



**Estate File No.: 31-459250
31-459253**

**IN THE MATTER OF THE BANKRUPTCY OF
RGN ONTARIO XLVII LIMITED PARTNERSHIP AND RGN ONTARIO XLVII GP INC.,
OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO**

**TRUSTEE'S REPORT TO CREDITORS ON
PRELIMINARY ADMINISTRATION**

1.0 Introduction

1. On August 31, 2020, KSV Restructuring Inc.¹ ("KSV") was appointed as monitor (the "Monitor") of Guardian Financial Corp., the entities listed on Schedule "A" hereto (collectively, the "Company") and the limited partnerships listed in Schedule "B" hereto (together with the Company, the "CCAA Debtors") in respect of their proceedings under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA Proceedings"). RGN Ontario XLVII Limited Partnership ("RGN XLVII LP") and RGN Ontario XLVII GP Inc. ("RGN XLVII GP" and together with RGN XLVII LP, the "Partnership") were included among the CCAA Debtors.
2. During the CCAA Proceedings, the majority of the CCAA Debtors negotiated lease amendments with their landlords or agreed to continue operating under the original terms of their leases without amendments. Accordingly, these CCAA Debtors continued to operate following the termination and discharge of the CCAA Proceedings on September 22, 2021.
3. Certain of the CCAA Debtors were either unable to negotiate favourable lease amendments or determined that continued operations from their locations would not be feasible. These CCAA Debtors disclaimed their leases, with the consent of the Monitor, and vacated their premises. The Partnership disclaimed its lease, as did RGN Ontario XXI Limited Partnership and RGN Ontario XXI GP Inc., affiliates of the Partnership (together, the "Disclaiming Debtors").
4. Pursuant to an Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated September 1, 2021, the Court, among other things,
 - terminated and discharged the CCAA Proceedings;
 - waived certain limited defaults arising under leases held by the CCAA Debtors as a result of the commencement of the CCAA Proceedings and related matters; and

¹ Effective August 31, 2020, KSV Kofman Inc. changed its name to KSV Restructuring Inc.

- authorized the Disclaiming Debtors to file assignments in bankruptcy following the termination of the CCAA Proceedings and provided for, among other things, the procedural consolidation of the Disclaiming Debtors' estates.
5. On September 28, 2021, the Partnership filed an assignment in bankruptcy pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA") and KSV was appointed as the Licensed Insolvency Trustee (the "Trustee") of the Partnership, subject to affirmation at the first meeting of creditors.

1.1 Restrictions

1. In preparing this Report, the Trustee has relied upon unaudited financial information prepared by representatives and advisors of the Partnership and related companies, the books and records of the Partnership and related companies and discussions with Canadian counsel to the Partnership and related companies.
2. The Trustee has not audited or otherwise attempted to verify the accuracy or completeness of the financial information relied upon to prepare this Report in a manner that complies with Canadian Auditing Standards ("CAS") pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly, the Trustee expresses no opinion or other form of assurance contemplated by the CAS. Any party wishing to place reliance on the financial information should perform its own diligence.

2.0 Background

1. RGN XLVII LP was formed on November 21, 2017 under the *Limited Partnerships Act*, R.S.O. 1990, c. L.16 (Ontario).
2. Pursuant to an agreement with a reference date of September 25, 2007 between the Partnership, 1602978 Ontario Inc. ("160 ON") and Markham Executive Offices Limited (the "Lease"), as amended, the Partnership leased premises located at Unit 401 – 415, 3601 Highway 7 East, Markham, Ontario (the "Premises").
3. On May 31, 2021, the Partnership provided notice to 160 ON that the Lease was being disclaimed effective June 30, 2021.
4. RGN XLVII GP was incorporated under the *Business Corporations Act*, R.S.O. 1990, c. B. 16 (Ontario) on July 6, 2020. It is the general partner of RGN XLVII LP, holding a minority interest in RGN XLVII LP. RGN XLVII GP has never had any business operations.
5. The Partnership, along with the other CCAA Debtors and related entities, are affiliates of Regus Corporation, a Delaware corporation. Regus Corporation, together with its affiliates (collectively, "IWG"), offers a network of on-demand office and co-working spaces, and ancillary services and support, to a variety of clients across several industries in over 1,000 locations in the United States and Canada.

