



**Pre-filing Report of  
KSV Restructuring Inc. as  
Proposed Receiver and Manager  
of Productivity Media Inc., Productivity  
Media Income Fund I LP and Productivity  
Media Lending Corp. I**

November 5, 2024

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COURT FILE NO.: •

ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)

BETWEEN:

TWO SHORES CAPITAL CORP.

Applicant

- and -

PRODUCTIVITY MEDIA INC., PRODUCTIVITY MEDIA INCOME FUND I LP  
and PRODUCTIVITY MEDIA LENDING CORP. I

Respondents

PRE-FILING REPORT OF KSV RESTRUCTURING INC.  
AS PROPOSED RECEIVER AND MANAGER

NOVEMBER 4, 2024

## 1.0 Introduction

1. KSV Restructuring Inc. (“**KSV**”) understands that Two Shores Capital Corp. (“**Two Shores**”) intends to bring an application before the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) seeking to appoint KSV as receiver and manager (if so appointed, the “**Receiver**”) of Productivity Media Inc. (“**PMI**”), Productivity Media Income Fund I LP (the “**PMI Income Fund**”) and Productivity Media Lending Corp. I (collectively, the “**Debtors**”). KSV has consented to act as Receiver.

## 2.0 Purpose of this Report

1. This pre-filing report is intended to provide KSV’s recommendation that, if appointed, the Receiver should be authorized to:
  - a) make distributions from available cash flow to Two Shores without further order of the Court; and
  - b) make payments, as further discussed below, to certain of the Debtors’ advisors for work they performed in advance of these proceedings, including in respect of investigative activities (in the case of DLA Piper (Canada) LLP and PricewaterhouseCoopers LLP) and certain normal course business activities of the Debtors (particularly in respect of Taylor Oballa Murray Leyland LLP).

### 3.0 Discussion

1. Paragraph 13 of the draft proposed receivership order includes the following language that contemplates distributions from available cash flow to Two Shores without further order of the Court:

*... subject to there being sufficient liquidity for the administration of the receivership as determined by the Receiver in its sole discretion from time to time, the Receiver may make distributions to Two Shores on account of principal, costs and interest under the Two Shores loan documentation at the contractual rate(s) from and after the date of this Order on the indebtedness of the Debtors to Two Shores outstanding as of the date of this Order.*

2. KSV has retained Osler, Hoskin & Harcourt LLP (“**Osler**”) as its counsel in the contemplated receivership proceeding. In advance of these proceedings, and in the context of paragraph 13 of the draft receivership order, KSV instructed Osler to provide it with an opinion on the validity and enforceability of Two Shores’ security. Subject to standard assumptions and qualifications, Osler provided KSV with an opinion confirming the validity and enforceability of Two Shores’ security. A copy of Osler’s opinion can be provided to the Court upon its request. As such, KSV is of the view that assuming sufficient liquidity, the proposed Receiver should be authorized in its sole discretion to make distributions to Two Shores without further order of the Court.
3. Subparagraphs 3(d), (h) and (i) of the draft receivership order include the following language:

*(d) to continue the engagement of (i) the Debtors’ forensic accountants, PricewaterhouseCoopers LLP (“**PwC**”), and engage consultants, appraisers, agents, brokers, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver’s powers and duties, including without limitation those conferred by this Order;*

...

*(h) to continue the engagements of (i) the Debtors’ litigation counsel, DLA Piper (Canada) LLP (“**DLA**”), and (ii) the Debtor’s entertainment counsel, Taylor Oballa Murray Leyland LLP (“**TOML**”), and/or to engage such other counsel as the Receiver may determine to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtors, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;*

*(i) to pay the reasonable fees and disbursements of PwC, DLA and TOML incurred before or after the date of this order;*

4. DLA commenced its work for PMI in July 2024 providing advice with respect to matters and events that have given rise to these receivership proceedings, and in August, 2024, DLA, at the request of certain executives of PMI, engaged PwC to commence a forensic investigation of those matters and events. Given (i) DLA and PwC were retained recently in the context of the complex events leading to this receivership and have no prior relationship with the Debtor entities; (ii) DLA and PwC now have extensive knowledge and background regarding those events; and (iii) investigating those events is a focus of these proceedings, KSV believes it is appropriate and cost efficient to maintain the engagements of both DLA and PwC to continue their work and any ensuing recovery litigation.
5. Given PMI's recent liquidity constraints, DLA and PwC are owed certain amounts by PMI, which have been reviewed by KSV and are reasonable in the circumstances. It is in the best interests of all stakeholders of the Debtors that DLA and PwC continue with their work under the supervision of the Receiver, and their pre-filing work product will be relied upon by the Receiver in its investigation. Accordingly, it is appropriate that their pre-receivership fees be paid in due course.
6. TOML is a Toronto based law firm of specialized film and entertainment lawyers who have advised the Debtors with respect to the loans that make up the PMI Income Fund assets, including the documentation of such loan transactions. TOML has extensive institutional and industry specialized knowledge regarding the PMI Income Fund loan portfolio and its continued engagement will assist the Receiver in maximizing recoveries for the Debtors' stakeholders. TOML is owed certain amounts by PMI for work done prior to the receivership and KSV is of the view that it is appropriate and beneficial to the Debtors' stakeholders to authorize the Receiver to pay TOML's pre-receivership fees in due course. Retaining another firm to familiarize itself with the PMI Income Fund loan portfolio will be expensive and time consuming.

## 4.0 Conclusion

1. Based on the foregoing, KSV is of the view that subparagraphs 3(d),(h) and (i) and paragraph 13 of the draft proposed receivership order are appropriate and reasonable in the circumstances.

\* \* \*

All of which is respectfully submitted,

*KSV Restructuring Inc.*

**KSV RESTRUCTURING INC. AS PROPOSED RECEIVER AND MANAGER OF  
PRODUCTIVITY MEDIA INC., PRODUCTIVITY MEDIA INCOME FUND I L.P. AND  
PRODUCTIVITY MEDIA LENDING CORP. I**