Court File No.: CV-13-10274-00CL

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 DATA & AUDIO-VISUAL ENTERPRISES HOLDINGS INC.
Applicant

TWENTY FIRST REPORT OF THE MONITOR

December 15, 2015

INTRODUCTION

1. On September 30, 2013, this Court granted Data & Audio-Visual Enterprises Holdings Inc. ("**Holdings**" or the "**Applicant**") and its wholly owned subsidiaries, Data & Audio-Visual Enterprises Wireless Inc. ("**Wireless**") and 8440522 Canada Inc. protection under the Companies' Creditors Arrangement Act (Canada) (the "**CCAA**") pursuant to the Initial Order of Mr. Justice Newbould dated September 30, 2013 (the "**Initial Order**"). 2451608 Ontario Inc. was added as an Applicant pursuant to an Order of this Court dated January 28, 2015.

2. Wireless, 2451608 Ontario Inc. and 8440522 Canada Inc. are collectively referred to as the "**Wireless Entities**".

3. Ernst & Young Inc. was appointed as monitor of Holdings and the Wireless Entities (the "**Monitor**") in these CCAA proceedings pursuant to the Initial Order and an Order granted by this Court dated January 28, 2015. The Initial Order provided for a stay of proceedings, which was most recently extended to February 29, 2016 pursuant to an order of this Court dated December 9, 2015.

4. On June 24, 2015, this Court granted an Order approving the sale transaction pursuant to which Rogers Communications Inc. or its designated affiliate agreed to purchase the shares of Wireless from Holdings (the "**Transaction**"). On June 29, 2015, this Court granted a Vesting Order in respect of the Transaction.

5. Pursuant to the Order of Mr. Justice Newbould dated July 15, 2015 (the "**July 15 Order**"), this Court granted an order which, among other matters, approved the distribution of a portion of the Wireless Distribution Amount in respect of the amounts outstanding under the DIP Loan Agreement, which was repaid on July 27, 2015, and discharged the Monitor with respect to the Wireless Entities. The style of cause of these proceedings has been modified in accordance with the terms of the July 15 Order.

6. On August 12, 2015 this Court granted an Order establishing a claims process (the "**Claims Procedure Order**") which provides for the identification and quantification of claims against Holdings.

7. Holdings also obtained an order on August 14, 2015 (the "**Distribution Order**") approving distributions of the funds, net of certain holdbacks, to its creditors.

8. On November 13, 2015 this Court granted an Order to fully and finally disallow, extinguish and bar any disputed and late claims.

PURPOSE

9. The purpose of this twenty-first report of the Monitor (this "**Twenty-First Report**") is to provide information to the Court regarding:

    i) the status of claims against the Applicant;

    ii) the Applicant's request for an order authorizing and establishing a procedure for the Applicant to call and conduct a meeting of its creditors (the "**Meeting**") to consider and vote on the plan of arrangement the ("**CCAA Plan**" or "**Plan**"), as may be amended pursuant to its terms;

iii) the Applicant's request for an order approving the form of materials to be distributed to creditors in respect of the Meetings; and

iv) the Applicant's request for an order setting the date for the hearing of the Applicant's motion seeking an order sanctioning the CCAA Plan (the "**Sanction Order**");

v) the CCAA Plan including:

a) a summary of the CCAA Plan;

b) the condition for the approval and sanction of the CCAA Plan; and

c) the Monitor's recommendation and the Monitor's view of the reasonableness and fairness of the CCAA Plan.

DISCLAIMER

11. In preparing this Twenty First Report and making the comments herein, the Monitor has been provided with, and has relied upon, unaudited financial information, books and records prepared by Holdings (collectively, the "**Information**"). The Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards ("**GAAS**") pursuant to the Canadian Institute of Chartered Professional Accountants Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information.

CONTEXT

12. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

13. Capitalized terms not defined in this Twenty-First Report are as defined in the Initial Order, previous reports to the Court, Court Orders and the CCAA Plan.

