



**Supplement  
to the Fifth Report of  
KSV Kofman Inc.  
as CCAA Monitor of  
1462598 Ontario Inc.  
(d/b/a Tricon Films & Television)  
and the Companies Listed on  
Appendix “A”**

April 11, 2017

<b>Contents</b>		<b>Page</b>
1.	Introduction.....	1
1.1	Purposes of this Report.....	1
1.2	Restrictions.....	1
2.	Third Extension Agreement.....	2
3.	Conclusion.....	2

## **Appendices**

<b>Appendix</b>	<b>Tab</b>
Filing entities .....	A
Third Amending Agreement dated April 10, 2017 .....	B



COURT FILE NO.: CV-16-11634-00CL

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

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,  
R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT  
OF 1462598 ONTARIO INC. (D/B/A TRICON FILMS & TELEVISION)  
AND THE COMPANIES LISTED ON APPENDIX "A"**

**SUPPLEMENT TO THE FIFTH REPORT OF  
KSV KOFMAN INC. AS MONITOR**

**April 11, 2017**

## **1. Introduction**

1. This report ("Supplemental Report") supplements the Monitor's fifth report to Court dated April 5, 2017 ("Fifth Report").
2. Unless otherwise stated, capitalized terms used in this report have the meanings provided to them in the Fifth Report.

### **1.1 Purposes of this Report**

1. The purpose of this report is to file with the Court the Third Amending and Extension Agreement to Interim Financing Term Sheet dated April 10, 2017 (the "Third Extension Agreement").
2. The primary purpose of the Third Extension Agreement is to extend the term of the DIP facility for the duration of the stay extension granted on April 11, 2017, which is being sought to cover the five-year term of the Distribution Agreement.

### **1.2 Restrictions**

1. This Supplemental Report is subject to the restrictions in the Fifth Report.

## 2. Third Extension Agreement

1. At the time of filing the Fifth Report, the Third Extension Agreement had not yet been finalized. The document was finalized and executed on April 11, 2017. A copy of the Third Extension Agreement is attached as Appendix "B".
2. The basis for the Monitor's support of the DIP facility extension is set out in the Fifth Report and, accordingly, has not been repeated herein.

## 3. Conclusion

1. Based on the foregoing, the Monitor respectfully recommends that this Honourable Court make an order granting the relief sought by the Applicants at the Sale Approval Motion returnable April 11, 2017.

\* \* \*

All of which is respectfully submitted,



**KSV KOFMAN INC.,  
SOLELY IN ITS CAPACITY AS CCAA MONITOR OF THE APPLICANTS  
AND NOT IN ITS PERSONAL OR ANY OTHER CAPACITY**

## **Appendix “A”**

## Filing Entities

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1. 1462598 Ontario Inc.
2. Operator Post Inc.
3. Tricon Education Inc.
4. Tricon Films Inc.
5. Tricon Interactive Inc.
6. Tricon Television Inc.
7. Tricon Television10 Inc.
8. Tricon Television44 Inc.
9. Tricon Television49 Inc.
10. Tricon Television54 Inc.
11. Tricon Television55 Inc.
12. Tricon Television58 Inc.
13. Tricon Television59 Inc.
14. Tricon Television62 Inc.
15. Tricon Television63 Inc.
16. Tricon Television64 Inc.
17. Tricon Television65 Inc.
18. Tricon Television66 Inc.
19. Tricon Television67 Inc.
20. Tricon Television68 Inc.
21. Tricon Television69 Inc.
22. Tricon Television70 Inc.
23. Tricon Television71 Inc.
24. Tricon Television72 Inc.
25. Tricon Television73 Inc.
26. Tricon Television74 Inc.
27. Tricon Television75 Inc.
28. Tricon Television76 Inc.
29. Tricon Television77 Inc.
30. Tricon Television78 Inc.
31. Tricon Television79 Inc.
32. Tricon Television80 Inc.
33. Tricon Television81 Inc.
34. Tricon Television82 Inc.
35. Tricon Television83 Inc.
36. Tricon Television84 Inc.
37. Tricon Television85 Inc.
38. Tricon Television86 Inc.
39. Tricon Television87 Inc.
40. Tricon Media Holdings, Inc.
41. Tricon Media Productions, Inc.
42. Tricon Media, Inc.
43. Tricon US Productions1 Inc.
44. Tricon US Productions14 Inc.
45. Tricon US Productions15 Inc.
46. Tricon Films (UK) Limited

