and the other corporate Defendants (collectively, “Arc” or the “Company”) and the other Property as defined in the Receivership Order granted by the Honourable Mr. Justice Penny on Wednesday, August 10, 2016 (the “Receivership Order”).
2. The Receiver has prepared this seventh report (the “Seventh Report”) in its capacity as a Court-appointed officer solely for the purpose outlined herein. Parties using the Seventh Report, other than for the purpose outlined herein, are cautioned that it may not be

appropriate for their purposes. Unless otherwise provided, all dollar amounts contained in this Seventh Report are expressed in Canadian Dollars. Unless otherwise provided, all other capitalized items not otherwise defined this Seventh Report are as defined in the First through Sixth Reports.

C. Purpose of the Report

3. The Receiver has prepared this Seventh Report to advise the Court and the Service List of the Receiver's intention to make a further distribution of \$2,650,000 to GP from available funds on hand, and to report on the source of these funds.

D. April 18, 2017 Distribution Order


4. Attached as Appendix "A" is the Distribution Order of the Ontario Superior Court of Justice (Commercial List) dated April 18, 2017 (the "Distribution Order"). Paragraph 4 of the Distribution Order provides that "subject to paragraph 5 of this Order, the Receiver be and is hereby authorized to distribute to GP from time to time all funds coming into its hands, subject to such reserves as the Receiver may deem prudent in the circumstances, up to the amount of \$43,953,400". Paragraph 5 of the Distribution Order states that "any distributions by the Receiver hereunder of proceeds of the realization or collection of tax credits of Arc, where the Receiver has notice of the interests of parties other than GP claiming ownership, security interests, or both in such tax credits or their proceeds, shall only be made upon further Order of the Court on notice to GP and to such other parties".
5. To date, the Receiver has distributed \$5,270,807 to GP.

6. Attached as Appendix "B" is the Receiver's Statement of Receipts and Disbursements for the period from August 2, 2016 to September 5, 2017 which indicates that there are available funds on hand for further distribution to GP of \$2,650,000.
7. The source of funds for this recommended distribution are film tax credit recoveries from Arc's affiliated companies as well as post-receivership HST recoveries. Total film tax credits net of amounts withheld for various deductions and penalties received to date by the Receiver are \$8,871,698 and are detailed on the attached Appendix "C".
8. After due consideration of the source of the funds for this proposed distribution, the Receiver is not aware of any party who may have a claim to these proceeds in priority to the interests of GP either as an owner or secured creditor. Notwithstanding, the Receiver has prepared, served and filed this Seventh Report to notify the Service List of its intention to make this distribution on September 18th, 2017 or immediately thereafter in accordance with the Distribution Order.

All of which is respectfully submitted at Toronto, Ontario this 5th day of September, 2017.

Deloitte Restructuring Inc.,
in its capacity as Court-appointed Receiver of
Arc Productions Ltd. et al and not in its personal capacity

Per:



Paul M. Casey, CPA, CA, FCIRP, LIT
Senior Vice-President

Appendix "A"

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE

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)
)

TUESDAY, THE



JUSTICE NEWBOULD

18TH DAY OF APRIL, 2017

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., 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

DISTRIBUTION ORDER

THIS MOTION, made by Deloitte Restructuring Inc. in its capacity as the Court-appointed Receiver (in such capacity, the "Receiver"), without security, of all the assets, undertakings and properties (collectively, the "Property") of Arc Productions Ltd. and its subsidiaries and affiliates, which consist of the other corporate defendants described in the title of proceedings (collectively, "Arc") for an Order approving the activities of the Receiver since December 5, 2016 as set out in the Fifth Report of the Receiver dated March 27, 2017 (the "Fifth Report"), approving the fees of the Receiver for the period from November 1, 2016 to February 28, 2017 and the fees of the Receiver's legal counsel for the same period, and authorizing the Receiver to make distributions to Grosvenor Park Media Fund, from time to time, subject to the

terms and conditions set out in the herein Order, was heard this day at at 330 University Avenue, Toronto, Ontario.

ON READING the Fifth Report and the affidavits of the Receiver and its counsel as to fees, and on hearing the submissions of counsel for the Receiver and of the Plaintiff, no one else appearing although properly served as appears from the affidavit of Mario Forte, sworn March 23, 2017, 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 since December 5, 2016, as set out in the Fifth Report, are hereby approved.

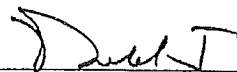
3. **THIS COURT ORDERS** that the fees of the Receiver and its counsel for the period from November 1, 2016 to February 28, 2017, as set out in the Fifth Report, are hereby approved.