THE STATUS OF CLAIMS AGAINST THE APPLICANT

14. Pursuant to the Claims Process Order, this Court established a claim process which provided for the identification and quantification of claims against Holdings. Pursuant to the Order of Mr. Justice Newbould dated July 15, 2015 and the Distribution Order, Holdings has satisfied amounts owing to the secured creditors of the Applicant.

15. On November 13, 2015, Holdings obtained an Order from this Court to fully and finally disallow and extinguish all remaining Disputed Claims and Late Claims received by the Applicant under the Claims Procedure Order.

16. As a result of the distributions and Orders described above, the only remaining Affected Claims of the Applicant are the claims pursuant to the Unsecured Senior Notes (the substantial majority of which are believed to be represented by the Ad Hoc Committee of Noteholders) and the Unsecured Pari Passu Notes and Unsecured Subordinated Notes (each of which are held only by QCP CW S.A.R.L. and its affiliates ("**Quadrangle**").

CREDITORS' MEETING

17. The Applicant, in consultation with its counsel, has requested an order authorizing it to file the Plan and to present the Plan to the Affected Creditors at the Meeting.

18. In connection with the Meeting, the Applicant also requests that the Applicant or the Monitor, as the case may be, be authorized to:

    i) deliver the Meeting Materials to counsel for the Ad Hoc Committee and counsel for Quadrangle; and

    ii) post all of the Meeting Materials on the Monitor's Website.

    and that such action be deemed to constitute sufficient notice of the Meeting and the hearing of the Sanction Order.

Procedures for the Creditors' Meeting

19. A representative of the Monitor will act as the chair of the Meeting (the "**Chair**") and decide all matters relating to the rules, procedures and conduct of the Meeting in accordance with the terms of the CCAA Plan, the proposed Plan Filing and Creditors' Meeting Order and any further Order of this Court. The only persons entitled to attend the Meeting are the Affected Creditors, the counsel or the representatives of the Affected Creditors, the counsel of the Applicant, the indenture trustee under the Unsecured Senior Notes, the Monitor and the counsel of the Monitor, and any other person invited by the Applicant or the Chair.

Voting at Creditors' Meeting

20. The only creditors eligible to vote at the Meeting are the Affected Creditors. For voting purposes, all Affected Creditors are treated as a single class in accordance with the Plan. The Plan Filing and Creditors' Meeting Order contemplates that the Chair shall direct a vote by the Affected Creditors or their representatives in person, by telephone or by proxy, to approve the Plan and any amendments thereto as the Applicant may consider appropriate.

21. The Applicant anticipates that only the Ad Hoc Committee of Noteholders and Quadrangle will vote at the Meeting, which is anticipated to be held on an expedited basis. The Applicant anticipates calling the Meeting for December 17, 2015 at 9:00 am (Toronto time). The Applicant may, with the consent of the Monitor, select another date or decide not to call the Meeting.

THE CCAA PLAN

Overview of the CCAA Plan

22. The purpose of the Plan is to transfer Holdings' remaining assets and liabilities to a new corporation ("**Newco**"). The transaction provides for the assignment to and assumption by Newco of the assets and liabilities of the Applicant and to release and extinguish all Affected Claims and equity claims against the Applicant, other than the existing shares of Holdings. The Plan also provides for the transfer of the existing shares of Holdings held by Quadrangle to Obelysk Media Inc.

23. Quadrangle and DAVE Investments shall deliver an aggregate amount of $175,000 in exchange for the shares issued by Newco. Subsequent to the establishment of Newco, the Applicant and Newco shall enter into a conveyance agreement (the "**Conveyance Agreement**") transferring all of the Applicant's assets and liabilities to Newco, where they shall be assumed by Newco.