## **Appendix “B”**

**THIRD AMENDING AND EXTENSION AGREEMENT TO INTERIM FINANCING TERM SHEET made as of the 10<sup>th</sup> day of April, 2017 (the "Amending Agreement")**

**A M O N G:**

**1462598 ONTARIO INC. D/B/A TRICON FILMS AND TELEVISION**  
(hereinafter called the "Borrower"),

**OF THE FIRST PART**

- and -

**SUNTRUST BANK**  
(hereinafter called the "Lender")

**OF THE SECOND PART**

**WHEREAS** the Borrower, the Lender and the Guarantors entered into an interim financing term sheet made as of December 12, 2016, as amended by a first amending and extension agreement dated as of January 30, 2017, as further amended by a second amending and extension agreement dated as of February 28, 2017, an extension agreement dated as of March 29, 2017 and a second extension agreement dated as of April 4, 2017 (as may be further amended, restated, modified or supplemented from time to time, collectively the "DIP Agreement"), pursuant to which funding was provided to the Borrower in the context of its proceedings under the CCAA;

**AND WHEREAS** the Borrower and the Lender wish to amend certain terms and conditions of the DIP Agreement;

**NOW THEREFORE THIS AMENDING AGREEMENT WITNESSES THAT** in consideration of the covenants and agreements contained herein and for other good and valuable consideration, the parties hereto agree as follows:

**Section 1     General**

In this Amending Agreement (including the recitals) unless otherwise defined or the context otherwise requires, all capitalized terms shall have the respective meanings specified in the DIP Agreement.

**Section 2     To be Read with DIP Agreement**

This Amending Agreement is an amendment to the DIP Agreement. Unless the context of this Amending Agreement otherwise requires, the DIP Agreement and this Amending Agreement shall be read together and shall have effect as if the provisions of the DIP Agreement and this Amending Agreement were contained in one agreement. The term "Agreement" or "Term Sheet" when used in the DIP Agreement means the DIP Agreement as amended, supplemented or modified from time to time.

### Section 3 Amendments

(1) The section of the DIP Agreement entitled "Term" is hereby amended by deleting the words "April 11, 2017" in clause (ii) and replacing those words with "the last day of the stay period as set out in the order granted by the Court on April 11, 2017 (for greater certainty, without any extension of such date)".

(2) The section of the DIP Agreement entitled "Use of Proceeds" is hereby amended by deleting the words "Approved Budget" and replacing those words with "Agreed Quarterly Budget". Such section is hereby further amended by deleting the words "Agreed Weekly Budget" and replacing those words with "Agreed Quarterly Budget".

(3) The section of the DIP Agreement entitled "Weekly Budgets" is hereby deleted in its entirety and replacing with the following:

**"Quarterly Budgets:**

Within fifteen (15) days of the end of each fiscal quarter of the Borrower beginning with the fiscal quarter ending June 30, 2017, the Borrower will, with the assistance of the Monitor, prepare and provide to the Lender (for its approval in accordance with this provision) a quarterly budget of the following 12 month period (each a "Quarterly Budget") describing the Borrower's updated cash flow requirements which must be prepared by the Borrower in good faith and approved by KSV Kofman Inc. in its capacity as Court appointed monitor (the "Monitor") in the CCAA Proceedings. A Quarterly Budget may be submitted to the Lender for approval and, once such approval (which shall be at the sole discretion of the Lender) has been given to the Borrower in writing, it shall become the "Agreed Quarterly Budget" for the purpose of this Term Sheet. The initial Agreed Quarterly Budget attached as Exhibit B to the Third Extension (as defined below), shall be referred to herein as the "Initial Agreed Quarterly Budget".