6. IWG is a multinational corporation, which operates over 3,300 locations across more than 110 countries. IWG's business model begins when one of its special purpose subsidiaries or affiliates (each an "SPE") enters into a long-term commercial real property lease with a landlord that provides the SPE with unoccupied office space (the "Centres"). IWG develops and engineers each of the Centres to meet the needs of individuals, companies and organizations that contract to use portions of the Centres. IWG markets its Centres under different brand names, each tailored to different types of clients and their specialized requirements. These clients (the "Occupants") enter into short-term licenses (each an "Occupancy Agreement") to use portions of the Centres, which are customizable as to duration, configuration, services and amenities. When operating successfully, the license payments from Occupants will exceed the combined cost of the underlying long-term lease, management cost and operating expenses of the Centre.
7. Each SPE is formed for the purpose of holding a lease. In certain cases, the SPE's obligations under the lease are partially or fully guaranteed by another IWG entity, The Occupancy Agreements are between the Occupants and an entity in the group that is not an SPE.² In Canada, most of the Occupants have contracted with RGN Management Limited Partnership ("RGN Management"). RGN Management directly pays substantially all costs and expenses related to the operation of the Centres on behalf of each SPE, with the exception of rent and certain other costs. Payment of rent is advanced by RGN Management to the SPE, which then pays its landlord.
8. IWG, through Canadian SPE affiliates of related companies (collectively, the "Chapter 11 Debtors"), which filed voluntary petitions for relief pursuant to title 11 of the *United States Code* with the United States Bankruptcy Court for the District of Delaware commencing on August 17, 2020 (the "Chapter 11 Proceedings"), operates 137 Centres in Canada (the "Canadian Affiliates"). The CCAA Debtors are a subset of the Canadian Affiliates.
9. Further information concerning the CCAA Proceedings (which have been terminated and discharged) and the Chapter 11 Proceedings (from which the Chapter 11 Debtors have emerged following an approved plan), is available on KSV's website at <https://www.ksvadvisory.com/insolvency-cases/case/rgn-national-business-centers>.

3.0 Assets

1. The Partnership's unaudited balance sheet as at July 31, 2021 is provided as Appendix "A". As reflected therein, the Partnership reported assets of approximately \$603,000 at that time, which comprised largely of intangible assets with a book value of approximately \$459,000. The remaining assets were comprised of accounts receivable (\$9,228), prepaid expenses (\$32,680), furniture, fixtures and equipment ("FF&E") (\$57,362) and amounts due from its affiliates (\$45,167).
2. The Partnership advised that due to, among other things, the Lease disclaimer and discontinuation of the Partnership's business, the realizable value of its assets is nil.
3. The Partnership also advised that RGN Management removed certain of the FF&E from the Premises and is in possession of the FF&E pursuant to its security (discussed below).

² From an accounting perspective, the economic interest is recorded in SPE's financial statements.

4.0 Creditors

4.1 Secured Creditors

1. The Partnership's sole secured creditor is RGN Management. Pursuant to an agreement entered into between the Partnership and RGN Management, the Partnership granted RGN Management a security interest in all of its present and after acquired property. RGN Management registered as a secured creditor of the Partnership on April 7, 2020 under the *Personal Property Security Act*, R.S.O. 1990, c. P. 10 (Ontario).
2. Based on the Partnership's books and records, RGN Management is owed \$399,098 by the Partnership.
3. As there presently are virtually no assets, the preliminary assessment of the value of RGN Management's security is nil and the Trustee did not obtain a security opinion. The Trustee will discuss with the inspectors, if any, to be appointed, whether a security opinion should be obtained as it relates to RGN Management's possession of the FF&E.

4.2 Unsecured Creditors

1. According to the Partnership's books and records, the Partnership's only known creditor other than RGN Management is 160 ON, its landlord. As at the date of this report, the landlord's claim amount, if any, is unknown.

4.3 Property of the Bankrupt Not Divisible Amongst Creditors

1. The Trustee is not aware of any property that would not be divisible among the Partnership's creditors by virtue of subsection 67(1) of the BIA or otherwise.

5.0 Books and Records

1. The Trustee has taken possession of the books and records required to complete its duties and obligations under the BIA, including the Partnership's minute books.

6.0 Preferences and Transfers at Undervalue

1. As part of its statutory duties, the Trustee is required to conduct a preliminary review for potential preferences and transfers at undervalue by examining the Partnership's bank statements and accounting records for the year preceding the date of bankruptcy ("Preference Review").
2. The Trustee performed a Preference Review of the Partnership's bank statements. The bank statements reflect, in each month, funding from RGN Management to the Partnership and the equivalent amount being paid in rent to 160 ON. There were no other transactions reflected in the Partnership's bank statements. Accordingly, the review did not identify any transaction that could be considered a preference or transfer at undervalue.

7.0 Third Party Guarantee

1. In consideration for KSV agreeing to act as Trustee in the Partnership's bankruptcy proceedings, in the event there is insufficient funds of the Partnership available to pay administration costs incurred by the Trustee and its counsel, RGN Management has guaranteed the Trustee's fees, expenses and costs of administration of the bankrupt estate, including the fees and costs of Bennett Jones LLP, legal counsel to the Trustee, up to a maximum amount of \$50,000. To the extent RGN Management is required to pay the Trustee's fees, expenses and costs of administration of the bankrupt estate, it will be entitled to be reimbursed from any recoveries made by the Trustee on behalf of the estate.

