

**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 GUARDIAN FINANCIAL CORP. AND OTHER ENTITIES LISTED ON
SCHEDULE "A"**

(Applicants)

**MOTION RECORD
(Re: Stay Extension and Other Relief)
(Returnable March 11, 2021)**

March 5, 2021

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INDEX

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MOTION RECORD

INDEX

TAB	DOCUMENT
1.	Notice of Motion (Returnable March 11, 2021)
2.	Affidavit of James S. Feltman sworn March 5, 2021
A.	<i>Exhibit A</i> – Amended and Restated Initial Order dated September 10, 2021
B.	<i>Exhibit B</i> – Stay Extension Order dated November 19, 2020
C.	<i>Exhibit C</i> – Affidavit of James S. Feltman sworn August 22, 2020 in connection with the Recognition Proceeding (without exhibits)
D.	<i>Exhibit D</i> – Affidavit of James S. Feltman sworn August 30, 2020 in connection with the CCAA Proceedings (without exhibits)
E.	<i>Exhibit E</i> – Affidavit of James S. Feltman sworn November 13, 2020 in connection with the CCAA Proceedings (without exhibits)
F.	<i>Exhibit F</i> – Statement of the Chapter 11 Debtors dated December 18, 2021
G.	<i>Exhibit G</i> – Declaration of Stephen Spitzer in connection with the Second DIP Amendment
H.	<i>Exhibit H</i> – Disclaimer of RGN Ontario XXI Limited Partnership's Lease
I.	<i>Confidential Exhibit I</i> – LAA between RGN Alberta LP and Aspen
J.	<i>Confidential Exhibit J</i> – LAA between RGN Ontario L LP and 5200 Yonge
3.	Draft Order

TAB 1

**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
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SCHEDULE "A"**

(Applicants)

**NOTICE OF MOTION
(Returnable March 11, 2021)**

The Applicants will make a motion to a judge of the Ontario Superior Court of Justice (Commercial List) on Thursday, March 11, 2021 at 9:30 a.m. EST via video conference due to the COVID-19 pandemic. The videoconference details can be found in Schedule "C" to this Notice of Motion. Please advise Lee Nicholson if you intend to join the hearing of this motion by emailing leenicholson@stikeman.com.

PROPOSED METHOD OF HEARING: The motion is to be heard via video conference due to the ongoing COVID-19 pandemic. The video conference details can be found in Schedule "C" to this Notice of Motion.

THE MOTION IS FOR:

1. An Order, substantially in the form attached at Tab 3 of the Motion Record, *inter alia*:
 - (a) extending the Stay Period (as defined below) to June 30, 2021;
 - (b) terminating and discharging the CCAA Proceedings with respect to RGN Alberta Limited Partnership and its general partner, RGN Alberta GP Inc.;
 - (c) approving the payment of a surrender fee in connection with a lease amending agreement; and
 - (d) sealing certain exhibits of the Affidavit of James S. Feltman sworn March 5, 2021 (the "**Sixth Feltman Affidavit**");

2. Such further and other relief as this Court deems just.

THE GROUNDS FOR THE MOTION ARE:

Background

1. The Applicants are part of a group of affiliates operating in the United States and Canada as IWG or Regus (collectively, "**IWG**"). IWG offers a network of on-demand office and co-working spaces, and ancillary services and support, to a variety of clients across a host of industries in over 1,000 locations in the United States and Canada;
2. Since July 30, 2020, various entities affiliated with IWG have been filing voluntary petitions for relief pursuant to the Bankruptcy Code with the United States Bankruptcy Court for the District of Delaware (such cases, the "**Chapter 11 Cases**");
3. On August 31, 2020, this Court granted the Initial Order under the CCAA in respect of the Applicants and certain affiliated limited partnerships listed on Schedule "B" (together, the "**CCAA Debtors**");
4. On September 10, 2020, this Court granted an order that amended and restated the Initial Order and provided a stay of proceedings (the "**Stay Period**") until November 27, 2020;
5. On November 19, 2020, this Court granted an order that extended the Stay Period until March 16, 2021;
6. The CCAA Debtors, with the assistance of the Monitor, have been working diligently and in good faith to stabilize their business and ensure that these CCAA proceedings continue in a coordinated manner with other related proceedings in Canada and the U.S.;

Extension of the Stay Period

7. The CCAA Debtors seek an extension of the Stay Period to and including June 30, 2021;
8. An extension of the Stay Period will allow the CCAA Debtors to continue to operate in the ordinary course of business and to advance their restructuring efforts;
9. In January 2021, the Chapter 11 Debtors agreed to amend the debtor-in-possession financing facility (the "**DIP Facility**") with their DIP lender, which increased the availability under

the DIP Facility by US\$43 million. This amendment to the DIP Facility extended the outside date for implementation of a plan in the Chapter 11 Cases;

10. The contemplated extension of the Stay Period aligns with the amended outside date for implementation of a plan in the Chapter 11 Cases;

11. The CCAA Debtors have sufficient liquidity to operate their businesses and meet their obligations during the proposed Stay Period;

12. The CCAA Debtors have acted and continue to act in good faith and with due diligence during the course of these CCAA Proceedings;

Other Relief Sought

13. The CCAA Debtors seek other relief in connection with Lease amendments (“**LAAs**” and each, a “**LAA**”) entered into with certain Landlords;

(i) LAA of RGN Alberta Limited Partnership

14. The CCAA Debtors are requesting that the CCAA Proceedings in respect of RGN Alberta Limited Partnership be terminated;

15. RGN Alberta Limited Partnership and its Landlord, Aspen Properties (SLP) Ltd. (“**Aspen**”) have entered into a LAA, the terms of which are confidential;

16. A term of the LAA requires RGN Alberta Limited Partnership to seek an order from this Court discharging the CCAA Proceedings with respect to RGN Alberta Limited Partnership in order to permit certain payments to be made;

17. Aspen has agreed to provide a broad waiver of claims such that RGN Alberta Limited Partnership’s Lease cannot be terminated as a result of the Chapter 11 Cases and the CCAA Proceedings upon the termination of the CCAA Proceedings;

18. The LAA and the termination of the CCAA Proceedings will significantly benefit the CCAA Debtors and RGN Alberta Limited Partnership and allow it to operate sustainably in the future;

(ii) LAA of RGN Ontario L Limited Partnership

19. The CCAA Debtors are requesting approval of a payment of a surrender fee in connection with the LAA entered into between RGN Ontario L Limited Partnership and its Landlord, 5200 Yonge Limited Partnership;
20. The LAA provides for the partial surrender of certain space located at RGN Ontario L Limited Partnership's Centre and the payment of a corresponding surrender fee;
21. The partial surrender will allow RGN Ontario L Limited Partnership to "right size" its Centre to permit it to operate in a sustainable manner;
22. A term of the LAA requires RGN Ontario L Limited Partnership to seek an order from the Court approving payment of the surrender fee due to concerns that payment of the fee may violate the Initial Order;
23. The LAA and partial surrender will better position the Centre for long term viability for the benefit of the CCAA Debtors and RGN Ontario L Limited Partnership;

(iii) Sealing Order in respect of the LAAs

24. The CCAA Debtors are requesting that the LAAs attached to the Sixth Feltman Affidavit be sealed from the public Court record in these CCAA Proceedings;
25. The LAAs contain confidentiality clauses that forbid disclosing the contents of the LAAs to the public;
26. Disclosing the contents of the LAAs could have significant negative effects on the CCAA Debtors' ability to negotiate LAAs with other Landlords by setting expectations related to future LAAs with other Landlords;

General

27. The provisions of the CCAA, including sections 11 and 11.02, and the inherent and equitable jurisdiction of this Honourable Court;
28. The provisions of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, including Rules 2.03, 3.02, and 37 thereof;

29. Section 137(2) of the *Courts of Justice Act*, R.S.O. 1990, c. C.43; and
30. Such further and other grounds as counsel may advise and this Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

- (a) The Sixth Feltman Affidavit;
- (b) The Second Report of the Monitor, to be filed; and
- (c) Such further and other evidence as counsel may advise and this Court may permit.

March 5, 2021

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Lawyers for the Applicants

SCHEDULE "A"

Additional Applicants

RGN Alberta IV GP Inc.
RGN Alberta 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 British Columbia XXIV 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"

CCAA Debtors

RGN Alberta IV Limited Partnership
RGN Alberta 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

SCHEDULE "C"

Zoom Particulars

Join Zoom Meeting

<https://zoom.us/j/98066379128>

Meeting ID: 980 6637 9128

One tap mobile

+13462487799,,98066379128# US (Houston)

+14086380968,,98066379128# US (San Jose)

Dial by your location

+1 346 248 7799 US (Houston)

+1 408 638 0968 US (San Jose)

+1 646 876 9923 US (New York)

+1 669 900 6833 US (San Jose)

+1 253 215 8782 US (Tacoma)

+1 301 715 8592 US (Washington DC)

+1 312 626 6799 US (Chicago)

Meeting ID: 980 6637 9128

Find your local number: <https://zoom.us/u/ac8AAjx2fl>

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 GUARDIAN FINANCIAL CORP. AND OTHER ENTITIES LISTED ON SCHEDULE "A"

Court File No.: CV-20-00646507-00CL

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

Proceeding commenced at Toronto

**NOTICE OF MOTION
(Returnable March 11, 2021)**

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Lawyers for the Applicants

TAB 2

Court File No. CV-20-00646507-00CL

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

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
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SCHEDULE "A"**

(Applicants)

**AFFIDAVIT OF JAMES S. FELTMAN
(Sworn March 5, 2021)**

I, James S. Feltman, of the City of Miami, Florida, United States of America, **MAKE OATH AND SAY:**

1. I am a managing director of Duff & Phelps, LLC, an advisory firm providing governance, risk and transparency solutions for clients across diverse sectors, including publicly traded and privately held companies, law firms, government entities and investment organizations such as private equity firms and hedge funds. My practice at Duff & Phelps is focused on providing fiduciary, advisory consulting, and expert witness testimony in areas including insolvency, restructuring, accounting, and financial statement reporting. I have served as an appointed fiduciary with a branch of the United States Department of Justice spanning nearly 30 years, have been appointed as an advisor by both U.S. federal (district and bankruptcy) and state courts, have served as an arbitrator and mediator, and have been appointed as a Monitor by the U.S. Federal Trade Commission.

2. The Applicants are part of a group of affiliates operating in the United States and Canada as IWG or Regus (collectively, "**IWG**"). Duff & Phelps was retained by certain affiliates of IWG to provide interim management services. I have been authorized by the Applicants to assist with their proceedings under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (as

amended, the “**CCAA**”), and file this affidavit in support of the within motion. I am also the Responsible Officer for each of the affiliated companies (the “**Chapter 11 Debtors**”), which filed voluntary petitions for relief pursuant to Chapter 11 of the U.S. Code (the “**Bankruptcy Code**”). In this capacity, I am responsible for assisting in the management of their operations, overseeing their liquidity management, and assisting with their restructuring process. Through this engagement and working with the Applicants’ and Chapter 11 Debtors’ management and outside counsel and financial advisors, I have become familiar with the operations and financial affairs of the Applicants and Chapter 11 Debtors and their non-debtor affiliates. As a result, I have knowledge of the matters I depose in this affidavit, except where otherwise stated. Where I have relied upon information received from other individuals, I state the source of such information and believe such information to be true.

3. I swear this affidavit in support of the motion by the Applicants seeking an Order:

- (a) extending the Stay Period (as defined below) to June 30, 2021;
- (b) terminating and discharging the CCAA Proceedings (as defined below) with respect to RGN Alberta Limited Partnership and its general partner, RGN Alberta GP Inc.; and
- (c) approving the payment of a surrender fee in connection with a Lease amendment entered into by RGN Ontario L Limited Partnership.

A. Background

4. Beginning on July 30, 2020, various entities affiliated with IWG filed voluntary petitions for relief pursuant to the Bankruptcy Code with the United States Bankruptcy Court for the District of Delaware (the “**U.S. Court**”, and such cases, the “**Chapter 11 Cases**”). Currently, 106 entities affiliated with IWG have filed voluntary petitions under the Bankruptcy Code as part of the Chapter

11 Cases. Three of the Chapter 11 Cases were commenced on August 17, 2020 by RGN-National Business Centers, LLC (“**RGN-NBC**”), H Work, LLC (f/k/a HQ Global Workplaces LLC) and RGN-Group Holdings, LLC (collectively, the “**Guarantor Debtors**”).

5. The Guarantor Debtors guaranteed certain Leases held by the CCAA Debtors (as defined below), and the commencement of the Chapter 11 Cases by the Guarantor Debtors may have been a technical event of default under the CCAA Debtors’ Leases. If any of these Leases were involuntarily terminated on account of the Guarantor Debtors’ Chapter 11 Cases, then the applicable CCAA Debtor could lose access to its premises and, in turn, the ability to operate its business.

6. Accordingly, on August 24, 2020, RGN-NBC, in its capacity as foreign representative (in such capacity, the “**Foreign Representative**”) of itself and certain of the other Chapter 11 Debtors, commenced the recognition proceedings (the “**Recognition Proceedings**”) pursuant to Part IV of the CCAA. Following the Part IV application by the Foreign Representative, this Court granted the Initial Recognition Order (Foreign Main Proceeding) and the Supplemental Order (Foreign Main Proceeding), which, among other things:

- (a) recognized certain of the Chapter 11 Cases as foreign main proceedings pursuant to Part IV of the CCAA;
- (b) recognized certain first day orders granted by the U.S. Court; and
- (c) appointed KSV Restructuring Inc. (f/k/a/ KSV Kofman Inc.) (“**KSV**”) as Information Officer in respect of the Recognition Proceedings.

7. As part of the Chapter 11 Cases, the Chapter 11 Debtors sought an order from the U.S. Court approving certain lease termination notice procedures which would have required Landlords to provide 15 business days’ notice prior to terminating a Lease held by any affiliate of the Chapter

11 Debtors that was guaranteed by a Guarantor Debtor. The U.S. Court denied the requested relief.

8. The Foreign Representative sought a temporary stay order within the Recognition Proceedings to permit the Applicants to make an application for CCAA protection in an orderly manner. This Court denied the requested relief. As a result, RGN Ontario II Limited Partnership, an affiliate of the CCAA Debtors, sought immediate protection by means of a Notice of Intention to Make a Proposal (an “**NOI**”, and such proceedings, the “**RGN Ontario II NOI Proceedings**”) to its creditors pursuant to s. 50.4 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the “**BIA**”) on August 28, 2020. KSV was appointed as Proposal Trustee for RGN Ontario II Limited Partnership.

9. On August 31, 2020, the Applicants commenced these proceedings under the CCAA (the “**CCAA Proceedings**”) and this Court granted an Initial Order in respect of the Applicants and certain affiliated limited partnerships (together, the “**CCAA Debtors**”, and each a “**CCAA Debtor**”). The CCAA Debtors subject to the Initial Order and CCAA Proceedings, other than the Applicants, are listed on Schedule “B” hereto. KSV was appointed as monitor of the CCAA Debtors (the “**Monitor**”). On September 10, 2020, this Court granted an Order amending and restating the Initial Order (as amended and restated, the “**Initial Order**”). The Initial Order provided a stay of proceedings (the “**Stay Period**”) until November 27, 2020. A copy of the Initial Order is attached hereto as **Exhibit “A”**.

10. On September 16, 2020, RGN Ontario XXXIV Limited Partnership, an affiliate of the CCAA Debtors, filed an NOI pursuant to the BIA. KSV was appointed as Proposal Trustee of RGN Ontario XXXIV Limited Partnership.

11. On November 5, 2020, this Court granted an Order continuing the RGN Ontario II NOI Proceedings commenced by RGN Ontario II Limited Partnership under the CCAA Proceedings

and extending all the rights, benefits and protections under the Initial Order to RGN Ontario II Limited Partnership as a “CCAA Debtor”.

12. On November 13, 2020, RGN British Columbia XXIII Limited Partnership, an affiliate of the CCAA Debtors, filed an NOI pursuant to the BIA. KSV was appointed as Proposal Trustee of RGN British Columbia XXIII Limited Partnership.

13. On November 19, 2020, this Court granted an Order in the CCAA Proceedings that, among other things, extended the Stay Period until March 16, 2021 (the “**Stay Extension Order**”). A copy of the Stay Extension Order is attached hereto as **Exhibit “B”**.

14. On January 28, 2021, RGN British Columbia XXIII Limited Partnership was deemed to have made an assignment in bankruptcy.

15. I am informed by Lee Nicholson of Stikeman Elliott LLP, counsel to the CCAA Debtors, that on March 2, 2021, RGN Ontario XXXIV Limited Partnership filed a holding proposal in order to give it additional time to work out a compromise with its creditors, particularly its Landlord. This decision was supported by RGN Ontario XXXIV Limited Partnership’s primary creditor, its Landlord.

16. I previously swore an affidavit in support of the application commencing the Recognition Proceedings, a copy of which, without exhibits, is attached hereto as **Exhibit “C”**. I also swore affidavits: (a) in support of the application by the Applicants for protection under the CCAA (the “**Second Feltman Affidavit**”), a copy of which, without exhibits, is attached hereto as **Exhibit “D”**; and (b) in support of the motion by the Applicants seeking an extension of the Stay Period under the Initial Order (the “**Fifth Feltman Affidavit**”), a copy of which, without exhibits, is attached hereto as **Exhibit “E”**. Capitalized terms used herein but not otherwise defined shall have the meanings ascribed to them in the Second Feltman Affidavit.

17. Copies of the other Orders and filings in the Recognition Proceedings, the CCAA Proceedings and the various NOI and bankruptcy proceedings are available on KSV's website at <https://www.ksvadvisory.com/insolvency-cases/case/rqn-national-business-centers>.

B. Update on Chapter 11 Cases

18. The CCAA Debtors sought protection under the CCAA due to concerns that the Leases for the Centres operated by the CCAA Debtors may be in default due to the Guarantor Debtors having commenced the Chapter 11 Cases. To emerge from CCAA protection, the CCAA Debtors need to be positioned such that their Leases cannot be terminated based on a technical default by the Guarantor Debtors.

19. These defaults arising from the commencement of the Chapter 11 Cases by the Guarantor Debtors are expected to be resolved as part of the plan process in the Chapter 11 Cases and the Recognition Proceedings. Accordingly, as set out in the Second Feltman Affidavit and the Fifth Feltman Affidavit, the CCAA Proceedings and the restructuring of the CCAA Debtors is significantly intertwined with the restructuring of the Guarantor Debtors and the Chapter 11 Proceedings, and the CCAA Proceedings must be advanced in parallel.

20. For this reason, the original Stay Period was extended to March 16, 2021 to align with the key milestones in the Chapter 11 Cases. In particular, the Chapter 11 Debtors' US\$50 million debtor-in-possession financing facility (the "**DIP Facility**") provided, among other things, that the Chapter 11 Debtors were required to (a) file a plan of reorganization no later than November 25, 2020; (b) obtain an order confirming the plan of reorganization by no later than February 15, 2021; and (c) cause the effective date under the plan of reorganization to occur no later than March 16, 2021 (collectively, the "**Milestones**").

21. In December 2020, these Milestones for the DIP Facility were extended by the Chapter 11 Debtors and their DIP lender. The Milestone for when a plan of reorganization must become effective was extended to April 23, 2021. The extended Milestones enabled the Chapter 11 Debtors to continue negotiations with Landlords on various lease amendments and allowed investigations occurring in the Chapter 11 Cases to progress. A copy of a statement dated December 18, 2020 filed by the Chapter 11 Debtors in the Chapter 11 Cases is attached hereto as **Exhibit “F”**.

22. More recently, at the end of January 2021, the Chapter 11 Debtors agreed to another amendment to the DIP Facility (the **“Second DIP Amendment”**) with their DIP lender which further extended the Milestones and increased the availability under the DIP Facility by US\$43 million. On February 11, 2021, the U.S. Court approved the Second DIP Amendment. A copy of the Declaration of Stephen Spitzer filed by the Chapter 11 Debtors in the Chapter 11 Cases setting out the background and need for the Second DIP Amendment is attached hereto as **Exhibit “G”**. The revised Milestones contained in the Second DIP Amendment are as follows:

<u>Milestone</u>	<u>Original Date</u>	<u>New Date (Second DIP Amendment)</u>
Filing of a plan of reorganization	November 25, 2020	March 31, 2021
Obtain a confirmation order from the U.S. Court confirming the plan of reorganization	February 15, 2021	June 23, 2021
“Effective Date” of the plan of reorganization	March 16, 2021	June 30, 2021

23. In connection with the Second DIP Amendment, the Chapter 11 Debtors also obtained an option to extend each of the Milestones by an additional 30 days.

