

**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

**TWELFTH REPORT OF DELOITTE RESTRUCTURING INC.,  
RECEIVER OF ARC PRODUCTIONS LTD., ET AL.**  
(April 30, 2019)

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 twelfth report (the “Twelfth Report”) in its capacity as a Court-appointed officer solely for the purpose outlined herein. Parties using the Twelfth 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 Twelfth Report are expressed in Canadian Dollars. Unless otherwise provided, all other capitalized items not otherwise defined in this Twelfth Report are as defined in the First through Eleventh Reports.

**C. Purpose of the Report**

3. The Receiver has prepared this Twelfth Report to advise the Court and the Service List of the Receiver's intention to make a further distribution of \$1,075,000 to Grosvenor Park Media Fund L.P ("GP") from available funds on hand, and to report on the source of these funds.

**D. April 18, 2017 Distribution Order**

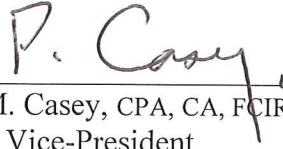
4. Attached as Appendix "A" is the Distribution Order of the Ontario Superior Court of Justice (Commercial List) dated April 18, 2017 (the "Distribution Order"). Paragraph 4 of the Distribution Order provides that "subject to paragraph 5 of this Order, the Receiver be and is hereby authorized to distribute 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. As at April 30, 2019, the Receiver has distributed \$17,666,807 to GP. Following the further distribution of \$1,075,000 as notified herein, cumulative distributions to GP will be \$18,741,807.
6. Attached as Appendix "B" is the Receiver's Statement of Receipts and Disbursements for the period from August 2, 2016 to April 30, 2019 which indicates that there are available funds on hand for a further distribution to GP of \$1,075,000.
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. Since the Eleventh Report, the Receiver has received tax credits for the following fiscal years and ARC affiliates; 2015 and 2016 for Eggs Productions Ltd; 2016 for BL II Productions Inc.; and 2016 for Kick Productions Ltd. Total film tax credits received to April 30, 2019 by the Receiver, net of amounts withheld for various deductions and penalties, are \$19,934,120 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 Twelfth Report to notify the Service List of its intention to make this distribution on May 22, 2019 or immediately thereafter in accordance with the Distribution Order.

All of which is respectfully submitted at Toronto, Ontario this 30<sup>th</sup> day of April, 2019.

**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

18<sup>TH</sup> 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.

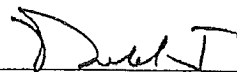
3. **THIS COURT ORDERS** that the fees of the Receiver and its counsel for the period from November 1, 2016 to February 28, 2017, as set out in the Fifth Report, are hereby approved.

#### **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**

**GOLDMAN SLOAN NASH & HABER LLP**  
480 University Avenue, Suite 1600  
TORONTO, ON M5G 1V2

**Mario Forte** (LSUC #: 27293F)  
**Lori Goldberg** (LSUC #58581V)  
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Lawyers for Deloitte Restructuring Inc.

# 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 April 30, 2019**

<b>Description</b>	<b>Amount</b>
<b>Receipts</b>	
Cash on hand and sale proceeds	\$ 2,197,736
Film tax credits recoveries net of CRA set-off, per "Appendix C"	19,934,120
Total receipts to date	<u>22,131,855</u>
<b>Disbursements</b>	
WEPP payments (Section 81.4 Claims)	1,068,875
Receiver's fees	826,671
Receiver's legal counsel fees	185,093
Contract employees and third party professionals	505,297
Operating expenses	221,807
Occupation rent	155,990
Tax credits filing and application fees	71,582
HST paid post-receivership, net of refunds	54,734
Total disbursements to date	<u>3,090,050</u>
<b>Surplus of receipts over disbursements before distributions to secured creditor</b>	<u><b>\$ 19,041,805</b></u>
Distributions to Secured Creditor	17,666,807
<b>Excess of Receipts over Disbursements</b>	<b>\$ 1,374,998</b>
<b>Less Accruals:</b>	
Holdback for fees, costs, and expenses	<u>(299,998)</u>
<b>Net amount available for eighth distribution</b>	<u><b>\$ 1,075,000</b></u>