8.0 Anticipated Realization and Projected Distribution

1. The Trustee does not expect that there will be any property of the Partnership available for realization and distribution to the Partnership's creditors.

9.0 Other Matters

1. There are no other matters to discuss at this time.

* * *

DATED at Toronto, Ontario, this 13th day of October, 2021.

KSV Restructuring Inc.

**KSV RESTRUCTURING INC.
IN ITS CAPACITY AS LICENSED INSOLVENCY TRUSTEE OF
RGN ONTARIO XLVII LIMITED PARTNERSHIP AND RGN ONTARIO XLVII GP INC.,
AND NOT IN ITS PERSONAL CAPACITY**

SCHEDULE "A"
ADDITIONAL APPLICANTS

RGN Alberta IV GP Inc.
RGN Alberta X GP Inc.
RGN Alberta XIII GP Inc.
RGN Alberta XIV GP Inc.
RGN Alberta XVII GP Inc.
RGN British Columbia XX GP Inc.
RGN British Columbia XVI GP Inc.
RGN British Columbia XXV GP Inc.
RGN Manitoba II GP Inc.
RGN Ontario II GP Inc.
RGN Ontario L GP Inc.
RGN Ontario LV GP Inc.
RGN Ontario LVI GP Inc.
RGN Ontario LVIII GP Inc.
RGN Ontario LXII GP Inc.
RGN Ontario XI GP Inc.
RGN Ontario XLI GP Inc.
RGN Ontario XLII GP Inc.
RGN Ontario XLV GP Inc.
RGN Ontario XLVI GP Inc.
RGN Ontario XLVII GP Inc.
RGN Ontario XLVIII GP Inc.
RGN Ontario XXI GP Inc.
RGN Ontario XXIV GP Inc.
RGN Ontario XXIX GP Inc.
RGN Ontario XXV GP Inc.
RGN Ontario XXVIII GP Inc.
RGN Ontario XXXI GP Inc.
RGN Ontario XXXII GP Inc.
RGN Ontario XXXIII GP Inc.
RGN Quebec V GP Inc.
RGN Quebec VI GP Inc.
RGN Quebec XIV GP Inc.
RGN Quebec XVI GP Inc.
RGN Services Limited

SCHEDULE "B"
OTHER CCAA DEBTORS

RGN Alberta IV Limited Partnership
RGN Alberta X Limited Partnership
RGN Alberta XIII Limited Partnership
RGN Alberta XIV Limited Partnership
RGN Alberta XVII Limited Partnership
RGN British Columbia XX Limited Partnership
RGN British Columbia XVI Limited Partnership
RGN British Columbia XXV Limited Partnership
RGN British Columbia XXIV Limited Partnership
RGN Manitoba II Limited Partnership
RGN Ontario II Limited Partnership
RGN Ontario L Limited Partnership
RGN Ontario LV Limited Partnership
RGN Ontario LVI Limited Partnership
RGN Ontario LVIII Limited Partnership
RGN Ontario LXII Limited Partnership
RGN Ontario XI Limited Partnership
RGN Ontario XLI Limited Partnership
RGN Ontario XLII Limited Partnership
RGN Ontario XLV Limited Partnership
RGN Ontario XLVI Limited Partnership
RGN Ontario XLVII Limited Partnership
RGN Ontario XLVIII Limited Partnership
RGN Ontario XXI Limited Partnership
RGN Ontario XXIV Limited Partnership
RGN Ontario XXIX Limited Partnership
RGN Ontario XXV Limited Partnership
RGN Ontario XXVIII Limited Partnership
RGN Ontario XXXI Limited Partnership
RGN Ontario XXXII Limited Partnership
RGN Ontario XXXIII Limited Partnership
RGN Quebec V Limited Partnership
RGN Quebec VI Limited Partnership
RGN Quebec XIV Limited Partnership
RGN Quebec XVI Limited Partnership

RGN Ontario XLVII LP

Balance Sheet

July 31, 2021

Current Assets:	
Cash and cash equivalents	-
Restricted Cash	-
Investments	-
Accounts receivable net of allowance for doubtful accounts	9,228
Prepaid expenses and other current assets	32,680
	<hr/>
Total current assets	41,907
Property and equipment, net	57,362
Security deposits	-
Due from affiliates	45,167
Intangible assets, net	459,056
Deferred Tax Asset	-
	<hr/>
Total Assets	603,492
	<hr/> <hr/>
Current liabilities:	
Accounts Payable	-
Income Tax Payable	-
Accrued Expenses	37
Client service retainers	-
	<hr/>
Total Current Liabilities	37
Other liabilities	-
Due to affiliates	399,098
	<hr/>
Total liabilities	399,135
Stockholders Equity:	
Common stock	-
Additional paid-in capital	326,000
Retained earnings	(121,642)
	<hr/>
Total stockholder's equity	204,358
Total liabilities and stockholder's equity	603,493
	<hr/> <hr/>

UNAUDITED