24. The Chapter 11 Debtors, including the Guarantor Debtors, currently still intend on filing a comprehensive plan of reorganization in accordance with the Milestones set out in the Second DIP Amendment.

C. Update on the CCAA Proceedings

25. Since the Court granted the latest Stay Extension Order, the CCAA Debtors, with the assistance and oversight of the Monitor, have worked in good faith and with due diligence to ensure the stability of their business and that the CCAA Proceedings continue in a coordinated manner with the Chapter 11 Cases, the Recognition Proceedings and the various ancillary proceedings under the BIA. Since the latest Stay Extension Order, the activities of the CCAA Debtors have included:

- (a) paying post-filing rent for each of the Leases held by the CCAA Debtors;
- (b) answering inquiries from the CCAA Debtors' Landlords;
- (c) reviewing the CCAA Debtors' cash flow statements and preparing a cash flow forecast for the purposes of the within motion;
- (d) negotiating amendments to several of the CCAA Debtors' Leases, as described below;
- (e) coordinating efforts with U.S. counsel to the Chapter 11 Debtors regarding certain activities related to the Chapter 11 Cases; and
- (f) preparing this affidavit and the related materials for the within motion.

26. As set out in earlier materials filed in the CCAA Proceedings, the primary purpose of the various restructuring proceedings is to permit negotiations with Landlords in a stabilized

environment. The CCAA Debtors had previously initiated a comprehensive review of their Leases to determine whether any Leases should be disclaimed as part of the CCAA Proceedings if acceptable amendments could not be achieved with the various Landlords. As part of this review, over the past 4 months since the latest Stay Extension Order, the CCAA Debtors have continued engaging in good faith, arm's-length negotiations with their Landlords to obtain favourable lease amendments to ensure each Centre is financially viable and sustainable on a long-term basis.

27. As result of these efforts, the CCAA Debtors and certain other Canadian Affiliates have reached 28 agreements in principle with their Landlords on acceptable Lease amendments (“**LAAs**” and each a “**LAA**”). Of these agreements, 15 have been finalized and the parties have executed finalized LAAs or such LAAs are awaiting execution. In addition to the above, the CCAA Debtors and the other Canadian Affiliates were unsuccessful in achieving LAAs with three Landlords which resulted in one CCAA Debtor (RGN Ontario XXI Limited Partnership) disclaiming its Lease on February 4, 2021, and two other Canadian Affiliates closing their respective Centres. RGN British Columbia XXIII Limited Partnership was also deemed to make an assignment into bankruptcy after not reaching an agreement with its Landlord. A copy of the disclaimer related to the Lease held by RGN Ontario XXI Limited Partnership is attached hereto as **Exhibit “H”**.

28. Below is a chart summarizing the current status of the CCAA Debtors' ongoing Lease review:

	<u>CCAA Debtors</u>	<u>NOI Debtors</u>	<u>Non-Debtor Canadian Affiliates</u>
Agreements in principle on LAA	7	N/A	6
Finalized LAA	9	N/A	6
Disclaimed Lease/Centre Closures	1	1	2
Ongoing active discussions with the Landlord	11	1	15

29. The CCAA Debtors remain focused on further negotiations with their Landlords and addressing Leases that are currently not in line with "market realities" in order to avoid further disclaimer of Leases and Centre closures. The CCAA Debtors' progress to date has been achieved in no small part due to the stability provided by the CCAA stay of proceedings. An extension of the Stay Period will permit the CCAA Debtors to continue to advance these restructuring efforts.

30. In addition to addressing the above, in late January as result of the closure of a Centre, one Landlord filed a Statement of Claim in Alberta naming the respective Canadian Tenant SPE and several of the Debtors' affiliates as defendants. The named defendants expect to file a Statement of Defence and vigorously oppose the allegations contained within the Statement of Claim.

D. Extension of the Stay Period

31. The current Stay Period expires on March 16, 2021. The CCAA Debtors are requesting an extension of the Stay Period until and including June 30, 2021. As set out above, the extension of the Stay Period would align with the new Milestones under the amended DIP Facility.

32. As detailed in the CCAA Debtors' cash flow statement, which will be appended to a report of the Monitor to be filed in connection with this motion, the CCAA Debtors have sufficient funds to continue operating through the proposed extension of the Stay Period. The CCAA Debtors will continue to pay their post-filing obligations, including post-filing rent obligations, as they become due.

33. The CCAA Debtors are requesting an extension of the Stay Period to maintain their focus on their restructuring initiatives, including the Lease review detailed above. During the extension of the Stay Period, the CCAA Debtors will continue to work with the Chapter 11 Debtors and other stakeholders to develop and advance a resolution to the CCAA Proceedings.

34. I understand that the Monitor supports the CCAA Debtors' request to extend the Stay Period.

35. The CCAA Debtors acted and continue to act diligently and in good faith in respect of all matters relating to the CCAA Proceedings. In the circumstances, I do not believe that any creditor will suffer material prejudice as a result of extending the Stay Period.

E. Relief Related to Lease Amendments

36. In addition to the extension of the Stay Period, the CCAA Debtors are requesting certain relief in connection with two LAAs negotiated with certain Landlords.

(i) **LAA of RGN Alberta Limited Partnership**

37. In connection with a LAA entered into between RGN Alberta Limited Partnership (“**RGN Alberta LP**”) and its Landlord, Aspen Properties (SLP) Ltd. (“**Aspen**”), the CCAA Debtors are requesting that the CCAA Proceedings in respect of RGN Alberta LP be terminated and discharged in an effort to allow the entity to emerge from creditor protection and continue operations in the ordinary course.

38. RGN Alberta LP is the Canadian Tenant SPE for a Centre located at 144-4 Avenue SW Suits 1600 in Calgary, Alberta, pursuant to a Lease with Aspen. The Lease was entered into on February 27, 2003 for an original term of 10 years and has since been extended on various occasions pursuant to Lease amendments between the parties.

39. On January 14, 2021, RGN Alberta LP and Aspen entered into a LAA, a copy of which is attached hereto as **Confidential Exhibit “I”**. The terms of the LAA are confidential. The CCAA Debtors believe the LAA will produce significant benefits for RGN Alberta LP and allow RGN Alberta LP’s Centre to operate sustainably into the future.

40. One of the conditions of the LAA with Aspen requires RGN Alberta LP to seek an order from this Court discharging the CCAA Proceedings with respect to RGN Alberta LP as soon as reasonably practicable following execution of the LAA. The purpose of discharging the CCAA Proceedings is to permit certain negotiated payments to be made to Aspen under the LAA.

41. In connection with this term, Aspen has agreed that following certain payments under the LAA, the Lease will be in good standing and any claim that the Lease is in default for acts, events or omissions of RGN Alberta LP arising prior to execution of the LAA will have been waived. Additionally, Aspen has also agreed that any default arising from the commencement of the Chapter 11 Cases by the Guarantor Debtors or the treatment of any claim of Aspen against the

Guarantor Debtors in connection with a plan of reorganization will have been waived. Effectively, following the termination and discharge of the CCAA Proceedings in respect of RGN Alberta LP, the entity will be in a position where its Lease cannot be terminated as result of the Chapter 11 Cases and the CCAA Proceedings.

42. The CCAA Debtors and RGN Alberta LP believe this LAA and the termination and discharge of the CCAA Proceedings are in their best interest as the LAA will allow the entity to emerge from creditor protection and the Centre to remain open and continue operating in the ordinary course. This outcome will benefit the Landlord, the employees working at the Centre and the Occupants who continue to license space at the Centre. No creditors of RGN Alberta LP are expected to be prejudiced as result of this requested relief as the Landlord is the only arm's length creditor of the entity and it supports the requested relief.

(ii) LAA of RGN Ontario L Limited Partnership

43. The CCAA Debtors are also seeking approval of a payment of a surrender fee in connection with a LAA entered into between RGN Ontario L Limited Partnership ("**RGN Ontario L LP**") and its Landlord, 5200 Yonge Limited Partnership ("**5200 Yonge**").

44. RGN Ontario L LP and 5200 Yonge are party to a Lease dated May 23, 2018 related to premises located at 5200 Yonge Street, Toronto, Ontario (the "**Leased Premises**"). On February 22, 2021, RGN Ontario L LP and 5200 Yonge entered into a LAA, a copy of which is attached hereto as **Confidential Exhibit "J"**.

45. The LAA modifies the Lease in several respects, the most important of which is the partial surrender of certain space located at the Leased Premises to the Landlord. The partial surrender of the Leased Premises will allow RGN Ontario L LP to "right size" its Centre and adjust the terms of the Lease accordingly to permit the Centre to operate in a sustainable manner. As a condition

of this partial surrender of the Leased Premises, RGN Ontario L LP is required to pay the Landlord a surrender fee (the “**Surrender Fee**”). The amount payable is related to tenant improvement payments that the Landlord made to RGN Ontario L LP in connection with the space that will be surrendered in connection with the LAA, some of which was received by RGN Ontario L LP prior to the commencement of the CCAA Proceedings.

46. Due to concerns that the payment of the Surrender Fee may violate the Initial Order, the LAA requires RGN Ontario L LP to seek an order from the Court in the CCAA Proceedings by no later than March 31, 2021 approving the payment of the Surrender Fee. The Surrender Fee must be paid within ten (10) business days of the Court making the order approving payment of the Surrender Fee. Similar to RGN Alberta LP, no creditors of RGN Ontario L LP are expected to be prejudiced as result of this requested relief as the Landlord is the only arm’s length creditor of the entity and it supports the requested relief.

47. The LAA was the culmination of extensive arm’s length negotiations with the Landlord. By surrendering a portion of the Centre, RGN Ontario L LP’s obligations under the Lease will be reduced accordingly and allow the vast majority of the Centre to continue operating in a financially viable manner. The CCAA Debtors believe payment of the Surrender Fee in exchange for the ongoing benefits provided by the LAA is in the best interests of the CCAA Debtors and RGN Ontario L LP. The partial surrender will better position the Centre for long term viability for the benefit of the CCAA Debtors’ stakeholders.

(iii) Sealing Order in respect of the LAAs

48. The CCAA Debtors are requesting that the LAAs attached to this affidavit be sealed from the Court record in the CCAA Proceedings. The LAAs with Aspen and 5200 Yonge contain confidentiality clauses that do not permit the contents of the LAAs to be disclosed to third parties.

49. The CCAA Debtors also have concerns that disclosure of the contents of the LAAs could have significant negative effects on their ability to negotiate LAAs with other Landlords. The material contained in the LAAs could create certain expectations related to future LAAs with other Landlords. Further, I understand that Landlords are typically concerned with any disclosure of the specific terms of their Leases and the LAAs as it may negatively affect their ability to negotiate terms with other tenants for their properties.

50. The CCAA Debtors do not believe there will be any prejudice to their stakeholders as a result of sealing the LAAs. The other Landlords involved in these CCAA Proceedings are not creditors of RGN Alberta LP or RGN Ontario L LP and the LAAs do not affect the other CCAA Debtors.

I confirm that while connected via video technology, Mr. James S. Feltman showed me the front and back of his government-issued photo identity document and that I am reasonably satisfied it is the same person and the document is current and valid.

Sworn before me by video conference from the City of Miami, in the State of Florida, United States of America, to the City of Toronto, in the Province of Ontario, Canada, on March 5, 2021.

DocuSigned by:
Lee Nicholson
82C0CC8E694B4AB...

LEE NICHOLSON (LSO #664121)
Commissioner for Taking Affidavits
in the Province of Ontario

DocuSigned by:
James S. Feltman
4AA1B7E83C964A2...

JAMES S. FELTMAN

Schedule "A" – Additional Applicants

RGN Alberta IV GP Inc.
RGN Alberta 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 British Columbia XXIV 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 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

EXHIBIT A

EXHIBIT "A"

referred to in the Affidavit of

JAMES S. FELTMAN

Sworn March 5, 2021

DocuSigned by:

Lee Micholson

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Commissioner for Taking Affidavits

Court File No. CV-20-00646507-00CL

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

THE HONOURABLE MADAM

)

THURSDAY, THE 10TH

JUSTICE DIETRICH

)

DAY OF SEPTEMBER, 2020

)

**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 GUARDIAN FINANCIAL CORP. AND OTHER ENTITIES LISTED ON
SCHEDULE "A"**

(Applicants)

AMENDED AND RESTATED INITIAL ORDER

THIS APPLICATION, made by Guardian Financial Corp. and other entities listed on Schedule "A" (collectively, the "**Applicants**"), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") for an Order substantially in the form enclosed in the Application Record, proceeded on this day by way of video-conference due to the COVID-19 pandemic.

ON READING the affidavit of James Feltman sworn August 30, 2020 (the "**Initial Feltman Affidavit**"), the affidavit of James Feltman sworn September 9, 2020 (the "**Second Feltman Affidavit**") and the Exhibits thereto, the pre-filing report of KSV Restructuring Inc. (f/k/a KSV Kofman Inc.) ("**KSV**") in its capacity as proposed monitor (the "**Monitor**") to the Applicants dated August 30, 2020, and the consent of KSV to act as the Monitor;

UPON HEARING the submissions of counsel for the Applicants and counsel to the proposed Monitor, and other parties listed on the counsel slip, no one else appearing for any other party;

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

APPLICATION

2. **THIS COURT ORDERS AND DECLARES** that the Applicants are companies to which the CCAA applies. Although not Applicants, the limited partnerships listed on Schedule "B" hereto (together with the Applicants, the "**CCAA Debtors**") shall enjoy certain of the benefits and the protections provided herein and as subject to the restrictions as hereinafter set out.

PLAN OF ARRANGEMENT

3. **THIS COURT ORDERS** that the CCAA Debtors shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "**Plan**").

POSSESSION OF PROPERTY AND OPERATIONS

4. **THIS COURT ORDERS** that the CCAA Debtors shall remain in possession and control of their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**"). Subject to further Order of this Court, the CCAA Debtors shall continue to carry on business in a manner consistent with the preservation of their business (the "**Business**") and Property. The CCAA Debtors are authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively "**Assistants**") currently retained or employed by them, with liberty to retain such further Assistants as they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

5. **THIS COURT ORDERS** that the CCAA Debtors shall be entitled to continue to utilize the cash management system currently in place as described in the Second Feltman Affidavit or replace it with another substantially similar central cash management system (the "**Cash Management System**") and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management

System, or as to the use or application by the CCAA Debtors of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the CCAA Debtors, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

6. **THIS COURT ORDERS** that the CCAA Debtors shall be entitled but not required to pay the following expenses whether incurred prior to or after this Order:

- (a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and
- (b) the fees and disbursements of any Assistants retained or employed by the CCAA Debtors in respect of these proceedings, at their standard rates and charges.

7. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein, the CCAA Debtors shall be entitled but not required to pay all reasonable expenses incurred by the CCAA Debtors in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and
- (b) payment for goods or services actually supplied to the CCAA Debtors following the date of this Order.

8. **THIS COURT ORDERS** that the CCAA Debtors shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be

deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes;

- (b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the CCAA Debtors in connection with the sale of goods and services by the CCAA Debtors, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order, and
- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the CCAA Debtors.

9. **THIS COURT ORDERS** that until a real property lease (each, a "**Lease**") is disclaimed or resiliated in accordance with the CCAA, the CCAA Debtors shall pay all amounts constituting rent or payable as rent under Leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the CCAA Debtors and the landlord from time to time ("**Rent**"), for the period commencing from and including the date of this Order in accordance with the applicable Lease.

10. **THIS COURT ORDERS** that, except as specifically permitted herein, the CCAA Debtors are hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the CCAA Debtors to any of their creditors as of this date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of their Property; and (c) to not grant credit or incur liabilities except (i) in the ordinary course of the Business; (ii) advances from RGN Management Limited Partnership in an amount reasonably necessary to preserve and protect the Business and the Property.

RESTRUCTURING

11. **THIS COURT ORDERS** that the CCAA Debtors shall, subject to such requirements as are imposed by the CCAA, have the right to:

- (a) permanently or temporarily cease, downsize or shut down any of its business or operations, and to dispose of redundant or non-material assets not exceeding \$250,000 in any one transaction or \$1 million in the aggregate; and
- (b) pursue all avenues of refinancing of its Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing,

all of the foregoing to permit the CCAA Debtors to proceed with an orderly restructuring of the Business (the “**Restructuring**”).

12. **THIS COURT ORDERS** that the CCAA Debtors shall provide each of the relevant landlords with notice of the CCAA Debtors’ intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the CCAA Debtors’ entitlement to remove any such fixture under the provisions of the Lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the CCAA Debtors, or by further Order of this Court upon application by the CCAA Debtors on at least two (2) days notice to such landlord and any such secured creditors. If the CCAA Debtors’ disclaims or resiliates the Lease governing such leased premises in accordance with Section 32 of the CCAA, it shall not be required to pay Rent under such Lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer or resiliation of the Lease shall be without prejudice to the CCAA Debtors’ claim to the fixtures in dispute.

13. **THIS COURT ORDERS** that if a notice of disclaimer or resiliation is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer or resiliation, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the applicable CCAA Entity and the Monitor 24 hours’ prior written notice, and (b) at the effective time of the disclaimer or resiliation, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the CCAA Debtors

in respect of such Lease or leased premises, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST THE CCAA DEBTORS OR THE PROPERTY

14. **THIS COURT ORDERS** that until and including November 27, 2020, or such later date as this Court may subsequently order (the "**Stay Period**"), no proceeding or enforcement process in or outside of any court or tribunal (each, a "**Proceeding**") shall be commenced or continued against or in respect of the CCAA Debtors or the Monitor, or affecting the Business or the Property, except with the written consent of the CCAA Debtors and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the CCAA Debtors or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

15. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") against or in respect of the CCAA Debtors or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the CCAA Debtors and the Monitor, or leave of this Court, provided that nothing in this Order shall (a) empower the CCAA Debtors to carry on any business which the CCAA Debtors are not lawfully entitled to carry on, (b) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (c) prevent the filing of any registration to preserve or perfect a security interest, or (d) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

16. **THIS COURT ORDERS** that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, Lease, sublease, licence or permit in favour of or held by the CCAA Debtors, except with the written consent of the CCAA Debtors and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

17. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with the CCAA Debtors for statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Business, or the CCAA Debtors, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the CCAA Debtors, and that the CCAA Debtors shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the CCAA Debtors in accordance with normal payment practices of the CCAA Debtors or such other practices as may be agreed upon by the supplier or service provider and each of the CCAA Debtors and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

18. **THIS COURT ORDERS** that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the CCAA Debtors. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

19. **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicants with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicants whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicants, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicants or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION

20. **THIS COURT ORDERS** that the Applicants shall indemnify their directors and officers against obligations and liabilities that they may incur as directors or officers of the Applicants after the commencement of the within proceedings, except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

APPOINTMENT OF MONITOR

21. **THIS COURT ORDERS** that KSV is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the CCAA Debtors with the powers and obligations set out in the CCAA or set forth herein and that the CCAA Debtors and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the CCAA Debtors pursuant to this Order, and shall cooperate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

22. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the CCAA Debtors' receipts and disbursements;
- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
- (c) advise the CCAA Debtors in their preparation of the CCAA Debtors' cash flow statements;
- (d) advise the CCAA Debtors in their development of the Plan, if any, and any amendments to the Plan;
- (e) assist the CCAA Debtors, to the extent required by the CCAA Debtors, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;

- (f) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the CCAA Debtors, to the extent that is necessary to adequately assess the CCAA Debtors' business and financial affairs or to perform its duties arising under this Order;
- (g) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and
- (h) perform such other duties as are required by this Order or by this Court from time to time.

23. **THIS COURT ORDERS** that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

24. **THIS COURT ORDERS** that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

25. **THIS COURT ORDERS** that that the Monitor shall provide any creditor of any of the CCAA Debtors with information provided by the CCAA Debtors in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor

shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the CCAA Debtors is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the CCAA Debtors may agree.

26. **THIS COURT ORDERS** that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

27. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor and counsel to the CCAA Debtors shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the CCAA Debtors and/or Canadian Affiliates (as defined in the Initial Feltman Affidavit) as part of the costs of these proceedings. The CCAA Debtors and/or Canadian Affiliates are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the CCAA Debtors forthwith upon receipt.

28. **THIS COURT ORDERS** that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

SERVICE AND NOTICE

29. **THIS COURT ORDERS** that the Monitor shall (a) without delay, publish in The Globe and Mail (National Edition) a notice containing the information prescribed under the CCAA, (b) within five days after the date of this Order, (i) make this Order publicly available in the manner prescribed under the CCAA, (ii) send, in the prescribed manner, a notice to every known creditor who has a claim against the CCAA Debtors of more than \$1,000 and known landlords of the CCAA Debtors, and (iii) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

30. **THIS COURT ORDERS** that the E-Service Guide of the Commercial List (the "**Protocol**") is approved and adopted by reference herein and, in this proceeding, the service of

documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/eservice-commercial/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL: <https://www.ksvadvisory.com/insolvency-cases/case/rgn-national-business-centers>.

31. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the CCAA Debtors and the Monitor are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the CCAA Debtors' creditors or other interested parties at their respective addresses as last shown on the records of the CCAA Debtors and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

32. **THIS COURT ORDERS** that the CCAA Debtors and the Monitor and their respective counsel are at liberty to serve or distribute this Order, and other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to the CCAA Debtors' creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or judicial obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

GENERAL

33. **THIS COURT ORDERS** that the CCAA Debtors or the Monitor may from time to time apply to this Court for advice and directions in the discharge of their powers and duties hereunder.

Schedule "A" – Additional Applicants

RGN Alberta IV GP Inc.
RGN Alberta 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.
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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.
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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
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RGN Alberta XVII Limited Partnership
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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
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RGN Ontario XXXI Limited Partnership
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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

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, c. C 36, AS AMENDED AND IN THE MATTER OF GUARDIAN
FINANCIAL CORP. ET. AL.**

Court File No.: CV-20-00646507-00CL

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

Proceeding commenced at Toronto

AMENDED AND RESTATED INITIAL ORDER

STIKEMAN ELLIOTT LLP

Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, Canada M5L 1B9

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Tel: (416) 869-5504
Email: navis@stikeman.com
Fax: (416) 947-0866

Lawyers for the Applicants

EXHIBIT B

EXHIBIT "B"

referred to in the Affidavit of

JAMES S. FELTMAN

Sworn March 5, 2021

DocuSigned by:
Lee Melanson

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Commissioner for Taking Affidavits

Court File No. CV-20-00646507-00CL

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

THE HONOURABLE MADAM) THURSDAY, THE 19TH
)
JUSTICE DIETRICH) DAY OF NOVEMBER, 2020



**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 GUARDIAN FINANCIAL CORP. AND OTHER ENTITIES LISTED ON
SCHEDULE "A"**

(Applicants)

**ORDER
(Re: Stay Extension and Estate Account Agreement)**

THIS MOTION, made by Guardian Financial Corp. and other entities listed on Schedule "A" (collectively, the "**Applicants**"), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") for an Order substantially in the form enclosed in the Motion Record, proceeded on this day by way of video-conference due to the COVID-19 pandemic.

ON READING the affidavit of James Feltman sworn November 13, 2020 (the "**Fifth Feltman Affidavit**") and the Exhibits thereto, and the First Report of KSV Restructuring Inc. (f/k/a KSV Kofman Inc.) ("**KSV**") in its capacity as monitor (the "**Monitor**") to the CCAA Debtors (as defined below) dated November 16, 2020;

UPON HEARING the submissions of counsel for the Applicants and counsel to the Monitor, and other parties listed on the counsel slip, no one else appearing for any other party;

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

EXTENSION OF THE STAY PERIOD

2. **THIS COURT ORDERS** that the stay period referred to in the Initial Order of the Honourable Justice Dietrich dated August 31, 2020 (as amended and restated, the "**Initial Order**") is extended until and including March 16, 2021 in respect of the Applicants and other entities listed on Schedule "B" (together, the "**CCAA Debtors**").

PRE-FILING SUPPLIERS

3. **THIS COURT ORDERS** that CCAA Debtors are permitted, but not required, to pay amounts owing for goods or services supplied to the CCAA Debtors prior to August 31, 2020 up to an aggregate maximum of \$1,250,000 provided that, following consultation with the Monitor, the CCAA Debtors determine such payments are necessary to maintain the Business or the Property (as those terms are defined by the Initial Order).

ESTATE ACCOUNT AGREEMENT

4. **THIS COURT ORDERS** that the Estate Account Agreement attached at Schedule "C" to this Order between the entities listed in Schedule "A" thereto, RGN Management LP and KSV Restructuring Inc., solely in its capacity as the Monitor or proposal trustee of the Canadian SPE Debtors (the "**Estate Account Agreement**"), is hereby approved.

REVISED CASH MANAGEMENT SYSTEM

5. **THIS COURT ORDERS** that paragraph 5 of the Initial Order is amended such that the CCAA Debtors shall be entitled to use the cash management system described in the Fifth Feltman Affidavit and the Estate Account Agreement or replace it with another substantially similar central cash management system (the "**Cash Management System**") and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the CCAA Debtors of funds transferred, paid, collected or otherwise dealt with in

the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as defined in the Initial Order) other than the CCAA Debtors, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan (as defined in the Initial Order) with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

MONITOR'S PROTECTIONS

6. **THIS COURT ORDERS** that, in addition to the rights and protections afforded to the Monitor under the Initial Order and the CCAA, the Monitor shall not be liable for any act or omission on the part of the Monitor pertaining to the discharge of its duties under this Order and the Estate Account Agreement, save and except for any claim or liability arising out of any gross negligence or wilful misconduct on the part of the Monitor. Nothing in this Order shall derogate from the protections afforded to the Monitor by the CCAA, any other federal or provincial applicable law or the Initial Order.

GENERAL


7. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the CCAA Debtors, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the CCAA Debtors and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the CCAA Debtors and the Monitor in any foreign proceeding, or to assist the CCAA Debtors and the Monitor and their respective agents in carrying out the terms of this Order.

8. **THIS COURT ORDERS** that this Order and all its provisions are effective from the date it is made without any need for entry and filing.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

NOV 20 2020



PER / PAR: 

Schedule "A" – Additional Applicants

RGN Alberta IV GP Inc.
RGN Alberta GP Inc.
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RGN Alberta XIV GP Inc.
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RGN Services Limited

Schedule "B" – Other CCAA Debtors

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**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C 36, AS AMENDED AND IN THE MATTER OF GUARDIAN
FINANICAL CORP. ET. AL.**

Court File No.: CV-20-00646507-00CL

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

Proceeding commenced at Toronto

**ORDER
(Re: Stay Extension and Estate Account
Agreement)**

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199 Bay Street
Toronto, Canada M5L 1B9

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Tel: (416) 869-5504
Email: navis@stikeman.com
Fax: (416) 947-0866

Lawyers for the Applicants

EXHIBIT C

EXHIBIT "C"

referred to in the Affidavit of

JAMES S. FELTMAN

Sworn March 5, 2021

DocuSigned by:

Lee Melanson

82C0CC8E694B4AB...

Commissioner for Taking Affidavits

Court File No. _____

**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 H WORK, LLC, RGN-GROUP HOLDINGS, LLC, RGN-NATIONAL
BUSINESS CENTERS, LLC, RGN-FORT LAUDERDALE III, LLC, RGN-COLUMBUS IV, LLC,
RGN-CHICAGO XVI, LLC, AND RGN-CHAPEL HILL II, LLC**

**APPLICATION OF RGN-NATIONAL BUSINESS CENTERS, LLC
UNDER SECTION 46 OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C.
1985, C. C-36, AS AMENDED**

(Applicant)

**AFFIDAVIT OF JAMES S. FELTMAN
(Sworn August 22, 2020)**

I, James S. Feltman, of the City of Miami, Florida, United States of America, **MAKE OATH
AND SAY:**

1. I am a managing director of Duff & Phelps, LLC, an advisory firm providing governance, risk and transparency solutions for clients across diverse sectors, including publicly traded and privately held companies, law firms, government entities and investment organizations such as private equity firms and hedge funds. My practice at Duff & Phelps is focused on providing fiduciary, advisory consulting, and expert witness testimony in areas including insolvency, restructuring, accounting, and financial statement reporting. I have served as an appointed fiduciary with a branch of the United States Department of Justice spanning nearly 30 years, have been appointed as an advisor by both U.S. federal (district and bankruptcy) and state courts, have served as an arbitrator and mediator, and have been appointed as a Monitor by the U.S. Federal Trade Commission.

2. Duff & Phelps was retained by each of the above-captioned debtors and debtors in possession (the "**Chapter 11 Debtors**") to provide interim management services. I am the

Responsible Officer for each of the Chapter 11 Debtors, effective as of the dates of their respective filings. In this capacity, I am responsible for assisting in the management of the Chapter 11 Debtors' operations, overseeing their liquidity management, and assisting with their restructuring process. In the course of this engagement and working with the Chapter 11 Debtors' management and outside counsel and financial advisors, I have become familiar with the operations and financial affairs of the Chapter 11 Debtors and their non-debtor affiliates. As a result, I have knowledge of the matters to which I hereinafter depose, except where otherwise stated. Where I have relied upon information received from other individuals, I state the source of such information and believe such information to be true.

3. I swear this affidavit in support of an application by RGN-National Business Centers, LLC ("**RGN-NBC**"), in its capacity as foreign representative (in such capacity, the "**Foreign Representative**") of itself and the other Chapter 11 Debtors that recently filed voluntary petitions for relief pursuant to Chapter 11 of the U.S. Code (the "**Bankruptcy Code**"), seeking, among other things, the following relief:

- (a) recognition of the cases commenced by the Chapter 11 Debtors in the United States (the "**Chapter 11 Cases**") as foreign main proceedings under Part IV of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**");
- (b) recognition of certain First Day Orders (as defined below) granted by the U.S. Court (as defined below); and
- (c) appointing KSV Kofman Inc. ("**KSV**") as Information Officer (the "**Information Officer**") in respect of these proceedings under the CCAA (the "**CCAA Recognition Proceedings**").

4. Unless otherwise indicated, all monetary amounts in this affidavit are in U.S. dollars.

A. Background

5. On August 17, 2020 (the "**Petition Date**"), RGN-NBC, H Work, LLC (f/k/a HQ Global Workplaces LLC) ("**H Work**") and RGN-Group Holdings, LLC ("**Holdings**") (collectively, the "**Guarantor Debtors**") filed voluntary petitions for relief pursuant to Chapter 11 of the Bankruptcy Code with the United States Bankruptcy Court for the District of Delaware (the "**U.S. Court**"). Previously, RGN-Columbus IV, LLC filed a voluntary petition for relief under the Bankruptcy Code on July 30, 2020, RGN-Chapel Hill II, LLC filed its voluntary petition on August 2, 2020, RGN-Chicago XVI, LLC filed its voluntary petition on August 3, 2020, and RGN-Fort Lauderdale III, LLC (collectively with RGN-Columbus IV, LLC, RGN-Chicago XVI, LLC, and RGN-Chapel Hill II, LLC, the "**SPE Debtors**") filed its voluntary petition on August 8, 2020. I am advised by Lee Nicholson of Stikeman Elliott LLP, Canadian counsel to the Chapter 11 Debtors, that copies of the certified petitions filed by each of the Chapter 11 Debtors will be included in a Compendium of Materials Filed in the Chapter 11 Cases (the "**U.S. Compendium**").

6. Each of the Chapter 11 Debtors elected for Subchapter V of the Bankruptcy Code ("**Subchapter V**"), to apply to the Chapter 11 Cases, which is a subsection of the Bankruptcy Code for small business debtors with non-contingent liabilities less than \$7.5 million (excluding debts owed to affiliates or insiders).

7. Capitalized terms used herein but not otherwise defined shall have the meanings set forth in my declaration sworn August 17, 2020 and filed with the U.S. Court in support of the motions filed by the Guarantor Debtors upon the commencement of the Chapter 11 Cases (the "**First Day Motions**"), a copy of which is attached as **Exhibit "A"** (the "**First Day Declaration**").

8. The First Day Declaration provides a comprehensive overview of the Chapter 11 Debtors and the events leading up to the commencement of the Chapter 11 Cases. Consequently, this affidavit provides a more general overview of the Chapter 11 Debtors and focuses on providing this Court with information on the purpose of the CCAA Recognition Proceedings, to support the finding of the centre of main interest (“**COMI**”) for each of the Chapter 11 Debtors and to support the request for recognition of the Chapter 11 Cases as a “foreign main proceeding”, the recognition of certain orders granted by the U.S. Court in connection with the First Day Motions (the “**First Day Orders**”), and an overview of the Lease Notice Procedures Motion (as defined below) which the Foreign Representative expects to seek recognition of pending the outcome of a hearing scheduled before the U.S Court on August 25, 2020.

B. The Business

(a) Overview

9. The Chapter 11 Debtors are direct or indirect subsidiaries of Regus Corporation, a Delaware corporation, that, together with its affiliates (collectively, “**IWG**” or the “**Company**”), offers a network of on-demand office and co-working spaces, and ancillary services and support, to a variety of clients across a host of industries in over 1,000 locations in the United States and Canada.

10. IWG’s business model begins with entry into long-term commercial real property leases (each, a “**Lease**”) with a property owner (each, a “**Landlord**”), that provide the Company with unoccupied office space (the “**Centres**”). IWG develops and engineers each of the Centres to meet the needs of individuals, companies, and organizations who will contract for use of portions of the Centers. IWG markets its Centres under an umbrella of different brand names, each tailored to appeal to different types of clients and those clients’ specialized needs. 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, a Centre's Occupants' license payments ("**Occupancy Fees**") will exceed the combined cost of the underlying long-term lease, management cost, and operating expenses of the Centre.

11. Generally, the lessee under each Lease is a special-purpose entity formed for this specific purpose (each, a "**Lease Holder**"). Each of the SPE Debtors is formed this way. In certain cases, the Lease Holder's obligations under the Lease are also partially or fully guaranteed by another IWG entity, such as the Guarantor Debtors.

(b) The Chapter 11 Debtors

12. As described above, each of the Chapter 11 Debtors is either a direct or indirect subsidiary of Regus Corporation, a non-debtor Delaware corporation. Regus Corporation is a wholly-owned subsidiary of Regus Group Limited ("**RGL UK**"), a company organized under the laws of the United Kingdom. RGL UK is a wholly-owned subsidiary of IWG Group Holdings Sarl, a company organized under the laws of Luxembourg. IWG Group Holdings Sarl is a wholly-owned subsidiary of IWG Enterprise Sarl, a company also organized under the laws of Luxembourg. IWG Group Enterprise Sarl is a wholly-owned subsidiary of IWC Plc, a company organized under the laws of the Bailiwick of Jersey with a head office in Switzerland.

13. A simplified organizational chart of IWG, including the Chapter 11 Debtors, is attached hereto as **Exhibit "B"**.

14. The First Day Declaration provides an overview of the Chapter 11 Debtors' indebtedness and inter-company arrangements.

(i) **Guarantor Debtors**

15. The Guarantor Debtors are H Work, Holdings and RGN-NBC. A brief description of each of the Guarantor Debtors is set out below:

- (a) *H Work*: H Work is a Delaware company and direct subsidiary of Regus Corporation. H Work recently changed its name from HQ Global Workplaces LLC. H Work is multi-Centre tenant under Leases in the United States and has guaranteed various Leases in Canada and the United States. Its financial position and assets are detailed in the petition filed in the Chapter 11 Cases and included in the U.S. Compendium. The registered head office of H Work is 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808 and its corporate headquarters is located at 3000 Kellway Drive, Suite 140, Carrollton (Dallas), Texas 75006.
- (b) *Holdings*: Holdings is a Delaware company and direct subsidiary of Regus Corporation. As described in the First Day Declaration, Holdings owns the furniture, equipment and other personal property (“**FF&E**”) used in connection with IWG’s business in the United States and leases the FF&E to each applicable Lease Holder. Its financial position and assets are detailed in the petition filed in the Chapter 11 Cases and included in the U.S. Compendium. The registered head office of Holdings is 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808 and its corporate headquarters is located at 3000 Kellway Drive, Suite 140, Carrollton (Dallas), Texas 75006.
- (c) *RGN-NBC*: RGN-NBC is a Delaware company and indirect subsidiary of Regus Corporation. The share capital of RGN-NBC is owned by RGN Holdings, LLC, a non-debtor wholly-owned subsidiary of Regus Corporation.

Similar to H Work, RGN-NBC is multi-Centre tenant under Leases in the United States and has guaranteed various Leases in Canada and the United States. Its financial position and assets are detailed in the petition filed in the Chapter 11 Cases and included in the U.S. Compendium. The registered head office of RGN-NBC is 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808 and its corporate headquarters is located at 3000 Kellway Drive, Suite 140, Carrollton (Dallas), Texas 75006.

16. As described above, The Guarantor Debtors are guarantors under various Leases entered into by various special purpose Lease Holders. As of the Petition Date, the Guarantor Debtors were guarantors, or co-liable as original tenant-assignor, of 653 Leases in total – 84 by Holdings, 379 by RGN-NBC, and 191 by H Work.¹ Of these Leases for which the Guarantor Debtors are liable or partially liable, 85 are in respect of Centres located in Canada - 18 by Holdings, 57 by RGN-NBC, and 10 by H Work. The Guarantor Debtors receive guarantee fees from the Lease Holders, including the Canadian Affiliates (as defined below), in consideration for providing guarantees in respect of their Leases which are paid on a semi-annual basis. The total guarantee fees received by Guarantor Debtors from Lease Holders is approximately \$15 million annually, of which \$1.4 million is from Lease Holders in Canada.

17. Despite guaranteeing various Leases in respect of Canadian Centres, the Guarantor Debtors do not carry on business in Canada, do not have any Canadian assets or property, except for the receivables owing by Canadian Affiliates (as defined below) for the guarantee fees, and they are managed solely from the United States. Their only connection to the Canadian Affiliates is through the provision of these guarantees and/or indemnities in respect of the Leases.

¹ I understand that there is a Lease in respect of a Centre in the United States guaranteed by both Holdings and RGN-NBC.

(ii) SPE Debtors

18. The SPE Debtors are RGN-Fort Lauderdale III, LLC, RGN-Columbus IV, LLC, RGN-Chicago XVI, LLC, and RGN-Chapel Hill II, LLC.

19. Each of the SPE Debtors are Lease Holders as described above and are special purpose entities solely formed to hold a Lease for a Centre in the United States. The SPE Debtors do not have any connection to the Canadian Affiliates. The SPE Debtors do not carry on business in Canada, do not have any Canadian assets or property, are managed solely from the United States and do not have any connection to the Canadian Affiliates (as defined below) other than being related by virtue of having the same ultimate indirect shareholders. Depending on the outcome of negotiations with Landlords in the United States described below, other similarly situated Lease Holders to the current SPE Debtors may file for protection under the Bankruptcy Code and consolidate their case with the current Chapter 11 Cases.

20. Below is a summary of the SPE Debtors' state of incorporation, principal place of business and registered head office:

SPE Debtor	State of Incorporation	Principal Place of Business	Registered Head Office
RGN-Fort Lauderdale III, LLC	Delaware	3000 Kellway Drive, Suite 140, Carrollton (Dallas), Texas 75006	251 Little Falls Drive, Wilmington, Delaware 19808
RGN-Columbus IV, LLC	Delaware	3000 Kellway Drive, Suite 140, Carrollton (Dallas), Texas 75006	251 Little Falls Drive, Wilmington, Delaware 19808
RGN-Chicago XVI, LLC	Delaware	3000 Kellway Drive, Suite 140, Carrollton (Dallas), Texas 75006	2711 Centerville Road, Suite 400, Wilmington, Delaware 19808

RGN-Chapel Hill II, LLC	Delaware	3000 Kellway Drive, Suite 140, Carrollton (Dallas), Texas 75006	251 Little Falls Drive, Wilmington, Delaware 19808
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(c) **Canadian Affiliates**

21. Canadian non-debtor affiliates of the Chapter 11 Debtors (the “**Canadian Affiliates**”) operate IWG’s business in Canada. The Canadian Affiliates are direct or indirect subsidiaries of RGL UK.

22. Generally, the Canadian business has the same structure as described above for IWG’s business. Typically, each Lease Holder in Canada is a special purpose limited partnership (the “**Canadian Tenant LPs**”) formed between RGN Limited Partner Holdings Corp. (“**RGN LP**”), as limited partner, and a different general partner. In a few instances, the Lease Holder in Canada is a special purpose company (together with the Canadian Tenant LPs, the “**Canadian Tenant SPEs**”) rather than a limited partnership. The Canadian Tenant SPEs are specifically formed to enter into individual Leases with various Landlords and to hold an individual Lease for a single Centre in Canada. Typically, the Canadian Tenant SPEs’ only assets are the Leases and any FF&E located within the Centre.

23. Occupants in each Centre enter into Occupancy Agreements with RGN Management Limited Partnership (“**RGN Management LP**”), a limited partnership formed between RGN LP, as limited partner, and RGN Management GP Inc., as general partner. RGN Management LP is also the employer of all employees of the Canadian business.

24. The Canadian Tenant LPs’ general working capital needs are financed by RGN Management LP on a secured basis. Each Canadian Tenant SPE has entered into separate intra-group loan facility agreements and general security agreements with RGN Management LP. The

obligations under the loan agreements are secured by all the present and after acquired property of the Canadian Tenant SPEs, including the FF&E.

