

**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

MOTION RECORD
(returnable December 20, 2016)

GOODMANS LLP
333 Bay St., Suite 3400
Toronto, Ontario M5H 2S7

L. Joseph Latham LSUC#: 32326A
Jason Wadden LSUC#: 46757M

Tel: (416) 979.2211
Fax: (416) 979.1234

Lawyers for the Plaintiff

INDEX

TAB

1. Notice of Motion
2. Draft Order

1

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LTD., SIR SIMON PRODUCTION LTD., SAMURAI PRODUCTIONS LTD.,
THOMAS MURRAY, KALLAN KAGAN and PETER KOZIK**

Defendants

NOTICE OF MOTION
(returnable December 20, 2016)

THE MOVING PARTY, Grosvenor Park Media Fund L.P. (the "**Secured Lender**"), will make a motion to a judge presiding over the Commercial List on Tuesday, December 20, 2016, at 10:00 a.m., or as soon after that time as the motion can be heard, at 330 University Ave, Toronto, Ontario.

THE PROPOSED METHOD OF HEARING: The motion is to be heard orally.

THE MOTION IS FOR:

1. an order authorizing and directing Deloitte Restructuring Inc., in its capacity as the court-appointed receiver (the "**Receiver**") of Arc Productions Ltd. and the other corporate defendants (collectively, "**Arc**"), to assign Arc into bankruptcy and authorizing the Receiver to act as trustee in bankruptcy of Arc;

2. an Order abridging the timing for filing of this Notice of Motion and the Motion Record and validating the manner of service, if applicable; and
3. such further and other relief that the moving party may request and this Honourable Court may consider just.

THE GROUNDS FOR THE MOTION ARE:

A. The Parties

1. The Plaintiff Grosvenor Park Media Fund L.P. is a limited partnership organized under the laws of Delaware, having its head office in Santa Monica, California.
2. The defendant Arc Productions Ltd. is a corporation incorporated under the laws of Ontario. Arc has its head office in Toronto, Ontario. Arc was in the business of providing animation and computer graphic services to the film and television industry.
3. The other corporate defendants are corporations each having its head office in Toronto, Ontario, and each is an affiliate or subsidiary of Arc.

B. The Receivership Proceedings and Need for Bankruptcy Proceedings

4. On Friday, July 29, 2016, this Court granted an order placing Arc into interim receivership, and appointed Deloitte Restructuring Inc. as the Interim Receiver.
5. On Tuesday, August 2, 2016, the Court granted a Fresh as Amended Interim Receivership Order. Pursuant to paragraph 14 of that Order, all of Arc's employees were deemed to be terminated.
6. On Wednesday, August 10, 2016, this Court granted a further order appointing Deloitte Restructuring Inc. as the Receiver over Arc.
7. Upon the granting of the Fresh as Amended Interim Receivership Order, Arc ceased to operate in the normal course.

8. Upon its appointment, the Receiver effected the orderly sale and realization of Arc's assets and took other measures to contain Arc's costs.

9. Despite the realization of proceeds from the sale of Arc's assets and the expected collection of Arc's remaining outstanding receivables: (i) the Secured Lender and other secured or priority creditors will continue to suffer a shortfall in the realization of their debt and security; and (ii) Arc will have accrued and unpaid unsecured obligation totaling approximately \$23.4 million that it will not be able to satisfy.

10. Deloitte Restructuring Inc. has agreed to act as trustee in bankruptcy of Arc provided that it receives funding for the bankruptcy administration as there will be no remaining assets available to settle the claims of the unsecured creditors of Arc. To fund these fees, the Secured Lender has agreed to permit the Receiver to transfer to the trustee in bankruptcy such amounts as may be required to fund Arc's bankruptcy estate from the receivership proceeds eligible to be distributed to the Secured Lender by the Receiver.

11. A bankruptcy of Arc is desirable to effect the orderly wind down of Arc's business and affairs as all of the directors have resigned and there is no prospect that Arc will be able to recommence operations.

12. Rules 1.04(1), 1.04(2), 2.03, 37 and 60.02(1)(d) of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194.

13. Such further and other grounds as counsel may advise and this Honourable Court may permit.

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THE FOLLOWING DOCUMENTARY EVIDENCE WILL BE USED AT THE HEARING OF THE MOTION:

- (a) The Fourth Report of the Receiver, dated December 5, 2016 (to be filed by the Receiver); and
- (b) Such further and other evidence as counsel may advise and this Honourable Court may admit.

December 14, 2016

GOODMANS LLP
Barristers & Solicitors
Bay Adelaide Centre
333 Bay Street, Suite 3400
Toronto, Ontario M5H 2S7

L. Joseph Latham LSUC#: 32326A
Jason Wadden LSUC#: 46757M

Tel: (416) 979.2211
Fax: (416) 979.1234

Lawyers for the Plaintiff

GROSVENOR PARK MEDIA FUND L.P.

Plaintiff

and

ARC PRODUCTIONS LTD., et al.

Defendants

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto

NOTICE OF MOTION
(Motion Returnable December 20, 2016)

GOODMANS LLP
Barristers & Solicitors
333 Bay Street, Suite 3400
Toronto, Ontario M5H 2S7

L. Joseph Latham LSUC#: 32326A
Jason Wadden LSUC#: 467575M

Tel: 416.979.2211
Fax: 416.979.1234
Lawyers for the Plaintiff

2

6

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

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

THE HONOURABLE) TUESDAY, THE 20TH
)
JUSTICE) DAY OF DECEMBER, 2016
)

GROSVENOR PARK MEDIA FUND L.P.

Plaintiff

- and -

**ARC PRODUCTIONS LTD., ARC HOLDINGS INC., ARC INVESTMENTS LTD.,
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Defendants

ORDER
(December 20, 2016)

THIS MOTION made by the Plaintiff for an Order authorizing and directing Deloitte Restructuring Inc., in its capacity as court-appointed receiver (in such capacities, the "Receiver") over, among other things, all of the assets, undertakings and properties of the corporate defendants (the "Debtors") to assign the Debtors into bankruptcy, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Fourth Report of the Receiver, filed, and on hearing the submissions of counsel for the Plaintiff and the Receiver, no one else appearing although duly served as appears from the affidavit of service of Karlene Rose Wynter affirmed December 14, 2016, filed,

and on being advised that the Receiver consents to act as the trustee in bankruptcy of the Debtors,

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.

2. **THIS COURT ORDERS** that the Receiver is hereby authorized and directed to forthwith assign the Debtors into bankruptcy.

3. **THIS COURT ORDERS** that the Receiver is hereby empowered and authorized, but not obligated, to act as the trustee in bankruptcy of the Debtors.

4. **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.

5. **THIS COURT ORDERS** that the Plaintiff shall have its costs of this motion, up to and including entry and service of this Order, provided for by the terms of the Plaintiff's security or, if not so provided by the Plaintiff's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtors' estate.

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L.P.
Plaintiff

and

ARC PRODUCTIONS LTD., et al.
Defendants

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