# 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 April 30, 2019**

<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
	2015	Thomas & Friends 19	PSTC	220,077	
			OPSTC	638,483	
			Thomas & Friends 20	PSTC	348,231
				OPSTC	874,225
			Accrued Interest		18,332
	2016	Thomas & Friends 20	PSTC	237,066	
OPSTC			612,735		
		Thomas & Friends 21	PSTC	46,501	
			OPSTC	118,818	
		Accrued Interest		9,696	
			Entity Total	5,873,896	
Eggs Ltd.	2015	Ice Age Holiday Special	PSTC	45,371	
			OPSTC	118,248	
			OCASE	64,059	
			Accrued Interest		2,491
			Transitional Grant		122,997
	2016	Ice Age Easter Television Special	PSTC	268,756	
			OPSTC	652,078	
			OCASE	356,136	
			Accrued Interest		24,292
			Entity Total	1,654,428	
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	
		Accrued Interest		9,160	
2015	Lego Marvel 2	OPSTC	371,491		
		Accrued Interest		3,904	
			Entity Total	2,098,147	

**In the matter of the Receivership of Arc Productions Ltd.**  
**Schedule of Film Tax Credits Received**  
**For the period from August 2, 2016 to April 30, 2019**

<i>Entity</i>	<i>Year</i>	<i>Production</i>	<i>Tax Credit</i>	<i>C\$ Received</i>	
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
				OCASE	153,669
			Max Steel	PSTC	222,594
				OPSTC	637,689
				OCASE	306,810
			Barbie DVD Floating 2016	PSTC	47,640
				OPSTC	112,998
				OCASE	59,862
			Barbie DVD Fall 2016	PSTC	166,991
				OPSTC	468,287
				OCASE	217,264
			Accrued Interest		32,123
	2016		Max Steel	PSTC	143,028
				OPSTC	363,282
				OCASE	193,478
		Barbie Floating 2016 DVD	PSTC	1,010	
			OPSTC	2,674	
			OCASE	1,499	
		Barbie DVD Fall 2016	PSTC	208,114	
			OPSTC	525,056	
			OCASE	272,125	
		Accrued Interest		42,485	
			Entity Total	8,033,346	

**In the matter of the Receivership of Arc Productions Ltd.**  
**Schedule of Film Tax Credits Received**  
**For the period from August 2, 2016 to April 30, 2019**

<i>Entity</i>	<i>Year</i>	<i>Production</i>	<i>Tax Credit</i>	<i>C\$ Received</i>
In the Jungle Productions Inc.	2015	Tarzan and Jane	PSTC	6,647
			OCASE	7,367
	2016	Tarzan and Jane	PSTC	250,402
			OPSTC	610,003
			OCASE	296,882
		Accrued Interest	12,947	
		Entity Total	1,184,248	
Kick Productions Ltd.	2016	Kody Kapow	PSTC	120,652
			OPSTC	278,317
			OCASE	128,030
			Accrued Interest	6,508
		Entity Total	533,507	
Princess Productions Inc.	2016	Elena	PSTC	675,086
			OPSTC	1,336,485
			Accrued Interest	6,071
		Entity Total	2,017,642	
		Tax credits received to date	20,984,878	
		Accrued interest and other receipts to date	410,336	
		<b>Total processed and received to date</b>	<b>21,395,214</b>	
		Tax credit remittance to CRA, February 28, 2018	(11,447)	
		CRA set-off for HST owings as at July 31, 2016	(24,843)	
		CRA set-off for source deductions and penalties	(1,424,804)	
		<b>Net tax credits received to date, April 30, 2019</b>	<b>19,934,120</b>	

GROSVENOR PARK MEDIA FUND L.P.

**Plaintiff**

and

ARC PRODUCTIONS LTD., et al. Court File No. 16-CV-11472-00CL

**Defendants**

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

Proceeding commenced at Toronto

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**TWELFTH REPORT OF THE RECEIVER**  
**(April 30, 2019)**

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