25. A simplified organizational chart of the Canadian Affiliates is attached hereto as **Exhibit “C”**. No relief is being sought in respect of the Canadian Affiliates at this time.

(d) Canadian Centres

26. IWG, through the Canadian Affiliates, operates 137 Centres in Canada. As set out above, the Leases for 85 of these Centres are guaranteed by the Guarantor Debtors (the “**Guaranteed Canadian Leases**”) and the Guarantor Debtors receive guarantee fees from the Canadian Tenant SPEs in consideration for guaranteeing the Guaranteed Canadian Leases. The Leases in respect of the other Centres are not guaranteed or are guaranteed by other affiliates of IWG which are not debtors in the Chapter 11 Cases. The following chart summarizes the Centres in Canada, which are guaranteed by the Guarantor Debtors, by province:

Province	Canadian Centres	Canadian Centres with Lease guaranteed by the Guarantor Debtors
Ontario	69	43
British Columbia	29	16
Alberta	16	9
Quebec	17	12
Saskatchewan	1	0
Nova Scotia	3	3
Manitoba	2	2
Total	137	85

27. A list of Canadian Tenant SPEs with the Guaranteed Canadian Leases is attached hereto as **Exhibit “D”**.

28. Within the Canadian Centres, there are approximately 15,000 Occupants, each of which typically uses the space in connection with its own business. The Centres with the Canadian Guaranteed Leases house approximately 9,000 of these Occupants. IWG, through RGN Management LP, also employs approximately 190 employees across Canada to operate the Canadian Centres.

C. The Chapter 11 Cases and Path Forward

(a) Events Leading Up to the Chapter 11 Cases

29. Following a strong first quarter in 2020, the Company experienced significant challenges during the second and third quarters of 2020 as a direct result of the COVID-19 pandemic. The pandemic and associated mandatory shutdowns have severely disrupted business plans and operations for certain locations within IWG's portfolio.

30. Businesses and companies implementing work-from-home policies (either voluntary or government-mandated) has reduced the demand for temporary office space resulting in lower occupancy rates across the IWG portfolio. To attract and retain Occupants in this environment, IWG has had to cut pricing for new sales and renewals, resulting in a reduction of revenue from the space that is occupied. Other Occupants have also been untimely on payment of their Occupancy Fees which has a range of underlying causes, including the effects of the economic downturn on their businesses or as part of emergency cash-conservation measures undertaken by the Occupants.

31. To mitigate the effect of the pandemic, IWG has taken various cash flow and liquidity measures, including the deferral of rent payments and engagement with Landlords to negotiate forbearances, temporary accommodations, and, in certain instances, permanent modifications to Leases. The Company has had various successes in negotiations with Landlords to date.

However, in certain instances, the negotiations have reached an impasse. The break down of any particular negotiation with a Landlord can weaken the entire portfolio, by requiring the immediate deployment of a disproportionate amount of liquidity (e.g., to cure an accumulated Lease arrearage) in order to avoid the potential closure of a Centre and potential loss of business from Occupants at that location.

32. In the case of the SPE Debtors, the breakdown of negotiations led their respective Landlords to issue notices of their intention to lock the SPE Debtors out of their respective Centres leading the SPE Debtors to commence their respective Chapter 11 Case. The Guarantor Debtors commenced their Chapter 11 Cases shortly thereafter, to pre-empt both a potential “run on the bank” by Landlords exercising their rights under the various guarantee agreements and to attempt to restructure their obligations while maintaining the Company’s viable lease portfolio.

(b) COVID-19 and the Canadian Affiliates

33. The Canadian Affiliates have likewise been impacted by the COVID-19 pandemic with depressed occupancy rates, Occupants that have, either by necessity or strategically, failed to pay their Occupancy Fees and decreased demand at capital intensive Centres in downtown areas of metro-centres. However, despite the impact that COVID-19 has had on the Canadian business, the Canadian Tenant SPEs in the majority of cases have continued paying rent to the Landlords in respect of the Leases for the Centres in Canada.² IWG has also engaged in negotiations with certain Landlords with respect to specific accommodations and in certain cases, adjusted the terms of Leases to reflect new market realities created by the ongoing pandemic. To date, the negotiations have been primarily positive and have not resulted in lock-out notices being issued similar to the SPE Debtors’ situation. However, with the filing of the Guarantor Debtors, IWG has

² I understand from Michael Osborne, Chief Financial Officer of IWG North America, and verily believe there is approximately C\$2.2 million in rent arrears across the entire Canadian portfolio of Leases.

significant concerns that, absent relief granted by the U.S. Court and recognition from this Court, a “run on the bank” scenario could occur in Canada or Landlords may opportunistically take advantage of the technical default discussed below harming the Company’s and Guarantor Debtors’ restructuring efforts.

34. Most of the Guaranteed Canadian Leases contain events of default related to the commencement of insolvency and/or bankruptcy proceedings by any indemnitor or guarantor under the Lease. Subject to the particular terms of the Lease and provincial law, including the current eviction moratoriums in place in certain provinces, the Landlords’ rights and remedies in the case of an event of a default under their respective Guaranteed Canadian Lease may include (a) terminating the applicable Guaranteed Canadian Lease; or (b) “locking-out” the applicable Canadian Tenant SPE, including, by extension, the Occupants, and retaking possession of the Centres. I understand that these rights and remedies may be exercised with limited or no notice to the Lease Holder.

35. If any particular Landlord, relying upon an alleged event of default, purports to terminate a lease or locks out a Canadian Tenant SPE, it will cause significant adverse effects to the Canadian Affiliates, the Occupants located within the Centre, and other creditors of the individual Canadian Tenant LP. Such actions would also likely result in the triggering of various guarantee claims against the Guarantor Debtors, which will be addressed in the Chapter 11 Cases, and will adversely affect the current income that the Guarantor Debtors receive from the Canadian Tenant SPEs. Each such action by a Landlord undermines the financial stability of the Guarantor Debtors and Canadian Affiliates, the cumulative effect of which may encourage other Landlords to take similar actions. Temporarily pausing the ability of the Landlords to take such actions will provide the Chapter 11 Debtors and the Landlords with an opportunity to attempt a consensual resolution, or a resolution as part of the Chapter 11 process.

(c) Path Forward

36. As set out above, the SPE Debtors initially commenced their Chapter 11 Cases to protect their respective businesses, the Centres, and the Occupants of each Centre. The Guarantor Debtors filed for Chapter 11 shortly thereafter due to the anticipated demands from the Landlords of the SPE Debtors and potentially others. The Company intends to use the Chapter 11 process to restructure its various contractual obligations in order to stabilize the Company's North American portfolio and emerge in a financially stronger and more viable position. If these restructuring efforts prove unsuccessful, the SPE Debtors, and possibly other Lease Holders that may file for creditor protection, will have to wind down the operation of applicable Centres in an orderly manner and determine the priority of Landlords' and other creditors' claims against the SPE Debtors and/or Guarantor Debtors.

37. In Canada, the Company believes it can maintain the current portfolio of viable Canadian Centres, including where guarantees have been provided by the Guarantor Debtors, through constructive discussions with Landlords that have already begun. The Chapter 11 Debtors believe that in order to maximize the chances of a successful restructuring, the Chapter 11 Debtors require a brief period of time, prior to the Landlords being able to exercise any purported "lock-out" or termination rights, during which they can continue to engage with the Landlords. The Lease Notice Procedures Motion as discussed below is intended to provide that "breathing space". If the Landlords are permitted to terminate the leases or "lock-out" the Canadian Tenant SPEs, it could result in devastating cascading effects on the Company, the Guarantor Debtors and their stakeholders, including the Occupants.

38. To further these discussions and maximize the chance of a successful emergence of the Guarantor Debtors, as described in further detail below, the Chapter 11 Debtors will request that this Court recognize procedures, if approved by the U.S. Court, that require Landlords to give

notice to the Chapter 11 Debtors before exercising any purported termination or “lock-out” right. The Chapter 11 Debtors believe such relief will not only benefit the Chapter 11 Debtors, but will also benefit their stakeholders, including the Landlords under the Guaranteed Canadian Leases and the Occupants. The notice period contemplated by the Lease Notice Procedures Motion will allow for further discussions between the Landlords and the Chapter 11 Debtors (and/or the Canadian Affiliates) and, absent a consensual resolution, an opportunity for the Chapter 11 Debtors to pursue further relief from the U.S. Court or this Court, including the ability of any particular Lease Holder (including the Canadian Tenant SPEs) to seek creditor protection themselves.

D. Relief Sought

(a) Recognition of Foreign Main Proceedings

39. RGN-NBC, as the Foreign Representative of the Chapter 11 Debtors, is seeking recognition of the Chapter 11 Cases as “foreign main proceedings” pursuant to Part IV of the CCAA.

40. All of the Chapter 11 Debtors are incorporated or formed under United States law, have their registered head offices and corporate headquarters in the United States, carry on all of their business in the United States and all of their property and assets are located in the United States (other than the receivables owed to the Guarantor Debtors from the Canadian Affiliates). The Chapter 11 Debtors only connection to Canada is that the Guarantor Debtors guarantee or partially guarantee the Leases of certain of the Canadian Affiliates.

41. With respect to the requirements of section 46 of the CCAA, I understand that the U.S. Compendium will include:

- (a) a certified copy of the voluntary petitions filed by the Chapter 11 Debtors that commenced the Chapter 11 Cases; and
- (b) a certified copy of the Order of the U.S. Court appointing RGN-NBC as the Foreign Representative on behalf of the estates of the Chapter 11 Debtors and authorizing it to seek recognition of the Chapter 11 Cases in Canada.

42. I am not aware of any foreign insolvency proceedings involving the Chapter 11 Debtors other than the Chapter 11 Cases.

(b) Appointment of Information Officer

43. As part of its application, the Chapter 11 Debtors are seeking to appoint KSV as the information officer (the “**Information Officer**”) in the CCAA Recognition Proceedings. I understand from Bobby Kofman that KSV is a licensed insolvency trustee in Canada and its principals have acted as information officer in several previous ancillary recognition proceedings under the CCAA.

44. I understand that KSV has consented to acting as the Information Officer in this proceeding. A copy of KSV’s consent to act as the Information Officer is attached hereto as **Exhibit “E”**.

45. The Information Officer will assist in keeping the Canadian Court and stakeholders, including Landlords under the Canadian Guaranteed Leases, apprised of the status of the Chapter 11 Cases.

(c) Recognition of First Day Orders

46. By operation of the Bankruptcy Code, the Chapter 11 Debtors obtained the benefit of a stay of proceedings upon filing the voluntary petitions with the U.S. Court. A stay of proceedings in Canada is essential to preserve the *status quo* and protect the efforts of the Chapter 11 Debtors.

47. On August 17, 2020, the Chapter 11 Debtors filed certain First Day Motions with the U.S. Court, which can be summarized as follows:

- (a) *Debtors' Motion for an Order Authorizing RGN-National Business Centers, LLC to Serve as Foreign Representative on Behalf of the Debtors' Estates*: This motion is for an order authorizing RGN-NBC to act as an "authorized foreign representative" in order to seek the relief sought in this application.
- (b) *Debtor's Motion for Order Authorizing (I) Joint Administration of Chapter 11 Cases and (II) Filing of a Consolidated Creditor Matrix*: This motion is for an order directing the joint administration of the cases of the Chapter 11 Debtors for procedural purposes only.
- (c) *Application of the Debtors for Entry of an Order Appointing Epiq Corporate Restructuring, LLC as Claims and Noticing Agent Effective as of the Petition Date*: This motion seeks an order appointing Epiq Corporate Restructuring, LLC as claims and noticing agent *nunc pro tunc* to the Petition Date.
- (d) *Debtor's Motion for Entry of Interim and Final Orders (I) Authorizing Payment to Utility Companies and (II) Granting Related Relief (the "Utilities Motion")*: This motion seeks interim and final orders authorizing, but not directing, the Chapter 11 Debtors' to pay utilities companies for utilities services provided prior to the Petition Date.

48. Following a hearing by the U.S. Court on August 18, 2020, the U.S. Court granted the First Day Motions, with certain minor modifications to the draft First Day Orders. As of August 21, 2020, the First Day Orders had been entered except the order in respect of the Utilities Motion (the “**Utilities Order**”). I understand that copies of the First Day Motions and the First Day Orders will be included in the U.S. Compendium.

49. I believe the First Day Orders and recognition of them in Canada are appropriate and necessary for the protection of the Chapter 11 Debtors’ property and efficient administration of the Chapter 11 Cases and the CCAA Recognition Proceedings.

(d) Lease Notice Procedures Motion

50. In addition to the other First Day Motions, the Chapter 11 Debtors filed the *Debtors’ Motion for Interim and Final Orders Establishing Notification Procedures for Lease Termination* (the “**Lease Notice Procedures Motion**”). A copy of the Lease Notice Procedures Motion is included in the U.S. Compendium. At the hearing on August 18, 2019 before the U.S. Court, the Lease Notice Procedures Motion was adjourned until August 25, 2020. The Foreign Representative expects that it would seek to return to this Court to seek recognition of any relief granted, and possibly ancillary relief, as soon as possible following the hearing by the U.S. Court on the Lease Notice Procedure Motion.

51. The Lease Notice Procedures Motion is important to the CCAA Recognition Proceedings and maintaining the lease portfolio of the Canadian Tenant SPEs while the Company and the Guarantor Debtors restructure. The Lease Notice Procedures Motion proposes a process requiring certain notice procedures (the “**Notice Procedures**”) before any purported termination and/or “lock-out” rights are exercised by the Landlord. The proposed Notice Procedures provide that:

- (a) Not less than fifteen (15) business days prior to taking any of the following actions under a Lease in respect of a Centre guaranteed by a Chapter 11 Debtor (including, for greater certainty, the Guaranteed Canadian Leases) or holding property of a Chapter 11 Debtor³ (an “**Operating Centre**”), the Landlord shall provide notice to the Chapter 11 Debtors and their legal counsel in a specified form:
- (i) any purported termination of the Lease of an Operating Centre;
 - (ii) any attempt to “lock out” the tenant under the Lease of an Operating Centre; or
 - (iii) any other action to obtain possession or exercise control over FF&E of a Chapter 11 Debtor located in the premises of the Operating Centre;
- (b) Notice provided by the Landlords shall specify the proposed termination action to be taken by the Landlord and legal and factual basis therefor; and
- (c) Any purported exercise of the above rights or remedies not in accordance with the Notice Procedures is void *ab initio* and in violation of the U.S. Court’s equitable powers and the automatic stay under the Bankruptcy Code.

52. The recognition of any approved Notice Procedures would ensure that the Chapter 11 Cases and the CCAA Recognition Proceedings are handled expeditiously, economically and consistently. If a Landlord intends to exercise rights and remedies as against the Lease Holder, the Notice Procedures would provide a brief but meaningful opportunity for negotiation and discussion, and the identification and narrowing of any factual or legal issues, before engaging in

³ I am informed by Joshua Nicosia, General Counsel of IWG North America, and verily believe that the Canadian Centres do not hold any property or assets of the Chapter 11 Debtors.

litigation before the U.S. Court or this Court, as appropriate, or an opportunity for the Canadian Tenant SPE to seek creditor protection itself.

E. Proposed Next Hearings

53. As noted above, the Foreign Representative intends to seek recognition of any relief granted by the U.S. Court in connection with the Lease Notice Procedures Motion as soon as possible following the hearing of the U.S. Court on August 25, 2020. The Foreign Representative would expect to recognize the Utilities Order at the same time. The Foreign Representative also intends to seek further hearings for recognition of any corresponding “final orders” and any “second day” orders that need to be recognized, if and when entered by the U.S. Court.

F. Notice

54. This application has been brought on notice only to the proposed Information Officer. The Landlords under the Guaranteed Canadian Leases were sent notice on August 19, 2020 of the Lease Notice Procedures Motion via e-mail or overnight mail at the last known address or e-mail of such Landlords in the books and records of the Chapter 11 Debtors.

55. The information regarding these proceedings will be provided to the Chapter 11 Debtors’ Canadian stakeholders by and through the Information Officer. If the orders sought are granted, the Foreign Representative proposes that a notice of the recognition orders be published once a week for two consecutive weeks in *The Globe and Mail (National Edition)* and *Le Devoir* and be sent to each of the Landlords under the Guaranteed Canadian Leases. Additionally, all Canadian Court materials in these proceedings will be available on the Information Officer’s website.

I confirm that while connected via video technology, Mr. James S. Feltman showed me the front and back of his government-issued photo identity document and that I am reasonably satisfied it is the same person and the document is current and valid. I confirm that I have reviewed each page of this affidavit with James S. Feltman and verify that the pages are identical.

Sworn before me by video conference from the City of Miami, in the State of Florida, United States of America, to City of Toronto, in the Province of Ontario, Canada, on August 22, 2020.

DocuSigned by:

Lee Nicholson

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Commissioner for Taking Affidavits
in the Province of Ontario

DocuSigned by:

James Feltman

4AA1B7E83C964A2... S. FELTMAN

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C 36, AS AMENDED AND IN THE MATTER OF H WORK, LLC, RGN-GROUP HOLDINGS, LLC, RGN-NATIONAL BUSINESS CENTERS, LLC, RGN-FORT LAUDERDALE III, LLC, RGN-COLUMBUS IV, LLC, RGN-CHICAGO XVI, LLC, AND RGN-CHAPEL HILL II, LLC

Court File No.: _____

APPLICATION OF RGN-NATIONAL BUSINESS CENTERS, LLC UNDER SECTION 46 OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, C. C-36, AS AMENDED

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

Proceeding commenced at Toronto

**AFFIDAVIT OF JAMES S. FELTMAN
SWORN AUGUST 22, 2020**

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Lawyers for the Foreign Representative

EXHIBIT D

EXHIBIT "D"

referred to in the Affidavit of

JAMES S. FELTMAN

Sworn March 5, 2021

DocuSigned by:

Lee Nicholson

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Commissioner for Taking Affidavits

Court File No. _____

**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 GUARDIAN FINANCIAL CORP. AND OTHER ENTITIES LISTED ON
SCHEDULE "A"**

(Applicants)

**AFFIDAVIT OF JAMES S. FELTMAN
(Sworn August 30, 2020)**

I, James S. Feltman, of the City of Miami, Florida, United States of America, **MAKE OATH AND SAY:**

1. I am a managing director of Duff & Phelps, LLC, an advisory firm providing governance, risk and transparency solutions for clients across diverse sectors, including publicly traded and privately held companies, law firms, government entities and investment organizations such as private equity firms and hedge funds. My practice at Duff & Phelps is focused on providing fiduciary, advisory consulting, and expert witness testimony in areas including insolvency, restructuring, accounting, and financial statement reporting. I have served as an appointed fiduciary with a branch of the United States Department of Justice spanning nearly 30 years, have been appointed as an advisor by both U.S. federal (district and bankruptcy) and state courts, have served as an arbitrator and mediator, and have been appointed as a Monitor by the U.S. Federal Trade Commission.

2. The above captioned Applicants are part of a group of affiliates operating in the United States and Canada as IWG or Regus ("**IWG**" or the "**Company**"). Duff & Phelps was retained by certain affiliates of IWG to provide interim management services. I have been authorized by each of the Applicants to assist with their proceedings under the *Companies' Creditors Arrangement*

Act, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) and file this affidavit in support of this application. I am also the Responsible Officer for each of the affiliated companies (the “**Chapter 11 Debtors**”) which recently filed voluntary petitions for relief pursuant to Chapter 11 of the U.S. Code (the “**Bankruptcy Code**”). In this capacity, I am responsible for assisting in the management of their operations, overseeing their liquidity management, and assisting with their restructuring process. In the course of this engagement and working with the Applicants’ and Chapter 11 Debtors’ management and outside counsel and financial advisors, I have become familiar with the operations and financial affairs of the Applicants and Chapter 11 Debtors and their non-debtor affiliates. As a result, I have knowledge of the matters to which I hereinafter depose, except where otherwise stated. Where I have relied upon information received from other individuals, I state the source of such information and believe such information to be true.

3. I swear this affidavit in support of an application by the Applicants for protection from their creditors pursuant to the CCAA.

A. Background

4. On August 17, 2020, RGN-National Business Centers, LLC (“**RGN-NBC**”), H Work, LLC (f/k/a HQ Global Workplaces LLC) (“**H Work**”) and RGN-Group Holdings, LLC (“**Holdings**”) (collectively, the “**Guarantor Debtors**”) filed voluntary petitions for relief pursuant to Chapter 11 of the Bankruptcy Code with the United States Bankruptcy Court for the District of Delaware (the “**U.S. Court**”). Previously, RGN-Columbus IV, LLC filed a voluntary petition for relief under the Bankruptcy Code on July 30, 2020, RGN-Chapel Hill II, LLC filed its voluntary petition on August 2, 2020, RGN-Chicago XVI, LLC filed its voluntary petition on August 3, 2020, and RGN-Fort Lauderdale III, LLC (collectively with RGN-Columbus IV, LLC, RGN-Chicago XVI, LLC, and RGN-Chapel Hill II, LLC, the “**U.S. SPE Debtors**”) filed its voluntary petition on August 8, 2020.