24. The Conveyance Agreement is required, in part ,to provide that any assets, properties or rights that are received by the Applicant after the effective date of the Plan and that relate to events or transactions occurring prior to that time (including any sale tax refunds received by the Applicant in respect of sale taxes paid) are to be held in trust for Newco separate and apart from the Applicant's other assets, and will be required to be paid over to the Monitor on behalf of Newco for distribution to the holders of the Unsecured Senior Notes and the Unsecured Pari Passu Notes in accordance with the Distribution Order.

25. The Applicant's remaining assets are cash totalling approximately $535,000, which is held in the escrow account of the Monitor on behalf of the Applicant, and certain potential prior period sales tax refunds. The Applicant plans to file its sales tax return in respect of prior periods in early 2016. The proceeds from the tax refunds, if any, along with the cash held in the escrow account shall be transferred to Newco for the benefit of all Affected Creditors in accordance with the Conveyance Agreement.

26. As Newco will assume all of the assets and liabilities of the Applicant, any future distributions to the Affected Creditors will follow the same "waterfall structure" (the "**Distribution**") as if they were the Affected Creditors of the Applicant:

i) Firstly, to pay any Government Priority Claims, if any;

ii) Secondly, to pay any remaining Allowed Claims of the Unsecured Senior Noteholders and Unsecured Pari Passu Noteholders in accordance with the ratio set out in the Distribution Order; and

iii) Thirdly, to pay any Allowed Claims pursuant to the Unsecured Subordinated Notes.

27. The CCAA Plan contemplates that, upon delivery of written notice from the Applicant, Quadrangle, DAVE Investments and counsel to the Ad Hoc Committee that the conditions precedent to the implementation of the CCAA Plan have either been satisfied or waived, the Monitor shall file with the Court a certificate that the conditions precedent to the CCAA Plan have either been satisfied or waived.

Conditions for the Approval and Sanction of the CCAA Plan

28. If the CCAA Plan is approved by the requisite majority of creditors at the Meeting, and to the extent required by the Court in the Plan Filing and Creditors' Meeting Order, the CCAA requires that the CCAA Plan be sanctioned by the Court. The Monitor has been advised that it is the intention of the Applicant to seek a Sanction Order as expeditiously as possible.

29. Among other things, the Plan is conditional upon (i) all documents necessary to effect all material provisions of the CCAA having been executed and delivered to all relevant parties; and (ii) all reasonable legal fees and expenses incurred by the Applicants, the Monitor and the Ad Hoc Committee in connection with the CCAA Plan, the Meeting and any materials or Orders associated therewith having been paid by DAVE Investments.

RECOMMENDATION

30. The Monitor believes that the proposed terms of the Plan Filing and Creditors' Meeting Order, including the notification and voting procedures, are reasonable.

31. The Monitor is of the view that the CCAA Plan is fair and reasonable.

32. The Monitor supports the relief sought by the Applicant and recommends that the Order to be made, if this Court sees fit:

    i) authorizing the Applicant to file the CCAA Plan;

    ii) authorizing and establishing the procedures for the Applicant to call and conduct the Meeting to consider and vote on the CCAA Plan;

    iii) approving the form of materials to be distributed to Affected Creditors in respect of the Meeting; and

    iv) setting the date for the hearing of the Applicant's motion seeking an order sanctioning the CCAA Plan.

ALL OF WHICH IS RESPECTFULLY SUBMITTED THIS 15th DAY OF DECEMBER, 2015.

ERNST & YOUNG INC.

in its capacity as the Court-appointed Monitor of
Data & Audio-Visual Enterprises Holdings Inc.,

Per:

Brian M. Denega
Senior Vice President

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AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF DATA & AUDIO-VISUAL ENTERPRISES WIRELESS INC., DATA & AUDIO-VISUAL ENTERPRISES HOLDINGS INC. AND 8440522 CANADA INC.

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

TWENTY-FIRST REPORT OF THE MONITOR
DECEMBER 15, 2015

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