(4) The section of the DIP Agreement entitled "Advances" is hereby amended by deleting the following sentence from the second paragraph contained therein: "Each Draw Request shall be accompanied by the Weekly Reporting (as defined below) for such week.", and replacing it with the following sentence:

"Notwithstanding any provision contained in this Term Sheet to the contrary, the Lender shall have no obligation to make any further DIP Advances to the Borrower under the Facility, and any such further DIP Advances shall be made solely at the discretion of the Lender."

(5) The section of the DIP Agreement entitled "Mandatory Prepayment" is hereby amended by deleting clause (iii) contained therein in its entirety and replacing it with the following:

“(iii)(A) upon receipt of net proceeds of the sale, transfer, lease, license or other disposition of any of the Loan Parties’ property, assets or undertakings outside the ordinary course of business (including any liquidation of inventory or other working capital), including, for greater certainty, the net proceeds received by the Borrower under the Distribution Agreement (as defined below) or under the Purchase Agreement (as defined below), which net proceeds shall include the Purchase Price (as defined in the Purchase Agreement) and the distribution advance to be made on or about April 11, 2017 under the Distribution Agreement; and (B) upon receipt by any of the Loan Parties of any payments on account of any accounts receivable of any of the Loan Parties; provided that the Lender shall have the option to apply any of the proceeds received by it (excluding in relation to the assets of Tricon Television 80 Inc. and Tricon Television 81 Inc.) to the obligations owing by the Borrower under the Pre-Filing Credit Facility (as defined below);”

(6) The section of the DIP Agreement entitled “Mandatory Prepayment” is hereby further amended by adding the following to the end of such section:

“Notwithstanding any provision contained in this Section or otherwise in this Term Sheet to the contrary: (i) any repayment of Loan Amount from the Purchase Price (as defined in the Purchase Agreement) shall be subject to the Borrower retaining a reserve in the amount specified in the Estimated Holdback Calculation (as defined in the Purchase Agreement) attached as Exhibit A to the third amending and extension agreement to interim financing term sheet dated as of April 10, 2017 between the Borrower and the Lender (the “**Third DIP Extension**”); (ii) any repayment of the Loan Amount from any tax credits received shall be subject to provision being made for payment in full of the professional fees subject to the Administration Charge in an amount to be agreed by the Borrower, the Monitor and the Lender; and (iii) any repayment of the Loan Amount from all other amounts received by the Loan Parties, including payments on account of any accounts receivable collections, shall be subject to the Borrower retaining a reasonable reserve in an amount to be agreed by the Borrower, the Monitor and the Lender, in accordance with the Initial Agreed Quarterly Budget and the Agreed Quarterly Budgets (each as defined in the Third Extension).”

(7) The section of the DIP Agreement entitled “Representations and Warranties” is hereby amended by deleting the words “The Agreed Weekly Budgets” from clause (f) and replacing those words with “The Agreed Quarterly Budgets”.

(8) The section of the DIP Agreement entitled "Affirmative Covenants" is hereby amended by deleting the words "the Agreed Weekly Budgets" from clauses (g) and (h) and replacing those words with "the Agreed Quarterly Budgets".

(9) The section of the DIP Agreement entitled "Affirmative Covenants" is hereby further amended by deleting the words "the Weekly Reporting" from clause (s) and replacing those words with "the Monthly Reporting".

(10) The section of the DIP Agreement entitled "Negative Covenants" is hereby amended by deleting the words "the Agreed Weekly Budget" in clauses (d), (l), (m), (n) and (y) and replacing those words with "the Agreed Quarterly Budgets".

(11) The section of the DIP Agreement entitled "Negative Covenants" is hereby further amended by adding the following clauses immediately following clause (y) contained therein:

"(z) Make any payment to any person other than as reflected in the Agreed Quarterly Budget.