5. On August 24, 2020, RGN-NBC, in its capacity as foreign representative (in such capacity, the “**Foreign Representative**”) of itself and the other Chapter 11 Debtors commenced the recognition proceedings (the “**Recognition Proceedings**”) pursuant to Part IV of the CCAA. Following the Part IV application by the Foreign Representative, this Court granted the Initial Recognition Order (Foreign Main Proceeding) and the Supplemental Order (Foreign Main Proceeding), which, among other things:

- (a) recognized the Chapter 11 cases commenced by the Chapter 11 Debtors in Delaware, United States of America (the “**Chapter 11 Cases**”) as foreign main proceedings pursuant to Part IV of the CCAA;
- (b) recognized certain first day orders granted by the U.S. Court; and
- (c) appointed KSV Kofman Inc. (“**KSV**”) as Information Officer (the “**Information Officer**”) in respect of the Recognition Proceedings.

6. I previously swore an affidavit in support of the application to commence the Recognition Proceedings, (the “**Initial Feltman Affidavit**”), a copy of which, without exhibits, is attached hereto as **Exhibit “A”**. Capitalized terms used herein but not otherwise defined shall have the meanings set forth in the Initial Feltman Affidavit.

7. This affidavit provides an overview of the Part IV application and now the need for CCAA protection for the Applicants and the related CCAA LPs (as defined below) (collectively, the “**CCAA Debtors**” and each a “**CCAA Debtor**”).

B. The Business

(a) Overview

8. Both the CCAA Debtors and the Chapter 11 Debtors are part of the IWG multinational corporate group which offers a network of on-demand office and co-working spaces, and ancillary services and support, to a variety of clients across a host of industries, including in over 1,000 locations in the United States and Canada.

9. IWG's business model begins with entry into long-term commercial real property leases (each, a "**Lease**") with a property owner (each, a "**Landlord**"), that provide the Company with unoccupied office space (the "**Centres**"). IWG develops and engineers each of the Centres to meet the needs of individuals, companies, and organizations who will contract for use of portions of the Centres. IWG markets its Centres under an umbrella of different brand names, each tailored to appeal to different types of clients and those clients' specialized needs. 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, a Centre's Occupants' license payments ("**Occupancy Fees**") will exceed the combined cost of the underlying long-term lease, management cost, and operating expenses of the Centre.

10. Generally, the lessee under each Lease is a special-purpose entity formed for this specific purpose (each, a "**Lease Holder**"). In certain cases, the Lease Holder's obligations under the Lease are also partially or fully guaranteed by another IWG entity, such as the Guarantor Debtors which commenced the Chapter 11 Cases.

(b) Canadian Affiliates

11. The Canadian affiliates of IWG (the “**Canadian Affiliates**”) operate IWG’s business in Canada. The Canadian Affiliates are direct or indirect subsidiaries of Regus Group Limited (“**RGL UK**”), a United Kingdom corporation. RGL UK is also the sole shareholder of Regus Corporation, a Delaware corporation, which is the direct or indirect shareholder of the Chapter 11 Debtors. A simplified organizational chart of IWG, including the Chapter 11 Debtors and the CCAA Debtors, is attached hereto as **Exhibit “B”**.

12. Generally, the Canadian business has the same structure as described above for IWG’s business. Typically, each Lease Holder in Canada is a special purpose limited partnership (the “**Canadian Tenant LPs**”) formed between RGN Limited Partner Holdings Corp. (“**RGN LP**”), as limited partner, and a different general partner (the “**Canadian GPs**”). In a few instances, the Lease Holder in Canada is a special purpose company (together with the Canadian Tenant LPs, the “**Canadian Tenant SPEs**”) rather than a limited partnership. The Canadian Tenant LPs are typically formed under the *Limited Partnerships Act* (Ontario) and the Canadian GPs are formed under the *Business Corporations Act* (Ontario).

13. The Canadian Tenant SPEs are specifically formed to enter into individual Leases with various Landlords and to hold an individual Lease for a single Centre in Canada. Typically, the Canadian Tenant SPEs’ only assets are the Leases and any furniture, fixtures, equipment and other personal property (the “**FF&E**”) located within the Centre.

14. In these proceedings each of the Applicants are Canadian GPs or corporations which are Canadian Tenant SPEs. The Canadian GPs’ sole asset is their minor interest (typically, 0.00001%) in the respective Canadian Tenant LPs. The Canadian GPs’ partnership interest in the Canadian Tenant LPs were each purchased from RGN General Partner Holdings Corp., the former general partner of each of the Canadian Tenant LPs. As part of the application for relief

under the CCAA, the Applicants are seeking to extend the protections granted to their respective Canadian Tenant LPs (the “**CCAA LPs**”). A list of CCAA LPs contemplated to be covered by protections in the proposed Initial Order is attached as **Exhibit “C”**.

15. Occupants in each Centre enter into Occupancy Agreements with RGN Management Limited Partnership (“**RGN Management LP**”), a limited partnership formed between RGN LP, as limited partner, and RGN Management GP Inc., as general partner. RGN Management LP is also the employer of all employees of the Canadian business.

16. RGN Management GP Inc. and RGN Management LP are not CCAA Debtors.

(c) Canadian Centres

17. IWG, through the Canadian Affiliates, operates 137 Centres in Canada. Of these Centres, 85 are through Leases that are guaranteed by the Guarantor Debtors (the “**Guaranteed Canadian Leases**”). Of those, 38 are in respect of Centres operated by the CCAA Debtors. Further, there is one CCAA Debtor (RGN Services Limited) that has two Leases where only one is a Canadian Guaranteed Lease. The other Lease is not guaranteed by any IWG affiliate. Therefore, in total, the CCAA Debtors hold 39 Leases.

18. The distinguishing factor between the CCAA Debtors and the other Canadian Affiliates with Guaranteed Canadian Leases is that the Guaranteed Canadian Leases contain events of default related to the commencement of the Chapter 11 Cases by the Guarantor Debtors.

19. The following chart summarizes the Centres in Canada by province:

Province	Canadian Centres	Canadian Centres with Lease Guaranteed by the Guarantor Debtors	Canadian Centres with the CCAA Debtors
Ontario	69	43	22

British Columbia	29	16	5
Alberta	15	8	6
Quebec	17	12	5
Saskatchewan	1	0	0
Nova Scotia	3	3	0
Manitoba	2	2	1
Total	136	84	39

20. Within the Canadian Centres, there are approximately 15,000 Occupants, each of which typically uses the space in connection with its own business. The Centres with the Canadian Guaranteed Leases house approximately 9,000 of these Occupants and the Canadian Centres of the CCAA Debtors house approximately 3,900 Occupants. The discontinuation or interruption of the business of the CCAA Debtors could materially disrupt the business and operations of the Occupants, potentially giving rise to additional claims against the CCAA Debtors and affiliated entities.

21. IWG, through RGN Management LP, also employs approximately 190 employees across Canada to operate the Canadian Centres on behalf of the Canadian Tenant SPEs. The CCAA Debtors do not have any employees of their own.

(d) Financial Position

22. Unaudited financial statements as of July 31, 2020 for each of the CCAA Debtors are attached hereto as **Exhibit "D"**. Due the urgent nature of the CCAA application as described below, the Company and its advisors have worked quickly to produce the documents required by section 10(2) of the CCAA. As such, the CCAA Debtors, with the assistance of their advisors, continue to review and refine the financial statements attached hereto and expect that further reconciliations and adjustments will be required though such adjustments are not expected to be material.

23. The CCAA Debtors which are Canadian GPs do not have any financial statements since their only assets are minor interests in the CCAA LPs and their liabilities are only “flow through” liabilities of the CCAA LPs.

(i) Assets

24. As set out above, in most cases, the Applicants have negligible assets, with their only asset being a minor interest in their respective CCAA LP. The CCAA LPs’ only assets are typically the FF&E located within the Centre, prepaid expenses and intercompany receivables in certain instances. In the case of RGN Services Limited and Guardian Financial Corp., which are the only Applicants that are not Canadian GPs, they each own the FF&E in the Centres directly. RGN Services Limited further previously operated as the management company in respect of the Canadian business and has investments in certain affiliates.

25. Based on my experience, I believe that the realizations generated from the sale of FF&E in an insolvency process would be immaterial.

26. The CCAA Debtors do not have any bank accounts and no cash on hand.

(ii) Secured Liabilities

27. The Canadian Tenant SPEs, including the CCAA Debtors, general working capital needs are financed on a secured basis by RGN Management LP as described below. The purchase of FF&E by each Canadian Tenant SPE is also financed by RGN Management LP.

28. Each Canadian Tenant SPE has entered into a separate intra-group loan facility agreement and general security agreement with RGN Management LP. The obligations under the loan agreements are secured by all the present and after acquired property of the Canadian

Tenant SPEs, including the FF&E. An example of the intra-group loan facility agreement and general security agreement are attached hereto as Exhibits “E” and “F”, respectively.

29. The aggregate net amount owing by the CCAA Debtors to RGN Management LP is \$14,384,882.

(iii) Leases

30. The CCAA Debtors are also obligated for the amounts owing under the Leases related to their Centres. Liabilities related to the remaining term of the Lease are generally off-balance sheet liabilities and do not appear in the financial statements of the CCAA Debtors.

31. The CCAA LPs each hold a single Lease related to a Centre in Canada. Guardian Financial Corp. also holds a single Lease and RGN Services Limited holds two Leases.

32. In most cases, the CCAA Debtors have continued paying rent to the Landlords despite the liquidity challenges explained below. The below table sets out the only known arrears of the CCAA Debtors owing to Landlords:

CCAA Debtor	Arrears (CAD\$)
RGN Manitoba II Limited Partnership	\$ 213,375
RGN Alberta Limited Partnership	\$ 102,091
RGN Quebec VI Limited Partnership	\$ 249,074
RGN Ontario LV Limited Partnership	\$ 74,646
RGN Ontario XXIX Limited Partnership	\$ 23,280
RGN British Columbia XXIV Limited Partnership	\$ 96,533
RGN Services Limited	\$ 9,100
RGN Alberta XIV Limited Partnership	\$ 851

Total	\$ 768,950
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33. However, as set out below, certain CCAA Debtors may be required by their Lease to post additional security as a result of the Guarantor Debtors commencing the Chapter 11 Cases. In most cases, the CCAA Debtors, do not expect to be a position to immediately post that security and the guarantee claims will be restructured in the Chapter 11 Cases.

(iv) Inter-Company Relationships and Transactions

34. The business model employed by the Canadian Affiliates and other IWG affiliates, relies on a series of inter-company relationships more fully described below. As result of these relationships, there are a number reoccurring intercompany transactions necessary to record the operations of the Canadian Affiliates and their business activities. In Canada, RGN Management LP enters in Occupancy Agreements with Occupants and collects the applicable Occupancy Fees on behalf of the applicant Canadian Tenant SPE. RGN Management LP provides the benefit of the Occupancy Fees to the Canadian Tenant SPE by recording a payable owing to the Canadian Tenant SPE after netting applicable expenses and costs paid by RGN Management LP on behalf of the Canadian Tenant SPE. Rent to Landlords is paid by the Canadian Tenant SPEs with advances from RGN Management LP which it makes to a subaccount of the Canadian Tenant SPE before being transferred to the Landlord.

35. If the monthly expenses and costs incurred by RGN Management LP on behalf of the Canadian Tenant SPE in respect of the Centre exceed the Occupancy Fees collected at the Centre, a monthly net deficiency is recorded as an intercompany payable and drawn by the applicant Canadian Tenant SPE from RGN Management LP pursuant to the intra-group loan facility agreements described above. If the monthly Occupancy Fees exceed the expenses and

costs paid by RGN Management LP, the Canadian Tenant SPE books an intercompany receivable owing from RGN Management LP.

36. Management Services: RGN Management LP also performs various management services for the Canadian Tenant SPEs pursuant to a Master Services Management Agreement. In exchange for the services, the Canadian Tenant SPEs pay a management fee to RGN Management LP in an amount equal to 13.5% of revenue generated at the Centre. The services performed by RGN Management LP on behalf of the Canadian Tenant SPEs, including the CCAA Debtors, include, among other things:

- (a) coordinating and obtaining the various services and utilities from the Landlord or the local utility providers for the benefit of the Occupants and the Canadian Tenant SPEs;
- (b) coordinating with the Landlord or property manager for ancillary rights provided under the Lease (such as on-site storage, use of a roof or shared common space, etc.);
- (c) coordinating on behalf of the Canadian Tenant SPEs and in some cases performing the Canadian Tenant SPEs' obligations to the Landlord such as (i) identifying, engaging for services, and paying the obligations of vendors relative to a full range of operating expenses, tax and insurance requirements, (ii) payment for additional services and extra utilities, (iii) payment for parking charges and for other miscellaneous fees;
- (d) marketing to and securing the Occupants for the Centre and, where necessary, paying any broker's commission due related to identifying such Occupants;

- (e) coordinating the performance of any non-structural construction, design, or architectural alterations to a Centre;
- (f) providing various services to each of the Occupants pursuant to the Occupancy Agreements;
- (g) billing and collecting all amounts owed by Occupants as Occupancy Fees for serviced office space and other ancillary services provided;
- (h) securing on behalf of the Canadian Tenant SPEs all insurance policies, including liability, property, and workers compensation, that the Lease Holder is required to obtain under its Lease;
- (i) causing the Landlord to keep the premises in a clean and tidy condition and good operating order;
- (j) preparing and filing all tax returns, including sales and use, personal property and other like returns;
- (k) obtaining business licenses and similar government licenses necessary to run the Centre; and
- (l) hiring, contracting for and retaining employees and staff sufficient to perform the above services.

37. Franchise Fees: Franchise International GmbH, a company incorporated in Switzerland (“**Franchisor**”), is an affiliate of the CCAA Debtors. Franchisor commercializes certain IWG intellectual property and grants franchisees the right to operate an IWG business format in a given location. Pursuant to applicable franchise agreements, Franchisor provides certain services to help Canadian Tenant SPEs establish its IWG business and then provides certain continuing

business support services, advices, and information technology. The Canadian Tenant SPE in turn agrees to pay Franchisor a monthly fee.

38. Guarantee Fees: As set out in the Initial Feltman Affidavit, the Guarantor Debtors also charge applicable Canadian Tenant SPEs fees in exchange for guarantying their Leases equal to 3.44% of the guaranteed amount. The guarantee fees are paid on a semi-annual basis.

C. Need for CCAA Protection

(a) Events Leading Up to the Chapter 11 Cases

39. Following a strong first quarter in 2020, IWG experienced significant challenges during the second and third quarters of 2020 as a direct result of the COVID-19 pandemic. The pandemic and associated mandatory shutdowns have severely disrupted business plans and operations for certain locations within IWG's portfolio.

40. Businesses and companies implementing work-from-home policies (either voluntary or government-mandated) has reduced the demand for temporary office space resulting in lower occupancy rates across the IWG portfolio. To attract and retain Occupants in this environment, IWG has had to cut pricing for new sales and renewals, resulting in a reduction of revenue from the space that is occupied. Other Occupants have also been untimely on payment of their Occupancy Fees which has a range of underlying causes, including the effects of the economic downturn on their businesses or as part of emergency cash-conservation measures undertaken by the Occupants.

41. To mitigate the effect of the pandemic, IWG has taken various cash flow and liquidity measures, including the deferral of rent payments and engagement with Landlords to negotiate forbearances, temporary accommodations, and, in certain instances, permanent modifications to Leases. The Company has had various successes in negotiations with Landlords to date.

However, in certain instances, the negotiations have reached an impasse. The break down of any particular negotiation with a Landlord can weaken the entire portfolio, by requiring the immediate deployment of a disproportionate amount of liquidity (e.g., to cure an accumulated Lease arrearage) in order to avoid the potential closure of a Centre and potential loss of business from Occupants at that location.

42. The initial event triggering the commencement of the Chapter 11 Cases was the breakdown of negotiations between Landlords and the U.S. SPE Debtors. The breakdown led the respective Landlords to issue notices of their intention to lock the U.S. SPE Debtors out of their respective Centres leading to the U.S. SPE Debtors to commence their respective Chapter 11 Case. The Guarantor Debtors commenced their Chapter 11 Cases shortly thereafter, to pre-empt both a potential “run on the bank” by Landlords exercising their rights under the various guarantee agreements and to attempt to restructure their obligations while maintaining the Company’s viable lease portfolio.

(b) COVID-19 and the Canadian Affiliates

43. The Canadian Affiliates have likewise been impacted by the COVID-19 pandemic with depressed occupancy rates, Occupants that have, either by necessity or strategically, failed to pay their Occupancy Fees and decreased demand at capital intensive Centres in downtown areas of metro-centres. However, despite the impact that COVID-19 has had on the Canadian business, as set out above, the Canadian Tenant SPEs in the majority of cases have continued paying rent to the Landlords in respect of the Leases for the Centres in Canada.¹ IWG has also engaged in negotiations with certain Landlords with respect to specific accommodations and in certain cases, adjusted the terms of Leases to reflect new market realities created by the ongoing pandemic. To

¹ I understand from Michael Osborne, Chief Financial Officer of IWG North America, and verily believe there is approximately CAD\$2.2 million in rent arrears across the entire Canadian portfolio of Leases. As set out above, the rent arrears for the CCAA Debtors is approximately CAD\$850,000.

date, the negotiations have been primarily positive and have not resulted in lock-out notices being issued similar to the U.S. SPE Debtors' situation.

44. However, upon the commencement of the Chapter 11 Cases, IWG had significant concerns that the dynamics could change leading Landlords to terminate various Leases. Under approximately 39 of the Guaranteed Canadian Leases, an event of default is triggered upon the commencement of insolvency and/or bankruptcy proceedings by any indemnitor or guarantor under the Lease. Subject to the particular terms of the Lease and provincial law, the Landlords' rights and remedies in the case of an event of a default under their respective Guaranteed Canadian Lease may include (a) terminating the applicable Guaranteed Canadian Lease; or (b) "locking-out" the applicable Canadian Tenant SPE, including, by extension, the Occupants, and retaking possession of the Centres. Under 19 of these Leases, the rights and remedies upon an insolvency default may be exercised with limited or no notice to the Canadian Tenant SPE.

45. If any particular Landlord, relying upon an alleged event of default, purports to terminate a lease or locks out a Canadian Tenant SPE, it will cause significant adverse effects to the Canadian Affiliates, the Occupants located within the Centre (which total 3,900 in respect of the CCAA Debtors), and other creditors of the individual Canadian Tenant LP. Each such action by a Landlord would undermine the financial stability of the Canadian Affiliates, the Guarantor Debtors, and the Company as a whole, the cumulative effect of which may encourage other Landlords to take similar actions.

(c) Lease Notice Procedures Motion

46. In order to address this issue, the Chapter 11 Debtors originally filed the *Debtors' Motion for Interim and Final Orders Establishing Notification Procedures for Lease Termination* (the "**Lease Notice Procedures Motion**") in the Chapter 11 Cases.

47. The Lease Notice Procedures Motion contemplated that any Landlord would be required to provide the Chapter 11 Debtors with fifteen business days' notice prior to terminating a Lease guaranteed by the Guarantor Debtors (including those held by the Canadian Tenant SPEs) or "locking-out" a Lease Holder where the Lease was guaranteed by the Guarantor Debtors. The purpose of the Lease Notice Procedures Motion was to provide "breathing space" during the restructuring given the defaults caused by the commencement of the Chapter 11 Cases and protect various property or business interests of the Chapter 11 Debtors. As explained, there was a significant concern that if the Landlords are permitted to terminate the leases or "lock-out" the Canadian Tenant SPEs without notice, it could result in devastating cascading effects on the Company, the Canadian Tenant SPEs themselves, the Guarantor Debtors and their stakeholders, including the Occupants.

48. The U.S. Court had an initial hearing on the Lease Notice Procedures Motion on August 18, 2020 where it was adjourned until August 25, 2020. Following a hearing on the Lease Notice Procedures Motion on August 25, 2020, the U.S. Court denied the Lease Notice Procedures Motion on an interim basis without prejudice to the Chapter 11 Debtors' ability to seek the relief on a final basis at a later date. A copy of the transcript of the hearing relating to the decision by the U.S. Court on the Lease Notice Procedures Motion is attached hereto as **Exhibit "G"**.

