

**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

**FOURTEENTH REPORT OF DELOITTE RESTRUCTURING INC.,
RECEIVER OF ARC PRODUCTIONS LTD., ET AL.
(March 27, 2020)**

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

C. Purpose of the Report

3. The Receiver has prepared the Fourteenth Report to advise the Court and the Service List of the Receiver's intention to make a further distribution of \$1,050,000 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 February 29, 2020, the Receiver has distributed \$22,841,807 to GP. Following the further distribution of \$1,050,000 as notified herein, cumulative distributions to GP will be \$23,891,807.
6. Attached as Appendix “B” is the Receiver’s Statement of Receipts and Disbursements for the period from August 2, 2016 to February 29, 2020 which indicates that there are available funds on hand for a further distribution to GP of \$1,050,000. Excluded from the proposed tenth distribution to GP is the amount of \$1,134,691, before collection costs, being recent recoveries from the following productions: ‘Meet the Piston Peak Team’, ‘Rusty Rivets’, ‘The Pirate Fairy’, ‘Tink’n About Animals’, and ‘Vitaminamulch: Air Spectacular’, which the Receiver understands may be subject to ownership or security interests of parties other than GP. The Receiver is preparing a Fifteenth Report which will support its motion for direction for the distribution of this amount, net of collection costs, on notice to such other parties.
7. The source of funds for this recommended distribution are film tax credit recoveries from Arc as well as post-receivership HST recoveries. Since the Thirteenth Report, the Receiver has received tax credits for the following ARC productions; ‘Somnia’, ‘Lego Marvel 2’, and ‘There is no place like OZ’. Total film tax credits received to February 29, 2020 by the Receiver, net of amounts withheld for various deductions and penalties, are \$26,344,418 and are detailed on the attached Appendix “C”.
8. Subject to the holdback noted in paragraph 6, and 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. The Receiver has prepared, served and filed this Fourteenth Report to notify the Service List of its intention to make this distribution on April 15, 2020 or immediately thereafter in accordance with the Distribution Order.

All of which is respectfully submitted at Toronto, Ontario this 27th day of March, 2020.

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

Attachments

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.

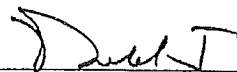
3. **THIS COURT ORDERS** that the fees of the Receiver and its counsel for the period from November 1, 2016 to February 28, 2017, as set out in the Fifth Report, are hereby approved.

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 August 2, 2016 to February 29, 2020**

Description	Amount
Receipts	
Cash on hand and sale proceeds	\$ 2,205,620
Film tax credits recoveries net of CRA set-off, per "Appendix C"	26,344,418
Total receipts to date	28,550,038
Disbursements	
WEPP payments (Section 81.4 Claims)	1,068,875
Receiver's fees	965,966
Receiver's legal counsel fees	201,138
Contract employees and third party professionals	584,652
Operating expenses	222,179
Occupation rent	155,990
Tax credits filing and application fees	81,682
HST paid (received) post-receivership, net of refunds	18,778
Total disbursements to date	3,299,260
Surplus of receipts over disbursements before distributions to secured creditor	\$ 25,250,778
Distributions to Secured Creditor	22,841,807
Excess of Receipts over Disbursements	\$ 2,408,971
Less Accruals:	
Holdback for fees, costs, and expenses	(224,280)
Holdback for tax credits potentially subject to third-party PSAs*	(1,134,691)
Total accruals	(1,358,971)
Net amount available for tenth distribution	\$ 1,050,000

* The Receiver is preparing a Fifteenth Report to bring forth a motion for advice and direction regarding the distribution of funds from tax credits potentially subject to third-party PSAs.

Appendix “C”

In the matter of the Receivership of Arc Productions Ltd.
Schedule of Film Tax Credits Received
For the period August 2, 2016 to February 29, 2020

<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		
				2016	Ice Age Easter Television Special	Transitional Grant	122,997
						PSTC	268,756
			Accrued Interest	OPSTC	652,078		
				OCASE	356,136		
			Accrued Interest		24,292		
			Entity Total	1,654,428			
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			
			Accrued Interest	OCASE	296,882		
		Accrued Interest		12,947			
			Entity Total	1,184,248			

**In the matter of the Receivership of Arc Productions Ltd.
Schedule of Film Tax Credits Received
For the period August 2, 2016 to February 29, 2020**

<i>Entity</i>	<i>Year</i>	<i>Production</i>	<i>Tax Credit</i>	<i>C\$ Received</i>	
ARC Productions Ltd.	2012	Matt Hatter 1	OPSTC	205,902	
		13 Projects	OCASE	980,707	
		Accrued Interest		870	
	2014	Lego Marvel 2	OCASE	3,660	
		Meet the Piston Peak Team, I (1-4)*	OCASE	144,967	
		Rusty Rivets, I*	OCASE	22,804	
		Somnia	PSTC	116,443	
			OPSTC	409,670	
			OCASE	154,786	
		The Pirate Fairy*	OCASE	19,990	
		There is no place like OZ	OCASE	16,312	
		Tink'n About Animals*	OCASE	106,817	
		Vitaminamulch: Air Spectacular*	OCASE	125,748	
		Accrued Interest		47,566	
		2015	Lego Marvel 2	PSTC	117,736
				OPSTC	363,385
				OCASE	176,405
	There is no place like OZ		PSTC	110,279	
			OPSTC	321,675	
			OCASE	170,615	
Rusty Rivets, I*	OCASE		384,213		
Accrued Interest		65,714			
2016	Rusty Rivets, I*	OCASE	330,152		
	Accrued Interest		5,581		
			Entity Total	4,401,997	
Princess Productions Inc.	2016	Elena	PSTC	675,086	
			OPSTC	1,336,485	
			OCASE	696,962	
		Accrued Interest		29,189	
			Entity Total	2,737,722	
Kick Productions Ltd.	2016	Kody Kapow	PSTC	120,652	
			OPSTC	278,317	
			OCASE	128,030	
		Accrued Interest		6,508	
			Entity Total	533,507	

**In the matter of the Receivership of Arc Productions Ltd.
Schedule of Film Tax Credits Received
For the period August 2, 2016 to February 29, 2020**

<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 August 2, 2016 to February 29, 2020**

<i>Entity</i>	<i>Year</i>	<i>Production</i>	<i>Tax Credit</i>	<i>C\$ Received</i>
Arcadia Productions Ltd.	2015	Troll Hunters, I	PSTC	330,789
			OPSTC	841,640
			OCASE	455,438
		Dragons Race to the Edge, I & II	PSTC	79,794
			OPSTC	187,495
			OCASE	104,669
	2016	Troll Hunters, I	Accrued Interest	78,934
			PSTC	161,758
			OPSTC	427,529
		Dragons Race to the Edge, I & II	OCASE	243,060
			PSTC	85,230
			OPSTC	220,331
		OCASE	123,777	
		Accrued Interest	45,925	
			Entity Total	3,386,369
Tax credits received to date, not subject to third-party PSAs				26,072,426
*Tax credits potentially subject to third-party PSAs				1,134,691
Total Tax Credits Received to Date				27,207,117
Accrued Interest Received to Date				598,396
Total processed and received to date				27,805,513
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)
Net tax credits received to date, February 7, 2020				26,344,418

* The Receiver is preparing a Fifteenth Report to bring forth a motion for advice and direction regarding the distribution of funds from tax credits potentially subject to third-party PSAs.

GROSVENOR PARK MEDIA FUND L.P.

Plaintiff

and

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

Defendants

ONTARIO
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Proceeding commenced at Toronto

FOURTEENTH REPORT OF THE
RECEIVER
(March 27, 2020)