(aa) (i) Enter into any amendment to (A) the distribution agreement dated as of April 4, 2017 (the "**Distribution Agreement**") between the Borrower, the affiliates of the Borrower identified therein, Sonar Canada Inc. and the Lender or (B) the purchase agreement dated as of April 4, 2017 between the Borrower, the vendors identified therein, Tricon Television82 Inc. and Sonar Canada Inc. (the "**Purchase Agreement**"); (ii) waive any provision of the Distribution Agreement or the Purchase Agreement; or (iii) fail to obtain the consent of the Lender or provide notice to the Lender when and as required under the terms of the Distribution Agreement and the Purchase Agreement."

(12) The section of the DIP Agreement entitled "Additional Financial and Other Reporting" is hereby deleted in its entirety and replaced with the following:

**"Additional Financial and Other Reporting:** On or before 5:00 p.m. on the fifth (5th) business day of each month for the immediately prior month, the Borrower shall, with the assistance of the Monitor, prepare and deliver to the Lender the following reporting (the "**Monthly Reporting**"):

(a) A statement of receipts and disbursements for each month including a variance analysis from the Agreed Quarterly Budget for all variances (favourable or unfavourable) of greater than \$2000 for any one line item (on a monthly and cumulative basis);

(b) A statement of accounts payable and statutory priority claims;

(c) Such other information as the Lender may reasonably require.”

(13) The section of the DIP Agreement entitled “Events of Default” is hereby amended deleting clause (ii) of clause (a) in its entirety and replacing it with the following:

“(ii) granting any other claim super priority status or a Lien equal or superior to that granted to the Lender other than (A) Permitted Priority Liens and (B) the Security Interest (as defined in the Distribution Agreement) on the terms and conditions set out in the Distribution Agreement.”

(14) The section of the DIP Agreement entitled “Events of Default” is hereby further amended by deleting clause (f) in its entirety and replacing such clause with the following:

“(f) A Quarterly Budget contemplates or forecasts an adverse change or changes from the then existing Agreed Quarterly Budget and such change(s) constitute a Material Adverse Change, (an “**Updated Budget Default**”) or is not delivered to the Lender within two (2) business days of the requisite timeframe for delivery set out herein. Variance in the professional fees of McCarthy Tétrault LLP and Carl Marks will not be included for purposes of determining an Updated Budget Default. Without limiting the foregoing, an Updated Budget Default shall occur if a Quarterly Budget forecasts that the Borrower needs to borrow more than the amount available under the Facility to meet its forecasted obligations.”

(15) The section of the DIP Agreement entitled “Events of Default” is hereby further amended by deleting the words “the Agreed Weekly Budget” in clause (q) and replacing those words with “the Agreed Quarterly Budget”.

(16) The section of the DIP Agreement entitled “Events of Default” is hereby further amended by deleting clause (u) in its entirety and replacing such clause with the following:

“(u) The delivery of any rolling 12-month period detailed budget purporting to be the Quarterly Budget that is not acceptable to the Lender, acting reasonably, unless remedied in two (2) business days.”

(17) The section of the DIP Agreement entitled “Events of Default” is hereby further amended by deleting clauses (v) and (w) in their entirety and replacing such clauses with the following:

“(v) Failure to deliver the Monthly Reporting within one (1) business day of the date such Monthly Reporting is due under this Term Sheet.

(w) The existence of an adverse variance of actual cash flows from the Initial Agreed Quarterly Budget by an amount exceeding 10% measured on a cumulative basis from April 5, 2017.”

(18) The section of the DIP Agreement entitled “Events of Default” is hereby further amended by deleting clause (x) in its entirety and replacing such clause with the following:

“(x) (i) The occurrence of any default or event of default under the Distribution Agreement or the Purchase Agreement by any party thereto, or (ii) if the Distribution Agreement terminates prior to the end of its term or the conditions are met for an automatic termination pursuant to its terms.”

(19) Schedule “A” to the DIP Agreement is hereby amended by deleting “Form of Agreed Weekly Budgets” and replacing it with “Intentionally Deleted”.