(d) "At Risk" Leases

49. As result of the denial of the Leases Procedures Motion, a significant number of Leases of the Canadian Tenant SPEs are at risk of being terminated on the basis of defaults triggered by the commencement of the Chapter 11 Cases. In the case of approximately 39 Leases, either (a) no notice is required in order for the Landlord to terminate the Lease based on an insolvency default by the Guarantor Debtor; (b) the Chapter 11 Debtors are concerned, based on the drafting the Lease, that the Landlords may take the position that they are not required to give advance

notice of their intention to terminate the Leases to the Canadian Tenant SPEs or applicable Guarantor Debtor; or (c) there is a limited notice provision (between five business days and ten calendar days depending on the Lease). Certain of the Leases also contain cure provisions to permit the Canadian Tenant SPE to provide additional security or a replacement indemnifier but due to the liquidity challenges described above, the CCAA Tenants SPEs in many instances will not be in a position to provide that replacement security.

50. The concerns of the Company were heightened when on the morning of August 25, 2020, a Landlord in respect of the Centre in Edmonton posted a Notice of Termination and Notice to Quit at the Premises purporting “to terminate the Lease immediately, without prior notice and without any opportunity to cure the default.” The sole default alleged by the Landlord was commencement of the Chapter 11 Cases by RGN-NBC, the indemnifier under the Lease. In that situation, the doors to the premises were locked and the Canadian Tenant SPE and Occupants were denied access to the premises. Staff located at the premises were forced to set up a table outside the premises in order to explain to Occupants the lock out situation causing significant disruption to the operation of the Company and the Occupants.

51. The Foreign Representative sought emergency relief from this Court and was granted an order declaring the termination of the Lease void and allowing the applicable Canadian Tenant SPE an opportunity to cure the default in accordance with the terms of the Lease. However, other Leases may not permit a cure period and it would be a significant expense and distraction for the Company to be forced to bring a motion to the Court each time a Landlord does not give advance notice to the applicable Canadian Tenant SPE and Guarantor Debtor.

52. After canvassing the various options to obtain an immediate stay of proceedings to preserve the status quo and protect the Canadian business, the Company concluded that an application under the CCAA was the most efficient and practical manner to proceed. To this end,

the Foreign Representative in the Recognition Proceedings brought a motion on August 28, 2020 to temporarily extend the stay of proceedings against the Canadian Tenant SPEs which have Leases that are potentially at risk of being terminated (now the CCAA Debtors), in order to provide an opportunity to prepare an application under the CCAA. A copy of the affidavit of Joshua Nicosia sworn on August 27, 2020 in support of that motion is attached hereto without exhibits as **Exhibit “H”**.

53. On August 28, 2020, the Court denied that motion on the basis that granting the relief would have been inconsistent with the ruling by the U.S. Court on the Lease Notice Procedures Motion. A copy of the endorsement of the Court is attached hereto as **Exhibit “I”**.

54. As a result, without the benefit of a stay of proceedings, the CCAA Debtors may be in default of their obligations under their respective Leases which could be terminated with no or limited notice. If the Lease is terminated and the property of the Centres are liquidated for the benefit of creditors, there is significant destruction to the going concern value of the business and the realization from a liquidation will likely be insufficient to pay creditors, including the other Canadian Affiliates, IWG affiliates and the applicable Landlord.

55. One Canadian Tenant SPE, RGN Ontario II Limited Partnership (the **“NOI Debtor”**), already filed a Notice of Intention to Make a Proposal, immediately following the hearing before this Court on August 28, 2020 due to concerns that the Landlord may terminate its Lease. A copy of the certificate confirming the filing of the NOI is attached hereto as **Exhibit “J”**. The Canadian GP of the NOI Debtor is an Applicant under these CCAA proceedings and the CCAA Debtors will explore possibilities of advancing the proceedings in a coordinate manner or terminating the NOI proceedings in favour of these CCAA proceedings, if possible.

56. Absent relief from the Court under the CCAA, the Leases of the CCAA Debtors will continue to be “at risk” and Centres may be closed involuntarily. The termination of Leases would

cause serious and material prejudice to the CCAA Debtors, as well as the Guarantor Debtors, the Occupants and other stakeholders of the Canadian business.

D. Path Forward

57. Protection under the CCAA will bring immediate stability to a volatile situation where a significant portion of the Centres could be involuntarily closed on no or limited notice. The CCAA Debtors intend to use the “breathing room” provided by the CCAA to advance their restructuring efforts in a coordinated manner with the Chapter 11 Cases. The restructuring of the Guarantor Debtors is significantly intertwined with the restructuring of the Canadian Tenant SPEs and will need to occur in parallel.

58. The Company will also further evaluate viable Centres and continue the negotiations with Landlords that started prior to the Chapter 11 Cases so their Leases reflect “market realities” following the COVID-19 pandemic. It is possible based on negotiations, and similar to the Chapter 11 Cases, that additional Canadian Tenant SPEs may need to file for protection under the CCAA.

E. Relief Sought

(a) Stay of Proceedings

59. For the above reasons, the CCAA Debtors require an immediate stay of proceedings to provide stability to preserve their business and continue to pursue their restructuring efforts. Absent a stay of proceedings, the CCAA Debtors may start to lose Centres due to “lock outs” by Landlords effectively ending their business. If the CCAA Debtors could not operate the Centres and the CCAA Debtors’ property is liquidated in an insolvency process, there would not be sufficient realizations to enable payment of all their liabilities, including potential claims of Landlords and Occupants and debt owing to affiliates.

60. In absence of a stay, there is a potential for material prejudice to a myriad of stakeholders and significant value destruction.

(b) Appointment of Monitor

61. As part of Recognition Proceedings, KSV was appointed as Information Officer. Given KSV's familiarity with the CCAA Debtors' business, the Chapter 11 Cases, and the Recognition Proceedings, the Applicants are also seeking to appoint KSV as the Monitor (the "**Monitor**") in the CCAA proceedings. KSV has consented to acting as the Monitor in these CCAA proceedings. A copy of KSV's consent to act as the Monitor is attached hereto as **Exhibit "K"**.

62. KSV is a trustee within the meaning of section 2 of the BIA and is not subject to any of the restrictions on who may be appointed as monitor set out in section 11.7(2) of the CCAA.

(c) Cash Flow Forecast

63. The CCAA Debtors, with the assistance of its advisors and the proposed Monitor, have prepared a 90-day cashflow forecast as required by the CCAA (the "**Cash Flow Forecast**"). I understand the Cash Flow Forecast will be appended to the pre-filing report of the proposed Monitor. Due to the urgent nature of this application, the Cash Flow Forecast assumed that the only disbursement by the CCAA Debtors would be payment of rent and service charges to Landlords which are typically the only cash payments made by the Canadian Tenant SPEs. RGN Management LP will continue to advance funds to make those rent payments on a secured basis pursuant to the intra-group loan facility agreements. The CCAA Debtors may seek a charge in favour of RGN Management LP for any post-filing advances at a later date in these CCAA proceedings.

64. The CCAA Debtors, with the assistance of the Monitor, will continue to refine the Cash Flow Forecast before returning to Court on any comeback motion.

F. Notice

65. This application has been brought on notice only to the proposed Monitor. If the application is granted, the CCAA Debtors will publish the required notices and provide notice to affected Landlords.

I confirm that while connected via video technology, Mr. James S. Feltman showed me the front and back of his government-issued photo identity document and that I am reasonably satisfied it is the same person and the document is current and valid. I confirm that I have reviewed each page of this affidavit with James S. Feltman and verify that the pages are identical.

Sworn before me by video conference from the City of Miami, in the State of Florida, United States of America, to City of Toronto, in the Province of Ontario, Canada, on August 30, 2020.

Lee Nicholson

LEE NICHOLSON (LSO #664121)
Commissioner for Taking Affidavits
in the Province of Ontario

DocuSigned by:
James Feltman

JAMES S. FELTMAN

Schedule "A" – Additional Applicants

RGN Alberta IV GP Inc.
RGN Alberta 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 British Columbia XXIV 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

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985,
c. C 36, AS AMENDED AND IN THE MATTER OF GUARDIAN FINANCIAL CORP. ET. AL.**

Court File No.: _____

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

Proceeding commenced at Toronto

**AFFIDAVIT OF JAMES S. FELTMAN
SWORN AUGUST 30, 2020**

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Lawyers for the Applicants

EXHIBIT E

EXHIBIT "E"

referred to in the Affidavit of

JAMES S. FELTMAN

Sworn March 5, 2021

DocuSigned by:

Lee Nicholson

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Commissioner for Taking Affidavits

Court File No. CV-20-00646507-00CL

**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 GUARDIAN FINANCIAL CORP. AND OTHER ENTITIES LISTED ON
SCHEDULE "A"**

(Applicants)

**AFFIDAVIT OF JAMES S. FELTMAN
(Sworn November 13, 2020)**

I, James S. Feltman, of the City of Miami, Florida, United States of America, **MAKE OATH AND SAY:**

1. I am a managing director of Duff & Phelps, LLC, an advisory firm providing governance, risk and transparency solutions for clients across diverse sectors, including publicly traded and privately held companies, law firms, government entities and investment organizations such as private equity firms and hedge funds. My practice at Duff & Phelps is focused on providing fiduciary, advisory consulting, and expert witness testimony in areas including insolvency, restructuring, accounting, and financial statement reporting. I have served as an appointed fiduciary with a branch of the United States Department of Justice spanning nearly 30 years, have been appointed as an advisor by both U.S. federal (district and bankruptcy) and state courts, have served as an arbitrator and mediator, and have been appointed as a Monitor by the U.S. Federal Trade Commission.

2. The above captioned Applicants are part of a group of affiliates operating in the United States and Canada as IWG or Regus (collectively, "**IWG**"). Duff & Phelps was retained by certain affiliates of IWG to provide interim management services. I have been authorized by each of the Applicants to assist with their proceedings under the *Companies' Creditors Arrangement Act*,

R.S.C. 1985, c. C-36 and file this affidavit in support of this motion. I am also the Responsible Officer for each of the affiliated companies (the “**Chapter 11 Debtors**”) which filed voluntary petitions for relief pursuant to Chapter 11 of the U.S. Code (the “**Bankruptcy Code**”). In this capacity, I am responsible for assisting in the management of their operations, overseeing their liquidity management, and assisting with their restructuring process. In the course of this engagement and working with the Applicants’ and Chapter 11 Debtors’ management and outside counsel and financial advisors, I have become familiar with the operations and financial affairs of the Applicants and Chapter 11 Debtors and their non-debtor affiliates. As a result, I have knowledge of the matters to which I hereinafter depose, except where otherwise stated. Where I have relied upon information received from other individuals, I state the source of such information and believe such information to be true.

3. I swear this affidavit in support of the motion by the Applicants seeking issuance of an Order:

- (a) approving the Estate Account Agreement, described below, including the Revised Cash Management System contemplated therein, and granting customary protections to the Court Officer (as such terms are defined below);
- (b) authorizes the CCAA Debtors (as defined below) to pay pre-filing amounts owing to critical suppliers up to a maximum amount of \$1.25 million; and
- (c) extending the Stay Period (as defined below) to March 16, 2021.

A. Background

4. Beginning on July 30, 2020 and continuing on a periodic basis until October 20, 2020, 99 entities affiliated with IWG filed voluntary petitions for relief pursuant to Chapter 11 of the Bankruptcy Code with the United States Bankruptcy Court for the District of Delaware (the “**U.S.**

Court", and such cases in the U.S. Court, the "**Chapter 11 Cases**").¹ Three of the Chapter 11 Cases were commenced on August 17, 2020 by RGN-National Business Centers, LLC ("**RGN-NBC**"), H Work, LLC (f/k/a HQ Global Workplaces LLC) and RGN-Group Holdings, LLC (collectively, the "**Guarantor Debtors**").

5. The Guarantor Debtors had guaranteed certain Leases held by the CCAA Debtors (as defined below), and the commencement of the Chapter 11 Cases by the Guarantor Debtors may have been a technical event of default under the CCAA Debtors' Leases. If any of these Leases were involuntarily terminated on account of the Guarantor Debtors' Chapter 11 Cases, then the applicable CCAA Debtor could lose access to its premises and, in turn, the ability to operate its business.

6. Accordingly, on August 24, 2020, RGN-NBC, in its capacity as foreign representative (in such capacity, the "**Foreign Representative**") of itself and certain of the other Chapter 11 Debtors, commenced the recognition proceedings (the "**Recognition Proceedings**") pursuant to Part IV of the CCAA. Following the Part IV application by the Foreign Representative, this Court granted the Initial Recognition Order (Foreign Main Proceeding) and the Supplemental Order (Foreign Main Proceeding), which, among other things:

- (a) recognized certain of the Chapter 11 Cases as foreign main proceedings pursuant to Part IV of the CCAA;
- (b) recognized certain first day orders granted by the U.S. Court; and
- (c) appointed KSV Restructuring Inc. (f/k/a/ KSV Kofman Inc.) ("**KSV**") as Information Officer in respect of the Recognition Proceedings.

¹ More Chapter 11 Cases may be commenced. Certain of the Chapter 11 Cases have been terminated.

7. As part of the Chapter 11 Cases, the Chapter 11 Debtors sought an order from the U.S. Court approving certain lease termination notice procedures which would have required Landlords to provide 15 business days' notice prior to terminating a Lease held by any affiliate of the Chapter 11 Debtors which was guaranteed by a Guarantor Debtor. The U.S. Court denied the requested relief.

8. The Foreign Representative sought a temporary stay order within the Recognition Proceedings to permit the Applicants to make an application for CCAA protection in an orderly manner. This Court denied the requested relief. As a result, RGN Ontario II Limited Partnership ("**RGN Ontario II LP**"), an affiliate of the CCAA Debtors, sought immediate protection by means of a Notice of Intention to Make a Proposal (an "**NOI**") to its creditors pursuant to s. 50.4 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the "**BIA**") on August 28, 2020. KSV was appointed as Proposal Trustee for RGN Ontario II LP.

9. On August 31, 2020, the Applicants commenced these proceedings under the CCAA (the "**CCAA Proceedings**") and this Court granted an Initial Order in respect of the Applicants and certain affiliated limited partnerships (together, the "**CCAA Debtors**", and each a "**CCAA Debtor**"). KSV was appointed as monitor of the CCAA Debtors (the "**Monitor**"). On September 10, 2020, this Court granted an Order amending and restating the Initial Order (as amended and restated, the "**Initial Order**"). The stay of proceedings (the "**Stay Period**") under the Initial Order expires on November 27, 2020.

10. On September 16, 2020, RGN Ontario XXXIV Limited Partnership, an affiliate of the CCAA Debtors, filed a Notice of Intention to Make a Proposal pursuant to the BIA (the "**NOI Proceedings**"). KSV was appointed as Proposal Trustee of RGN Ontario XXXIV Limited Partnership.

11. On November 5, 2020, this Court granted an Order continuing the NOI proceedings commenced by RGN Ontario II LP under the CCAA Proceedings and extending all the rights, benefits and protections under the Initial Order to RGN Ontario II LP as a “CCAA Debtor”.

12. I swore an affidavit in support of the application commencing the Recognition Proceedings, a copy of which, without exhibits, is attached hereto as **Exhibit “A”**. I also swore affidavits (a) in support of the application by the Applicants for protection under the CCAA (the **“Second Feltman Affidavit”**), a copy of which, without exhibits, is attached hereto as **Exhibit “B”**; and (b) in support of the motion by the Applicants seeking an initial extension of the Stay Period under the Initial Order (the **“Third Feltman Affidavit”**), a copy of which, without exhibits, is attached hereto as **Exhibit “C”**. Capitalized terms used herein but not otherwise defined shall have the meanings ascribed to them in the Second Feltman Affidavit.

13. Copies of the Initial Order and other Orders and filings in the Recognition Proceedings, the CCAA Proceedings and the NOI Proceedings are available on KSV’s website at <https://www.ksvadvisory.com/insolvency-cases/case/rgn-national-business-centers>.

B. Update on the CCAA Proceedings

14. Since the granting of the Initial Order on September 10, 2020, the CCAA Debtors, with the assistance and oversight of the Monitor, have worked in good faith and with due diligence to ensure the stability of their business and ensure the CCAA Proceedings continue in a coordinated manner with the Chapter 11 Cases, the Recognition Proceedings and the NOI Proceedings. The activities of the CCAA Debtors have included the following:

- (a) responding to inquiries from Landlords of the CCAA Debtors’ Centres;
- (b) reviewing the CCAA Debtors’ cash flow statements and preparing a cash flow forecast for the purposes of the within motion;

- (c) paying rent for October and November 2020 for each of the Leases held by the CCAA Debtors;
- (d) reviewing and analyzing the CCAA Debtors' cash management system and developing the Estate Account Agreement and the Revised Cash Management System, as described below;
- (e) negotiating amendments to a number of their Leases, as described below;
- (f) coordinating efforts with U.S. counsel to the Chapter 11 Debtors regarding certain activities related to the Chapter 11 Cases; and
- (g) preparing this affidavit and the related materials for the within motion.

15. I am informed by Joshua Nicosia, General Counsel for IWG North America, that certain issues arose with the CCAA Debtors' Landlords. In particular, in early October, one Landlord attempted to revoke elevator access to one of the Centres operated by a CCAA Debtor in contravention of the Initial Order and further attempted to prohibit the removal of personal property owned by the CCAA Debtor's clients. This matter was resolved with the Landlord in question on a consensual basis.

16. In addition, Mr. Nicosia has informed me that certain issues also arose in late October whereby a contractor completing a project at a Centre for a CCAA Debtor refused to continue working due unpaid pre-filing arrears. Due to the urgency of the situation, I understand that the CCAA Debtors, following consultation with the Monitor, arranged for payment of the amounts to be made by RGN Management Limited Partnership ("**RGN Management**"). The payment permitted to the project to continue to improve and preserve the Centre for the benefit of the CCAA Debtor and its stakeholders.

17. I am advised by Lee Nicholson of Stikeman Elliott LLP, counsel to the Applicants, that the CCAA Debtors have been in regular contact with and have responded to a number of enquiries raised by counsel for Oxford Properties Group Inc., a Landlord to certain of the CCAA Debtors, over the course of September and October. Most of these enquiries related to the CCAA Debtors' existing cash management system and intercompany accounting.

18. I am further advised by Mr. Nicholson that on October 8, 2020, counsel for the CCAA Debtors received a notice of motion from FNC Avocats, an Occupant of a Centre, requesting that the stay of proceedings be lifted so that FNC Avocats could seek certain relief regarding their tenancy. I understand that this motion was presented to the Court on October 9, 2020; however, the motion was withdrawn on the basis that the contractual counterparty of FNC Avocats was not one of the CCAA Debtors subject to the stay of proceedings established by the Initial Order.

19. Throughout the entirety of the CCAA Proceedings, the CCAA Debtors have continued to operate their businesses and manage their property as debtors in possession.

C. Path Forward in the CCAA Proceedings

20. The CCAA Debtors sought protection under the CCAA due to concerns that the Leases for the Centres operated by the CCAA Debtors may be in default as a consequence of the commencement of the Chapter 11 Cases by the Guarantor Debtors. To emerge from CCAA protection, the CCAA Debtors need to be positioned such that their Leases cannot be terminated based on a technical default by the Guarantor Debtors.

21. The CCAA Debtors, like the Chapter 11 Debtors, have initiated and are conducting a comprehensive review of their unexpired Leases to determine whether any such Leases should be disclaimed as part of the CCAA Proceedings. In conjunction with these efforts, the CCAA Debtors continue to engage in good faith, arm's-length negotiations with their Landlords to obtain

favourable lease amendments to ensure each Centre is financially viable and sustainable on a long-term basis.

22. As of November 6, 2020, I am advised by Mr. Nicosi that the CCAA Debtors have renegotiated eight of their Leases (subject to final documentation). The CCAA Debtors are hopeful that they will not need to disclaim any of their Leases if other, potentially uneconomic Leases can be renegotiated as well.

23. The CCAA Debtors remain focused on, among other things, further negotiations with their Landlords and completing a successful restructuring in a coordinated manner with the Chapter 11 Debtors to address the obligations of the Guarantor Debtors under the Leases in Canada and the United States.

24. The CCAA Debtors' progress to date has been achieved in no small part due to the stability provided by the CCAA stay of proceedings. An extension of the Stay Period will permit the CCAA Debtors to continue to advance their restructuring efforts, as set forth above.

D. Cash Management

(a) Pre-Filing Cash Management System

25. As set out in the Second Feltman Affidavit and the Third Feltman Affidavit, the business model employed by the CCAA Debtors and other IWG affiliates relies on a series of inter-company relationships. In Canada, RGN Management enters into Occupancy Agreements with Occupants and collects the applicable Occupancy Fees on behalf of the Canadian Tenant SPEs. If the monthly expenses and costs incurred by RGN Management on behalf of a Canadian Tenant SPE and other intercompany amounts owing by the Canadian Tenant SPE exceed the Occupancy Fees collected at the Centre, the monthly net deficiency is recorded as an intercompany payable by the applicable Canadian Tenant SPE owing to RGN Management pursuant to an intra-group

loan facility agreement. If the monthly Occupancy Fees for a particular Centre exceed the expenses and costs paid by RGN Management in relation to that Centre, the Canadian Tenant SPE books an intercompany receivable owing from RGN Management.