DISTRIBUTIONS

4. **THIS COURT ORDERS** that, subject to paragraph 5 of this Order, the Receiver be and is hereby authorized to distribute to Grosvenor Park Media Fund L.P. ("GP") from time to time all funds coming into its hands, subject to such reserves as the Receiver may deem prudent in the circumstances, up to the amount of \$43,953,400, without further Order of this Court.


5. **THIS COURT ORDERS** that, notwithstanding paragraph 4 hereof, any distributions by the Receiver hereunder of proceeds of the realization or collection of tax credits of Arc, where the Receiver has notice of the interests of parties other than GP claiming ownership, security

interests, or both in such tax credits or their proceeds, shall only be made upon further Order of the Court on notice to GP and to such other parties.



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

APR 18 2017

PER / PAR: 

GROSVENOR PARK MEDIA FUNDS L.P.
Plaintiff

v

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

DISTRIBUTION ORDER

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Appendix “B”

Appendix "B"

**In the Matter of the Receivership of Arc Productions Ltd. ("Arc")
Statement of Receipts and Disbursements
For the period from August 2, 2016 to September 5, 2017**

Description	Amount
Receipts	
Cash on hand and sale proceeds	\$ 2,117,666
Film tax credits recoveries net of CRA set-off, per "Appendix C"	8,871,698
Administration of asset transfers and occupancy cost recoveries, other	80,070
Total receipts	11,069,435
Disbursements	
Receiver's fees	688,025
Receiver's legal counsel fees	181,178
Contract employees and third party professionals	339,249
Operating expenses	230,385
Occupation rent	155,990
Tax credits filing and application fees	70,060
HST paid post-receivership, net of refunds	4,604
Total disbursements	1,669,491
Surplus of receipts over disbursements before distributions to secured creditors and WEPP payments	\$ 9,399,944
Distributions to Secured Creditor	5,270,807
WEPP payments (Section 81.4 Claims)	1,053,157
Excess of Receipts over Disbursements	\$ 3,075,980
Less Accruals:	
Holdback for fees, costs, and expenses	(425,980)
Net amount available for third distribution	\$ 2,650,000

Appendix "C"

**In the matter of the Receivership of Arc Productions Ltd.
Schedule of Film Tax Credits Received
For the period from August 2, 2016 to September 5, 2017**

<i>Entity</i>	<i>Year</i>	<i>Production</i>	<i>Tax Credit</i>	<i>C\$ Received</i>	
TF I Productions Inc.	2014	Thomas & Friends 17 & 18	PSTC	75,745	
			OPSTC	242,198	
			OCASE	147,040	
			Thomas & Friends 19	PSTC	360,825
				OPSTC	1,120,374
				OCASE	753,684
			Accrued Interest	49,865	
			Entity & Year Total	2,749,731	
BL II Productions Inc.	2014	Barbie's Life 4	PSTC	182,728	
			OPSTC	483,793	
			OCASE	220,037	
			Barbie's Life 5	PSTC	145,701
				OPSTC	432,654
				OCASE	212,337
		Barbie DVD 2015	PSTC	313,553	
			OPSTC	923,251	
			OCASE	476,774	
			Accrued Interest	68,593	
	2015		Barbie DVD 2015	PSTC	96,418
				OPSTC	298,828
				OPSTC	637,689
				OPSTC	468,287
Other Productions & Accrued Interest				78,775	
			Entity Total	5,039,418	
Eggs Ltd.	2015	Ice Age Holiday Special	OPSTC	118,248	
			Accrued Interest	188	
					Entity & Year Total
ARC Productions Ltd.	2012	Matt Hatter 1	OPSTC	205,902	
			13 Projects	OCASE	980,707
			Accrued Interest	870	
	2014	Somnia	PSTC	116,443	
			OPSTC	409,670	
	2015		Accrued Interest	9,160	
			Lego Marvel 2	OPSTC	371,491
		Accrued Interest	3,904		
			Entity Total	2,098,147	
Kick Productions Ltd.	2016	Kody Kapow	OPSTC	301,852	
			Accrued Interest	331	
					Entity & Year Total
In the Jungle Productions Inc.	2016	Tarzan and Jane	OPSTC	13,396	
			Accrued Interest	35	
					Entity & Year Total
Tax credits received to date				8,608,403	
Accrued interest received to date				132,946	
Total processed and received to date				10,321,346	
CRA set-off for HST owings as at July 31, 2016				(24,843)	
CRA set-off for source deductions and penalties				(1,424,804)	
Net tax Credits received to date, September 1, 2017				8,871,698	

GROSVENOR PARK MEDIA FUND L.P.

and

ARC PRODUCTIONS LTD., et al.

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

Plaintiff

Defendants

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

Proceeding commenced at Toronto

SEVENTH REPORT OF THE RECEIVER
(September 5, 2017)