#### **Section 4     Representations and Warranties**

In order to induce the Lender to enter into this Amending Agreement, the Borrower represents and warrants to the Lender as follows, which representations and warranties shall survive the execution and delivery hereof:

(1) the representations and warranties set forth in the DIP Agreement continue to be true and correct in all material respects as of the date hereof with reference to facts subsisting on such date except for those representations and warranties which speak to a specific date;

(2) all necessary action, corporate or otherwise, has been taken to authorize the execution, delivery and performance of this Amending Agreement by the Borrower. The Borrower has duly executed and delivered this Amending Agreement. This Amending Agreement is a legal, valid and binding obligation of the Borrower enforceable against it by the Lender in accordance with its terms;

(3) the Borrower is not aware of any changes or material delays in the collectability of tax refunds or tax credits which are expected to be received from the Canada Revenue Agency, or any other federal or provincial tax authority, by the Borrower (or any Loan Party);

(4) as of the date hereof, no Material Adverse Change has occurred; and

(5) the Borrower is in compliance with the covenants contained in the DIP Agreement after giving effect to this Amending Agreement.

#### **Section 5     Conditions Precedent**

This Amending Agreement shall not be effective until the Lender is satisfied that the following terms and conditions have been fulfilled:

(1) this Amending Agreement executed by the Borrower and the Lender;

(2) the Court shall have issued an order approving this Amending Agreement, the Distribution Agreement and the Purchase Agreement as well as approving the distribution of payments received pursuant to the Distribution Agreement and the Purchase Agreement to the Lender and granting the Lender the option to apply such amounts to the obligations owing by the Borrower under the Pre-Filing Credit Facility, in form and substance satisfactory to the Lender;

(3) the Lender shall have received final executed copies of the Distribution Agreement and the Purchase Agreement, in each case in form and substance satisfactory to the Lender;

(4) the transactions contemplated in the Purchase Agreement shall have been consummated and the Effective Date (as defined in the Distribution Agreement) shall have occurred; and

(5) delivery to the Lender of such other documents, agreements, instruments, certificate or other confirmations as the Lender may request.

**Section 6 Expenses**

The Borrower shall pay all reasonable fees and expenses incurred by the Lender in connection with the preparation, negotiation, completion, execution, delivery and review of this Amending Agreement.

**Section 7 Continuance of DIP Agreement and Security**

The DIP Agreement, as changed, altered, amended or modified by this Amending Agreement, shall be and continue in full force and effect and is hereby confirmed and the rights and obligations of all parties thereunder shall not be affected or prejudiced in any manner except as specifically provided for herein. It is agreed and confirmed that after giving effect to this Amending Agreement that the security as it relates to the Borrower and Guarantors (including the Lender's Charge) secures, *inter alia*, the payment of all of the obligations of the Borrower including, without limitation, the obligations arising under the DIP Agreement, as amended by the terms of this Amending Agreement.

**Section 8 Counterparts**

This Amending Agreement may be executed in any number of separate counterparts (whether by facsimile, pdf or otherwise), each of which shall be deemed an original and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

**Section 9 Governing Law**

This Amending Agreement shall be construed and interpreted in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and each of the parties hereto irrevocably attorns to the jurisdiction of the courts of the Province of Ontario.

[Signature page to follow]

**IN WITNESS WHEREOF** the parties hereto have executed this Amending Agreement as of the day and year first above written.

**1462598 ONTARIO INC.  
d/b/a TRICON FILMS AND TELEVISION,  
as Borrower**

Per:



**Name: Andrea Gorfolova  
Title: Authorized Officer**

**SUNTRUST BANK, as Lender**

Per: \_\_\_\_\_

Name:

Title:

JUAN DE JESUS CASTAÑEDA  
SENIOR VICE PRESIDENT

## **REAFFIRMATION OF OBLIGATIONS UNDER LOAN DOCUMENTS**

Each of the undersigned hereby reaffirms its continuing obligations owing to the Lender under the Loan Documents to which such person is a party and agrees that the foregoing Agreement shall not in any way affect the validity or enforceability of any such Loan Document, or reduce, impair or discharge the obligations of such person thereunder.