26. The CCAA Debtors share a centralized cash management system with the other Canadian Affiliates. The CCAA Debtors have separate bank accounts with CIBC, but these accounts are used solely to facilitate the payment of rent. The CCAA Debtors do not maintain separate bank accounts to collect receipts or pay expenses. CIBC allows the CCAA Debtors' accounts to be notionally pooled with other disbursement accounts and the account of RGN Management. The pooling arrangement allowed for the disbursement accounts to be overdrawn to make the applicable rent payments as only the net amount of all pooled accounts is required to be positive.

27. The CCAA Debtors originally informed the Court that they intended to continue using their existing cash management system during the CCAA Proceedings and were authorized to do so pursuant to the Initial Order. In response to a concern raised by counsel to a landlord, the CCAA Debtors, with input from the Monitor, have decided to revise the cash management system (the **"Revised Cash Management System"**).

(b) Revised Cash Management System²

28. Attached hereto as **Exhibit "D"** is the Estate Account Agreement dated November 2, 2020 (the **"Estate Account Agreement"**) that effects the amendments to the Revised Cash Management System. The Estate Account Agreement was entered into between the entities listed on Schedule "A" thereto (collectively, the **"SPE Debtors"** and each a **"SPE Debtor"**), RGN

² Capitalized terms used in this section that are not otherwise defined shall have the meaning ascribed to them in the Estate Account Agreement.

Management and KSV, solely in its capacity as the Monitor or Proposal Trustee of the SPE Debtors (the “**Court Officer**”).

29. In brief, the Estate Account Agreement provides that any Net Operating Cash Flow generated following the Filing Dates shall be held in a separate cash account established by the Court Officer (the “**Estate Account**”) so that such amounts are available to be distributed to creditors of each of the SPE Debtors in the CCAA Proceedings or the NOI Proceedings, if necessary or required, to the extent that a SPE Debtor has a positive cash balance. The Monitor will account for the Net Operating Cash Flow of each SPE Debtor separately. The mechanisms are as follows:

- (a) **Step 1 – Initial Deposit:** The SPE Debtors and RGN Management, in consultation with the Court Officer, prepared an estimate of the Net Operating Cash Flow of each Canadian SPE Debtor from the Filing Date until October 31, 2020. RGN Management transferred an amount equal to the aggregate estimated Net Operating Cash Flow of the SPE Debtors from the applicable Filing Date until October 31, 2020 to the Court Officer to be held in the Estate Account. I understand that the estimate of Net Operating Cash Flow for this period was CAD\$321,829.76. Following the closing of the SPE Debtors’ accounting for the month of October 2020, the SPE Debtors and RGN Management, in consultation with the Court Officer, will determine the Net Operating Cash Flow of each Canadian SPE Debtor since the Filing Date and make necessary adjustments to the Estate Account depending on the actual amount of the Net Operating Cash Flow attributable to each SPE Debtor.
- (b) **Step 2 – Post-October 2020 Procedures:** Each month after October 2020, following the closing of the SPE Debtors’ accounting for the month, the SPE

Debtors and RGN Management, in consultation with the Court Officer, shall determine the Net Operating Cash Flow of each SPE Debtor for the previous month and transfer the aggregate amount of the Net Operating Cash Flow of the SPE Debtors to the Court Officer to be held in the Estate Account in accordance with the Estate Account Agreement, subject to certain considerations outlined in the Estate Account Agreement and summarized below:

- (i) To the extent the Net Operating Cash Flow of a SPE Debtor for a particular month is positive, but the Net Operating Cash Flow for that SPE Debtor since the Filing Date is negative, the amount of the Net Operating Cash Flow to be transferred by RGN Management to the Court Officer shall be reduced by the amount of the negative balance up to the amount of the Net Operating Cash Flow for that month; and
- (ii) To the extent that the Net Operating Cash Flow of a SPE Debtor for a particular month is negative and the Court Officer is holding funds on behalf of that SPE Debtor in the Estate Account from prior payments made by RGN Management, the Court Officer shall pay up to the amount of the Net Operating Cash Flow for that SPE Debtor for that month to RGN Management on behalf of the SPE Debtor from the Estate Account. The amount to be transferred from an SPE Debtor to RGN Management by the Monitor cannot exceed the accumulated positive cash flow for a specific SPE Debtor. In other words, an SPE Debtor cannot go into overdraft and any payments to RGN Management are limited to the positive Net Operating Cash Flow held by the Monitor on behalf of a SPE Debtor at a point in time.

30. The calculation of Net Operating Cash Flow and corresponding payments and disbursements from the Estate Account as set forth above are to occur individually for each SPE Debtor on an unconsolidated basis. The Court Officer will keep an accounting of the receipts and disbursements of the Estate Account on an entity by entity basis.

31. The Estate Account Agreement terminates upon the earlier of (a) an Order of this Court terminating the Estate Account Agreement; (b) termination and discharge of the NOI Proceedings and the CCAA Proceedings; and (c) dismissal of the within motion seeking approval of the Estate Account Agreement.

32. If the CCAA Proceedings or NOI Proceedings are terminated and discharged in respect of any particular SPE Debtor, such SPE Debtor shall withdraw from the Estate Account Agreement and the Court Officer shall transfer any funds held on behalf of the SPE Debtor in the Estate Account to RGN Management. The Court Officer shall also return any funds held in the Estate Account to RGN Management if the within motion to approve the Estate Account Agreement is dismissed by the Court.

33. If a SPE Debtor makes, or is deemed to have made, an assignment into bankruptcy under the BIA, the Court Officer shall transfer the amount held on behalf of such SPE Debtor in the Estate Account to the trustee-in-bankruptcy appointed to administer the estate of the SPE Debtor in accordance with the BIA.

34. Pursuant to the Estate Account Agreement, the SPE Debtors are to seek an Order from this Court (a) approving the Estate Account Agreement; and (b) providing customary protections for the Court Officer in fulfilling its duties under the Estate Account Agreement. With respect to the second point, the Estate Account Agreement and draft Order sought by the Applicants provide, among other things, that the Court Officer shall not be liable for any act or omission on the part of the Court Officer pertaining to the discharge of its duties under the Estate Account

Agreement, save and except for any claim or liability arising out of any gross negligence or wilful misconduct on the part of the Court Officer.

35. The Revised Cash Management System is intended to provide additional protections for the creditors of the SPE Debtors in the event any such entities are liquidated. At the same time, the Revised Cash Management System is designed to efficiently use administrative and accounting resources while recognizing the SPE Debtors' highly integrated nature. As a result of the Court Officer taking on the responsibilities outlined in the Estate Account Agreement, the SPE Debtors do not need to take on the burden of developing new in-house cash management capabilities and infrastructure (or, alternatively, finding a third-party provider of these services). I understand that the Court Officer already has the necessary systems and infrastructure in place to fulfill its responsibilities under the Estate Account Agreement. The role played by the Court Officer in the Revised Cash Management System is consistent with its responsibilities and duties in the CCAA Proceedings and the NOI Proceedings.

E. Pre-Filing Amounts to Suppliers

36. As described above, a situation already arose where a pre-filing supplier to the CCAA Debtors stopped working on a construction project important to the business despite the Initial Order. The CCAA Debtors have concerns that this situation could arise again in respect of other Centres. I am informed by Mr. Nicosia that currently another contractor working on an improvement project for a Centre has also recently informed the CCAA Debtors that it intends to stop working on the project due to non-payment of arrears that arose prior to the filing date notwithstanding the Initial Order.

37. These construction projects are critical to maintaining the professional appearance of Centres and improving Centres to attract sufficient Occupants in order for a Centre to remain viable. The CCAA Debtors also rely on various contractors to complete this work in a timely and

workmanlike fashion. In situations where pre-filing arrears have arisen, the contractors were midway through their project at a Centre making it difficult for the CCAA Debtors to find a replacement supplier to complete a particular project. In order to preserve the Centres and ensure the CCAA Debtors' operations remain uninterrupted during the CCAA Proceedings, the CCAA Debtors are requesting authority to pay pre-filing arrears to suppliers up to an aggregate maximum of \$1.25 million if, following consultation with the Monitor, the CCAA Debtors are of the view that the payment is critical for the preservation of their business or property. The amounts for such payments would be funded by RGN Management.

38. If authority is granted to make certain pre-filing payments, in determining whether to pay a supplier their pre-filing arrears, the CCAA Debtors, in consultation of the Monitor, would intend to consider the following:

- (a) Whether a supplier has refused to continue supplying the CCAA Debtors and if so, whether there are any practical alternatives for requiring the supplier to continue working;
- (b) Whether the project being completed by the supplier is integral to the business of the CCAA Debtors;
- (c) Whether there is urgency to the project being completed for a respective Centre;
- (d) Whether a replacement supplier could be found to complete the work, and if so, in what timeframe; and
- (e) The Monitor's view on whether the payment should be made.

F. Extension of the Stay Period

39. The current Stay Period expires on November 27, 2020. The CCAA Debtors are requesting an extension of the Stay Period until and including March 16, 2021.

40. The CCAA Debtors are seeking an extension of the Stay Period until and including March 16, 2021 to provide sufficient time for the occurrence of certain key milestones in the Chapter 11 Cases. In particular, as a condition of the Chapter 11 Debtors' US\$50 million debtor-in-possession ("**DIP**") financing facility,³ the Chapter 11 Debtors are to, among other things, (a) file a plan of reorganization no later than November 25, 2020 and (b) obtain an order confirming the plan of reorganization in a form that is reasonably acceptable to the DIP lender by no later than February 15, 2021. The "Effective Date" for the plan of reorganization is to be no later than March 16, 2021. The proposed extension to the Stay Period aligns with the outside Effective Date for the Chapter 11 Debtors' plan of reorganization and will obviate the time and expense of additional motions to extend the Stay Period until such time.

41. As detailed in the CCAA Debtors' cash flow statement, which is attached hereto as **Exhibit "E"**, the Applicants have sufficient funds to continue operating through the proposed extension of the Stay Period.

42. The CCAA Debtors are requesting an extension of the Stay Period to maintain their focus on their restructuring initiatives. During the extension of the Stay Period, the CCAA Debtors will continue to work with the Chapter 11 Debtors and other stakeholders to develop and advance a resolution to the CCAA Proceedings. The CCAA Debtors will continue to pay their debts, including post-filing rent obligations, as they become due.

³ See the *Final Order (i) Authorizing Certain Debtors to Obtain Postpetition Financing, (ii) Authorizing Certain Debtors' Use of Cash Collateral, (iii) Granting Adequate Protection, and (iv) Granting Related Relief* [Docket No. 587].

43. I understand that the Monitor intends to file a report that, among other things, is supportive of the CCAA Debtors' request to extend the Stay Period.

44. The CCAA Debtors have acted and continue to act diligently and in good faith in respect of all matters relating to the CCAA Proceedings. In the circumstances, I do not believe that any creditor will suffer material prejudice as a result of the extension of the Stay Period.

I confirm that while connected via video technology, Mr. James S. Feltman showed me the front and back of his government-issued photo identity document and that I am reasonably satisfied it is the same person and the document is current and valid.

Sworn before me by video conference from the City of Miami, in the State of Florida, United States of America, to the Town of Dundas, in the Province of Ontario, Canada, on November 13, 2020.

DocuSigned by:
Lee Nicholson
82C0CC8E694B4AB

LEE NICHOLSON (LSO #664121)
Commissioner for Taking Affidavits
in the Province of Ontario

DocuSigned by:
James S. Feltman
4AA1B7E83C964A2

JAMES S. FELTMAN

Schedule "A" – Additional Applicants

RGN Alberta IV GP Inc.
RGN Alberta 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 British Columbia XXIV 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

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985,
c. C 36, AS AMENDED AND IN THE MATTER OF GUARDIAN FINANCIAL CORP. AND
OTHER ENTITIES LISTED ON SCHEDULE "A"**

Court File No.: CV-20-00646507-00CL

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

Proceeding commenced at Toronto

**AFFIDAVIT OF JAMES S. FELTMAN
SWORN NOVEMBER 13, 2020**

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Lawyers for the Applicants

EXHIBIT F

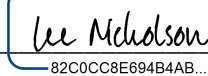
EXHIBIT "F"

referred to in the Affidavit of

JAMES S. FELTMAN

Sworn March 5, 2021

DocuSigned by:



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Commissioner for Taking Affidavits

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:)	
)	Chapter 11
RGN GROUP HOLDINGS, LLC, <i>et al.</i> , ¹)	Case No. 20-11961 (BLS)
)	
Debtors.)	(Jointly Administered)
)	

**DEBTORS’ STATEMENT REGARDING
CASE STATUS AND EXTENSION OF DIP MILESTONES**

In light of the cancellation of the omnibus hearing scheduled for December 16, 2020, the above-captioned debtors and debtors in possession (collectively, the “Debtors”) believe it would be useful to provide the Court and all parties in interest with a brief update on the status of these chapter 11 cases.² The Debtors are not seeking any relief from the Court in this statement.

1. The Debtors and their advisors continue to evaluate and pursue strategies to maximize the value of the Debtors’ estates for the benefit of their stakeholders. Integral to these efforts has been the Debtors’ and their non-debtor affiliates’ ongoing renegotiation of their lease portfolio, across over 1,000 locations in the United States and Canada. The result of such negotiations will form the cornerstone of the Debtors’ chapter 11 plan (the “Plan”) and go-forward business structure on a post-emergence basis. As such, while the Debtors continue to

¹ The mailing address for the Debtors in these chapter 11 cases is 3000 Kellway Drive, Suite 140, Carrollton, Texas 75006 (Attn: James S. Feltman, Responsible Officer). Due to the large number of Debtors in these chapter 11 cases, which are being jointly administered for procedural purposes only, a complete list of the Debtors is not provided herein. A complete list of the Debtors along with the last four digits of their tax identification numbers, where applicable, may be obtained on the website of the Debtors’ noticing and claims agent at <https://dm.epiq11.com/case/rgn/info> or by contacting counsel for the Debtors (Rokeysha Ramos, paralegal, at rokeysha.ramos@faegredrinker.com).

² Capitalized terms used but not defined herein have the meanings ascribed to them in the Final DIP Order [Docket No. 587].

work diligently to formulate the Plan, its terms are inherently dependent on the outcome of these lease negotiations. The Debtors therefore continue to engage directly with the official committee of unsecured creditors (the “UCC”), the DIP Lender, their landlords, and other parties in interest with respect to these lease negotiations. And, while the Debtors’ efforts to maximize value and the attendant coordination with the UCC and parties in interest have yielded significant progress to date—as detailed below—more work remains. Due, in part, to lease negotiation interruptions caused by Thanksgiving and the holiday season, the Debtors require additional time to develop a value-maximizing Plan and related documentation. Accordingly, the Debtors and the DIP Lender have agreed, pursuant to the Final DIP Order, to extend the Case Milestones, as set forth below.

2. Since the Debtors were last before the Court on October 22, 2020, the Debtors have made significant headway on a number of critical fronts. *First*, the Debtors have remained focused on engaging with their landlords—the primary creditors in these chapter 11 cases—in hopes of renegotiating their leases with viable go-forward terms. Since October 22, 2020, the Debtors have: (a) executed, and obtained Court approval of 12 lease amendments [Docket Nos. 592, 602, 660, 739]; (b) assumed, or filed notices to assume, 5 leases [Docket Nos. 691, 761, 785, 807]; (c) rejected 1 lease [Docket No. 757]; and (d) voluntarily dismissed the cases of 3 SPE entities [Docket Nos. 601, 755]. Further, the Debtors are on the precipice of executing amendments to an additional 12 leases.

3. The Debtors’ management team has worked tirelessly to not only optimize the Debtors’ lease portfolio, but also to improve the lease portfolio of, and the operations across, its non-debtor affiliates to ensure long-term viability on an enterprise-wide basis. At the inception of these chapter 11 cases, the Debtors and their non-debtor affiliates were party to approximately

1,038 leases. Progress made to date in negotiations both for Debtor leases and leases of non-debtor affiliates guaranteed by the Debtors (the “Non-Debtor Leases”) is summarized below:

<u>Status</u>	<u>High-Priority Debtor Leases</u> ³	<u>Other Debtor Leases</u>	<u>High-Priority Non-Debtor Leases</u> ⁴
Renegotiated or Otherwise Resolved	15	9	18
Pending Final Execution	9	3	12
Ongoing Active Discussions with Landlord	11	15	10
Total Leases Progressed	35	27	40

4. The Debtors believe that this global optimization of their lease portfolio will right-size their operations and cost structure, providing for future success and stability upon emergence across the enterprise in the best interest of all stakeholders. But this process is large and complex. And while substantial progress has been made to date and will continue to be made in the near-term, additional work remains and time is needed to accomplish the Debtors’ goals, particularly in light of the upcoming holiday season and its resultant challenges to negotiation timelines.

5. *Second*, the Debtors are continuing to conduct their investigation into, among other things, the Prepetition Lien and Claim Matters addressed in the Final DIP Order through

³ To date, 107 affiliated Debtor entities have filed chapter 11 petitions (as previously noted, the cases of four such entities have been voluntarily dismissed) with approximately 126 leases and related centers. Thirty-five of these 126 leases were identified as high-priority lease negotiations by the Debtors given their acute financial distress. Importantly, as of the filing of this statement, the Debtors have successfully renegotiated, or are in the process of doing so, on all such leases. The Debtors reserve all rights with respect to the treatment of all of these leases.

⁴ The Non-Debtor Leases include 474 leases that are guaranteed by certain Debtors. Fifty-six of these 474 leases were identified as high priority given their acute financial distress. Significant progress has been made on such leases, as highlighted herein.

their retained authorized representative, James Feltman of Duff & Phelps LLC. Through their ongoing discussions with the UCC, the Debtors are aware that the UCC continues its own investigation. As part of their continued engagement with the UCC, the Debtors have, and continue, to provide diligence, make their management team available, and respond to the UCC’s requests with respect to its own ongoing investigation. The Debtors also understand that the DIP Lender, the Prepetition Secured Party, and their related entities have, and continue, to cooperate with the UCC and have, and continue, to provide diligence and respond to the UCC’s requests with respect to its investigation. To provide additional time to evaluate documentation, complete the investigations, and facilitate continued discussions amongst all parties, the Debtors requested an extension to the Challenge Deadline for the Debtors and the UCC until February 5, 2021, and the Prepetition Secured Party has consented to such extension.⁵

6. In light of the foregoing progress, the Debtors and the DIP Lender have agreed to modify the Case Milestones pursuant to the Final DIP Order, as follows:

Milestone	Current Milestone	New Milestone
Filing of the Plan	No later than December 23, 2020	No later than January 31, 2021
Entry of an order confirming the Plan that is reasonably acceptable to the DIP Lender	No later than March 11, 2021	No later than April 16, 2021
Effective Date of the Plan	No later than March 16, 2021	No later than April 23, 2021

The Debtors have consulted with the UCC on the extension of the Case Milestones, and the UCC has consented to such extension. Further, the Debtors have, and continue, to evaluate any

⁵ Final DIP Order, ¶ 15(a) (“[I]n the case of the Committee and the Debtors, the Challenge Deadline shall be seventy-five calendar days from the entry of this Final Order or other such later date as may be agreed to in writing from time to time in the sole discretion of the Prepetition Secured Party or by this Court for good cause shown pursuant to an application filed by a party in interest prior to the expiration of the Challenge Deadline.”).

additional incremental funding needs in light of the new Case Milestones and, if such a funding need exists, the Debtors will seek appropriate relief in consultation with the UCC and the DIP Lender.

7. Finally, the Debtors are keenly aware of the various upcoming deadlines to assume or reject unexpired leases absent prior landlord consent (each, a “365(d)(4) Deadline”), which serve as driving factors in these chapter 11 cases. Indeed, absent further consent of the applicable landlord, the first 365(d)(4) Deadline will occur on February 25, 2021.⁶ The Debtors remain focused on these impending deadlines,⁷ the desires of all constituents for a prompt and consensual exit from chapter 11, and their responsibility to formulate a value-maximizing path forward. The Debtors will continue to drive their negotiations forward and will keep this Court and parties in interest updated on their progress.

[Remainder of page intentionally left blank]

⁶ See Order (I) Extending the Deadline by Which the Debtors Must Assume or Reject Unexpired Leases of Nonresidential Real Property and (II) Granting Related Relief [Docket No. 697].