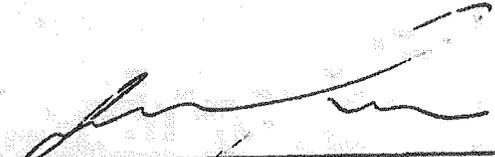
This reaffirmation shall be construed in accordance with and be governed by the laws (without giving effect to the conflict of law principles thereof) of the Province of Ontario and the laws of Canada applicable therein.

**IN WITNESS WHEREOF**, each of the undersigned has duly executed and delivered this Reaffirmation of Obligations under Loan Documents as of the date of the foregoing Agreement.

**1462598 ONTARIO INC. d/b/a TRICON  
FILMS AND TELEVISION  
OPERATOR POST INC.  
TRICON EDUCATION INC.  
TRICON FILMS INC.  
TRICON INTERACTIVE INC.  
TRICON TELEVISION INC.  
TRICON TELEVISION10 INC.  
TRICON TELEVISION44 INC.  
TRICON TELEVISION49 INC.  
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TRICON TELEVISION76 INC.  
TRICON TELEVISION77 INC.  
TRICON TELEVISION78 INC.  
TRICON TELEVISION79 INC.**

TRICON TELEVISION80 INC.  
TRICON TELEVISION81 INC.  
TRICON TELEVISION82 INC.  
TRICON TELEVISION83 INC.  
TRICON TELEVISION84 INC.  
TRICON TELEVISION85 INC.  
TRICON TELEVISION86 INC.  
TRICON TELEVISION87 INC.  
TRICON TELEVISION88 INC.  
TRICON TELEVISION89 INC.  
TRICON TELEVISION90 INC.  
TRICON FILMS (UK) LIMITED  
TRICON MEDIA HOLDINGS, INC.  
TRICON MEDIA PRODUCTIONS, INC.  
TRICON MEDIA, INC.  
TRICON US PRODUCTIONS1 INC.  
TRICON US PRODUCTIONS14 INC.  
TRICON US PRODUCTIONS15 INC.

By: \_\_\_\_\_

  
Name: Andrea Gorfolova  
Title: President

**Exhibit A**

**Estimated Holdback Calculation**

- See Attached -

Tricon Films & Television et al  
Estimated holdback calculation  
As at April 6, 2017  
(Unaudited; \$C)

Cash available in bank account on April 6, 2017	469,123
Accrued liabilities	
Professional fees	673,420
Payroll	30,900
Rent	10,000
Other operating expenses	43,863
Kay & Warburton tax accounting	21,000
HST remittances	18,684
Contingency	250,000
Subtotal	<u>1,047,867</u>
Shortfall/holdback required	<u>(578,744)</u>

**Exhibit B**

**Initial Agreed Quarterly Budget**

- See Attached -

Tricon Films & Television et al  
 Projected Statement of Cash Flow<sup>1</sup>  
 For the Period Ending March 31, 2018  
 (Unaudited, \$C)

Note	2017												2018			Total
	April	May	June	July	August	September	October	November	December	January	February	March				
<b>Receipts</b>																
2	578,744	-	-	-	-	-	-	-	-	-	-	-	-	578,744		
3	-	177,018	-	-	566,280	274,795	-	-	3,535,231	-	-	-	-	4,553,324		
4	554,297	22,727	62,221	14,890	3,837	57,721	2,919	-	62,837	2,469	-	-	57,721	841,638		
	1,133,042	199,745	62,221	14,890	570,117	332,516	2,919	-	3,598,068	2,469	-	-	57,721	5,973,707		
<b>Disbursements</b>																
5	30,900	-	-	-	-	-	-	-	-	-	-	-	-	30,900		
6	10,000	-	-	-	-	-	-	-	-	-	-	-	-	10,000		
7	43,863	-	-	-	-	-	-	-	-	-	-	-	-	43,863		
8	21,000	-	-	-	-	-	-	-	-	-	-	-	-	21,000		
9	18,684	-	-	-	-	-	-	-	-	-	-	-	-	18,684		
10	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	84,000		
11	8,400	8,400	900	900	900	900	900	900	900	900	900	900	900	25,800		
12	8,548	8,548	8,548	8,548	8,548	8,548	8,548	8,548	8,548	8,548	8,548	8,548	8,548	102,572		
	148,395	23,948	16,448	16,448	16,448	16,448	16,448	16,448	16,448	16,448	16,448	16,448	16,448	336,820		
	984,646	175,797	45,773	(1,538)	553,669	316,068	(13,529)	(16,448)	3,581,620	(13,979)	(16,448)	41,273		5,636,887		
<b>Net Cash Flow Before the Undernoted</b>																
13	-	177,018	-	-	566,280	274,795	-	-	3,535,231	-	-	-	-	4,553,324		
14	673,420	45,000	35,000	15,000	15,000	15,000	12,500	12,500	12,500	12,500	12,500	12,500	12,500	873,420		
	311,227	(46,221)	10,773	(16,558)	(27,611)	26,273	(26,029)	(28,948)	33,889	(26,479)	(28,948)	28,773		210,143		
	158,271	469,498	423,277	434,050	417,493	389,882	416,155	390,126	361,178	395,068	368,589	339,641		158,271		
	311,227	(46,221)	10,773	(16,558)	(27,611)	26,273	(26,029)	(28,948)	33,889	(26,479)	(28,948)	28,773		210,143		
	469,498	423,277	434,050	417,493	389,882	416,155	390,126	361,178	395,068	368,589	339,641	368,415		368,415		
	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000		1,500,000		
	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000		1,500,000		

Tricon Films & Television et al  
**Notes to Projected Statement of Cash Flow**  
For the Period Ending March 31, 2018  
(Unaudited; \$C)

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**Purpose and General Assumptions**

1. The purpose of the projection ("Projection") is to present a forecast for the period April 1, 2017 to March 31, 2018 in respect of the Company's proceedings under the *Companies' Creditors Arrangement Act*.

The Projection has been prepared based on the Company's hypothetical and most probable assumptions.

**Hypothetical Assumptions**

2. Represents a holdback from the purchase price under the pending transaction with Sonar Canada Inc.
3. Represents tax credits due from Canada Revenue Agency.
4. Represents estimated accounts receivable collections over the projection period. For the purposes of this projection, net proceeds to be generated from the Distribution Agreement have not been included given the payment by the Purchaser of a Distribution Advance on closing, which is assumed to be recouped by the Purchaser during the projection period.

The projection also excludes the net proceeds of the Purchase Agreement given that the purchase price will be subject to a sealing order. Those funds, subject to the holdback, will be distributed to SunTrust.

**Most Probable Assumptions**

5. Payroll includes payments to contractors, source deductions, benefits and WSIB, which will cease on the closing of the Sonar transaction.
6. Represents occupancy costs for the Company's head office in Toronto, which the Company intends to vacate in April, 2017 upon completion of the Sonar transaction.
7. Includes office expenses, utilities and equipment lease payments.
8. Represents estimated costs to prepare outstanding income tax returns required for the purpose of preserving the tax credits.
9. Represents estimated harmonized sales tax remittances outstanding.
10. Represents expenses related to dubbing, digitization, versioning and master creation, physical files creation, delivery and amounts payable to a former employee to be retained on a contract basis to administer the Company's library during the term of the Distribution Agreement.
11. Represents amounts payable to a former Tricon employee who will be retained on a contract basis to provide record keeping, reporting and library maintenance services related to the Company's library assets.
12. Includes costs for insurance, storage costs, supplies and amounts payable to former employees being retained on a contract basis to administer the Company's tax credits and general accounting functions.
13. Represents payments applied to SunTrust's pre-filing secured debt in accordance with the terms of the DIP facility.
14. Represents professional fees of the Monitor, its legal counsel, legal counsel to the Company and legal and financial advisors to SunTrust. The amounts reflected are estimated.