⁷ The Debtors further note that each Debtor’s exclusive period to file the Plan and solicit acceptances thereof expires on March 16, 2021 [Docket No. 694], absent further extension.

Dated: December 18, 2020
Wilmington, Delaware

/s/ Patrick A. Jackson

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*Co-Counsel to the Debtors
and Debtors in Possession*

EXHIBIT G

EXHIBIT "G"

referred to in the Affidavit of

JAMES S. FELTMAN

Sworn March 5, 2021

DocuSigned by:

Lee McHolson

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Commissioner for Taking Affidavits

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:)	
)	Chapter 11
RGN GROUP HOLDINGS, LLC, <i>et al.</i> , ¹)	Case No. 20-11961 (BLS)
)	
Debtors.)	(Jointly Administered)
)	

**DECLARATION OF STEPHEN SPITZER IN SUPPORT OF THE DEBTORS’ MOTION
FOR ENTRY OF AN ORDER (I) AUTHORIZING THE DEBTORS TO FURTHER
AMEND THE DIP TERM SHEET TO (A) INCREASE THE SIZE OF THE DIP
FACILITY AND (B) EXTEND THE MILESTONES THEREIN, (II) AUTHORIZING
THE DEBTORS TO ENTER INTO LETTER AGREEMENTS IN CONNECTION WITH
THE PAYMENT OF STUB RENT, AND (III) GRANTING RELATED RELIEF**

I, Stephen Spitzer, hereby declare under penalty of perjury:

1. I am a Managing Director of AlixPartners, LLP (“AlixPartners”), an affiliate of AP Services, LLP, which was retained by the above-captioned debtors and debtors in possession (collectively, the “Debtors”) as financial advisor in these chapter 11 cases [Docket No. 257] (the “AlixPartners Retention Order”). I submit this declaration (this “Declaration”) in support of the *Debtors’ Motion for Entry of an Order (I) Authorizing the Debtors to Further Amend the DIP Term Sheet to (A) Increase the Size of the DIP Facility and (B) Extend the Milestones Therein, (II) Authorizing the Debtors to Enter Into Letter Agreements in Connection with the Payment of Stub Rent, and (III) Granting Related Relief* (the “Second DIP Amendment Motion”).²

¹ The mailing address for the Debtors in these chapter 11 cases is 3000 Kellway Drive, Suite 140, Carrollton, Texas 75006 (Attn: James S. Feltman, Responsible Officer). Due to the large number of Debtors in these chapter 11 cases, which are being jointly administered for procedural purposes only, a complete list of the Debtors is not provided herein. A complete list of the Debtors along with the last four digits of their tax identification numbers, where applicable, may be obtained on the website of the Debtors’ noticing and claims agent at <https://dm.epiq11.com/case/rgn/info> or by contacting counsel for the Debtors (Rokeysha Ramos, paralegal, at rokeysha.ramos@faegredrinker.com).

² Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Second DIP Amendment Motion or the proposed order attached thereto as Exhibit A.

2. Through my service as the Debtors' financial advisor, I am generally familiar with the Debtors' business and financial affairs, day-to-day operations, restructuring efforts, and books and records. I received my B.A. in economics from the University of Pennsylvania. I have more than 20 years of corporate finance, advisory, and restructuring experience. I have obtained a Certified Insolvency and Restructuring Advisor designation. Since joining AlixPartners, I have provided restructuring advice to companies, creditors, shareholders, and other interested parties on restructuring transactions both in chapter 11 and on an out-of-court basis. I have been involved in a number of chapter 11 cases in the District of Delaware, including Charys, Inc., Hexion, Inc., Sungevity, Inc., VER, Inc., and VIP Cinema Holdings, Inc.

3. The statements in this Declaration are, except where specifically noted, based upon my personal knowledge or opinion, on information that I have obtained from the Debtors' advisors or employees working directly with me or from other members of the AlixPartners team working under my supervision or direction, or from the Debtors' books and records. I am not specifically compensated for this testimony other than through payments received by AlixPartners as a professional services firm retained by the Debtors in these chapter 11 cases pursuant to the AlixPartners Retention Order. I am over the age of 18 years and authorized to submit this Declaration on behalf of the Debtors. If I were called upon to testify, I could and would competently testify to the facts set forth herein.

The Need for Additional Financing

4. When the Debtors initially entered into the DIP Facility, the Debtors sized their liquidity and financing needs based on a number of factors, including the effect of each chapter 11 filing on each Debtor's operation of its business, interest expenses associated with the DIP Facility, the anticipated timeline of these chapter 11 cases, the amounts due under

the Prepetition Financing Documents, professional fees, required payments under the Debtors' leases (including any amendments thereto), payments required under the Debtors' Management Agreement and Franchise Agreement, and other third-party payments. Following the Court's approval of the DIP Facility, the Debtors continued to engage their landlords—the primary creditors in these chapter 11 cases—around the renegotiation of their leases in an effort to obtain favorable concessions that confer substantial benefits on each Debtor's respective estates, and allow for the centers to be economically viable on a go-forward basis. As the chapter 11 cases progressed, however, the Debtors determined that additional time and financing were required, and filed a motion [Docket No. 707] (the "First DIP Amendment Motion") seeking to extend the Milestones and upsize the total aggregate principal available under the DIP Facility from \$50 million to \$97 million, which was approved by the Court on December 1, 2020 [Docket No. 756] (the "First DIP Amendment").

5. Following the filing of the First DIP Amendment Motion, the Debtors have continued to engage their landlords through, among other things: (a) executing and obtaining Court approval of five additional lease amendments [Docket Nos. 739, 826, 837, 897], bringing the total to sixteen lease amendments to date; (b) filing six additional lease amendments [Docket Nos. 906, 911]; (c) assuming, or filing notices to assume, eight additional leases [Docket Nos. 761, 785, 807, 848, 855, 897, 911], bringing the total to ten lease assumptions to date; and (d) rejecting, or filing notices to reject, four additional leases [Docket Nos. 757, 866, 875], bringing the total to seven lease rejections to date. I understand that the Debtors are in active discussions with numerous other landlords and are continuing to make progress in such negotiations.

6. I further understand that although the Debtors have made considerable progress in their remaining lease negotiations and related decisions, the sheer size and complexity of this process has continued to stretch the Debtors' resources. In addition, the uncertainty caused by the ongoing impact of the COVID-19 pandemic, which has been punctuated by a slower-than-hoped-for vaccine rollout in the United States, has led the Debtors to believe that additional time is required to progress negotiation of lease amendments and formulate a value-maximizing chapter 11 plan. I also understand that contemporaneously with filing the Second DIP Amendment Motion, the Debtors are filing motions seeking to extend the Exclusivity Periods and each Debtor's applicable 365(d)(4) Deadline. To that end, I believe extending the Milestones and related periods will assist the Debtors in completing the critical lease negotiation process to make value-maximizing decisions with respect to their go-forward lease portfolio and the formulation of an optimal chapter 11 plan.

7. Based on my discussions with the Debtors' management, and in light of the proposed extended Milestones, I believe that an infusion of additional capital in an aggregate amount of up to \$43 million as authorized by the Second Amended DIP Term Sheet will be required to administer these cases and fund potential costs related to the negotiation and execution of these lease amendments. I believe the Additional Loans provided by the Second DIP Amendment will offer the Debtors added flexibility to provide financial assurances to their landlords that the Debtors will continue to meet their obligations under their leases, as may be amended, in the ordinary course of business. Moreover, I believe the Additional Loans will provide each Debtor with needed access to incremental liquidity to continue operations without interruption while bridging to plan confirmation and emergence from chapter 11.

8. Absent adequate access to capital, I believe that the Debtors may be unable to successfully administer these cases and execute additional lease amendments that offer favorable concessions and may provide a clearer path to a value-maximizing restructuring transaction. The Second DIP Amendment is critical to demonstrate to landlords that the Debtors will have adequate capital to continue to perform under their leases, which is especially important as the Debtors renegotiate their leases and the time for assumption and rejection decisions approach. While I and the Debtors remain confident in the Debtors' ability to execute on their long-term business goals post-emergence, I believe this incremental financing is vital to their ability to restructure their leases and achieve that goal.

9. First, the additional financing will enable the Debtors to continue ordinary course operations without interruption while bridging to plan confirmation and emergence. The revised DIP Budget provides funding through July 30, 2021, which covers the full time period allowed under an agreement between the UCC and the Debtors to permit a 30-day extension beyond the proposed effective date Milestone of June 30, 2021, in the Debtors' sole discretion (and subject to the consent of the DIP Lender). Second, I understand that certain lease negotiations have necessitated the provision of letters of credit, which secure a particular Debtor's obligations under the lease. Where provided, these letters of credit allow the Debtors to obtain significant value through the advantageous terms of the lease modifications, and reduction in overall guarantees, but they require additional upfront funding in the form of guaranteed collateral from the DIP Facility to do so. The upsized DIP Facility has been sized to provide funding for potential letter of credit expenditures, which I believe will enable the execution of additional lease amendments.

10. I understand that the Debtors discussed the need for additional time and financing with the UCC, which recognized the potential benefits of such relief but also considered the impact of a longer case timeline on their landlord constituency. I understand that following good-faith, arm's length negotiations between the parties, the UCC consented to the upsized DIP Facility and extended case Milestones in addition to extended 365(d)(4) Deadlines and Exclusivity Periods in connection with the Debtors' agreement to the terms of the Letter Agreement.

11. The Letter Agreement conditions the UCC's consent to the requested relief on the payment of outstanding Stub Rent on or before March 15, 2021, to the landlords that execute a Letter Agreement. I understand that the Debtors estimate current outstanding Stub Rent to be approximately \$2.5 million for all Debtors. The payment of Stub Rent had previously been contemplated in these chapter 11 cases upon the occurrence of either the effective date of a chapter 11 plan or the date by which administrative claims are to be paid thereunder, or the assumption of an applicable lease by the date on which any cure payments are made. Additionally, the DIP Budget contemplates the payment of all administrative expenses in full notwithstanding the earlier payment of Stub Rent to the Consenting Landlords. I believe that the benefits of paying Stub Rent on this modified timeline outweigh the marginal cost of providing Stub Rent on or before March 15, 2021, as opposed to on or around the effective date of the Debtors' chapter 11 plan.

12. I understand that in addition to the payment of Stub Rent, the Letter Agreement provides that the Debtors will waive any claim that any payment by a Debtor to a Consenting Landlord is a preference, fraudulent conveyance, or similar voidable transfer under the Bankruptcy Code or any applicable non-bankruptcy law. I understand that the Debtors are not

aware of any material claims under section 547 or section 548 of the Bankruptcy Code, or other non-bankruptcy law, that would result in significant recoveries for the Debtors' estates.

13. I believe that the terms of the proposed Second DIP Amendment are the best available option given the circumstances. I believe that amending the existing DIP Term Sheet, as previously amended by the First DIP Amendment, will minimize disruptions and thereby maximize value for the Debtors' estates. The Debtors' existing DIP Lender has agreed to fill the Debtors' financing needs through the Second DIP Amendment, and the Court has already approved the terms of the existing DIP Facility and use of cash collateral (which has previously been consented to by parties in interest in these chapter 11 cases), as well as the First DIP Amendment. As such, approval of the Second DIP Amendment is an efficient, practical solution to the Debtors' financing need that will allow the Debtors to successfully administer these chapter 11 cases and fund their go-forward operations.

14. I believe that the proposed terms of the Second DIP Amendment are in the best interests of the Debtors and their estates and are essential to the completion of these chapter 11 cases. I understand that the Debtors are working diligently to formulate a chapter 11 plan and progress these chapter 11 cases to a successful emergence, and I believe that the Second DIP Amendment will ensure that the Debtors have adequate liquidity and runway for the ongoing administration of these cases. Moreover, I understand that there is no fee associated with the Second DIP Amendment except for the existing ticking fee with respect to any undrawn letters of credit. The ticking fee will continue to be provided to the DIP Lender, for any undrawn letters of credit, in an amount equal to 0.5% per annum, which is substantially lower than the 6.5% interest rate under the DIP Loans. I believe that the amount of the ticking fee is reasonable.

15. For these reasons, I believe that entry into the Second DIP Amendment and the Debtors' payment of Stub Rent to Consenting Landlords is reasonable and justifiable, particularly in light of the benefits that will accrue to the Debtors, their estates, and their creditors.

[Remainder of page intentionally left blank]

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing statements are true and correct to the best of my knowledge.

Wilmington, Delaware
January 27, 2021

/s/ Stephen Spitzer

Stephen Spitzer
Managing Director, AlixPartners, LLP

EXHIBIT H

EXHIBIT "H"

referred to in the Affidavit of

JAMES S. FELTMAN

Sworn March 5, 2021

DocuSigned by:

Lee Michelson

82C0CC8E694B4AB...

Commissioner for Taking Affidavits

Stikeman Elliott

Stikeman Elliott LLP
Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, ON Canada M5L 1B9

Main: 416 869 5500
Fax: 416 947 0866
www.stikeman.com

Lee Nicholson
Direct: (416) 869-5604
leenicholson@stikeman.com

February 4, 2020

By E-Mail and Courier

Abasal Investments N.V.
c/o PJMR Property Management Inc.
Suite 1403
505 University Avenue
Toronto, Ontario M5G 1X4

Attention: Scott D. Woodman

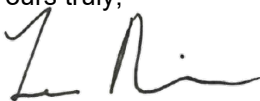
Dear Sir:

Re: In the matter of the CCAA proceedings of Guardian Financial Corp. et al. (CV-20-00646507-00CL)

Please find enclosed a notice by RGN Ontario XXI Limited Partnership ("**RGN XXI**") of its intention to disclaim the Lease Agreement made as of July 7, 2014 for the premises at the 4th and 5th floors of 36 King Street East, Toronto, Ontario (the "**Leased Premises**") along with other related agreements.

Please also be advised that pursuant to paragraph 12 of the Amended and Restated Initial Order dated September 10, 2020 of the Ontario Superior Court of Justice (Commercial List) (as further amended and restated, the "**Initial Order**"), RGN XXI will be attending the Leased Premises during business hours on **Friday, February 12, 2021** to remove its furnishings and fixtures from the Leased Premises. We will provide further details regarding the specific time of the pick-up closer to the date.

Yours truly,



Lee Nicholson

LN/kl

Enclosure:

Form 4 - Notice of Disclaimer

cc: R. Kofman and M. Vininsky, *KSV Restructuring Inc.*
S. Zweig, *Bennett Jones LLP*
A. Taylor, *Stikeman Elliott LLP*

FORM 4

NOTICE BY THE DEBTOR COMPANY TO DISCLAIM OR RESILIAE AN AGREEMENT

To: Abasal Investments N.V. c/o PJMR Property Management Inc.

To: KSV Restructuring Inc. ("**KSV**"), in its capacity as Monitor of the CCAA Debtors (as defined below) (the "**Monitor**")

Take notice that:

1. Proceedings under the *Companies' Creditors Arrangement Act* (the "**CCAA**") in respect of Guardian Financial Corp. and other entities listed on Schedule "A" (collectively, the "**Applicants**") were commenced on August 31, 2020 pursuant to an Initial Order (the "**Initial Order**") of the Ontario Superior Court of Justice (Commercial List) (the "**CCAA Court**"). Certain related limited partnerships listed on Schedule "B" were also granted certain benefits and protections pursuant to the Initial Order (together with the Applicants, the "**CCAA Debtors**").
2. In accordance with subsection 32(1) of the CCAA, notice is hereby given to you of the CCAA Debtors' intention to disclaim the following agreements:
 - a. The Lease Agreement made as of July 7, 2014 for the premises at the 4th and 5th floors of 36 King Street East, Toronto, Ontario between RGN Ontario XXI Limited Partnership ("**RGN XXI**") by its general partner, as Tenant, Abasal Investments N.V., as Landlord, and H-Work LLC (f/k/a HQ Global Workplaces LLC) ("**H-Work**"), as Indemnifier; and
 - b. The Lease Amending Agreement No. 1 dated November 1, 2014 between RGN XXI, by its general partner, as Tenant, Abasal Investments N.V., as Landlord, and H-Work, as Indemnifier.

(collectively, as amended and restated from time to time, the "**Lease**")

3. In accordance with subsection 32(2) of the CCAA, any party to the Lease may, within 15 days after the day on which this notice is given and with notice to the other parties to the Lease and to the Monitor, apply to the CCAA Court for an order that the Lease is not to be disclaimed or resiliated.
4. In accordance with paragraph 32(5)(a) of the CCAA, if no application for an order is made in accordance with subsection 32(2) of the CCAA, the Lease shall be disclaimed or resiliated at 23:59 on the 6th day of March, being 30 days after the date on which this notice has been given.

Dated at Toronto, Ontario on February 4, 2021



Name: Wayne Berger

Title: Chief Executive Officer

KSV, in its capacity as the court-appointed Monitor of the CCAA Debtors, approves the proposed disclaimer or resiliation.

Dated at Toronto, Ontario on February 4, 2021



Name:

Mitch Vininsky
Managing Director

KSV Restructuring Inc., in its capacity as the court-appointed Monitor of the CCAA Debtors and not in its personal capacity.

Schedule "A" - Applicants

RGN Alberta IV GP Inc.
RGN Alberta 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 British Columbia XXIV 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 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

EXHIBIT I

Exhibit “I” is Confidential
and has been omitted and
subject to a request for a
sealing order

EXHIBIT J

Exhibit “J” is Confidential
and has been omitted and
subject to a request for a
sealing order

**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 GUARDIAN FINANCIAL CORP. AND OTHER ENTITIES LISTED ON
SCHEDULE "A"**

Court File No.: CV-20-00646507-00CL

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

Proceeding commenced at Toronto

**AFFIDAVIT OF JAMES S. FELTMAN
SWORN MARCH 5, 2021**

STIKEMAN ELLIOTT LLP

Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, Canada M5L 1B9

Ashley Taylor LSO#: 39932E

Tel: (416) 869-5236
Email: ataylor@stikeman.com

Lee Nicholson LSO#: 66412I

Tel: (416) 869-5604
Email: leenicholson@stikeman.com

Ben Muller LSO#: 80842N

Tel: (416) 869-5543
Email: bmuller@stikeman.com

Lawyers for the Applicants

TAB 3

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

THE HONOURABLE MADAM) THURSDAY, THE 11TH
)
JUSTICE DIETRICH) DAY OF MARCH, 2020

**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 GUARDIAN FINANCIAL CORP. AND OTHER ENTITIES LISTED ON
SCHEDULE "A"**

(Applicants)

**ORDER
(Re: Stay Extension and Other Relief)**

THIS MOTION, made by Guardian Financial Corp. and other entities listed on Schedule "A" (collectively, the "**Applicants**"), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") for an Order extending the stay period and certain other relief, substantially in the form enclosed in the Motion Record, proceeded on this day by way of video-conference due to the COVID-19 pandemic.

ON READING the affidavit of James Feltman sworn March 5, 2021 (the "**Sixth Feltman Affidavit**") and the Exhibits thereto, and the Second Report of KSV Restructuring Inc. (f/k/a KSV Kofman Inc.) ("**KSV**") in its capacity as monitor (the "**Monitor**") of the CCAA Debtors (as defined below) dated March 5, 2021;

UPON HEARING the submissions of counsel for the Applicants and counsel to the Monitor, and other parties listed on the counsel slip, no one else appearing for any other party although served as appears on the affidavit of service of Lee Nicholson, filed;

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

EXTENSION OF THE STAY PERIOD

2. **THIS COURT ORDERS** that the stay period referred to in the Initial Order of the Honourable Justice Dietrich dated August 31, 2020 (as amended and restated, the “**Initial Order**”) is extended until and including June 30, 2021 in respect of the Applicants and other entities listed on Schedule “B” (together, the “**CCAA Debtors**”).

SURRENDER FEE

3. **THIS COURT ORDERS** that the CCAA Debtors are permitted to pay the Surrender Fee (as defined by the Sixth Feltman Affidavit) in accordance with the Second Amendment to the Office Lease Agreement dated February 22, 2021, by and between 5200 Yonge G.P. Inc., in its capacity as the general partner of 5200 Yonge Limited Partnership and RGN Ontario L Limited Partnership, by RGN Ontario L GP. Inc., its general partner, and such payment is hereby approved.

TERMINATION OF CCAA PROCEEDINGS IN RESPECT OF RGN ALBERTA

4. **THIS COURT ORDERS** that these proceedings under the CCAA (the “**CCAA Proceedings**”) solely with respect to RGN Alberta Limited Partnership and RGN Alberta GP Inc. (collectively, “**RGN Alberta**”) are hereby terminated and discharged without any other act or formality.

5. **THIS COURT ORDERS** that KSV is hereby discharged and relieved from any further obligations, liabilities, responsibilities, or duties in its capacity as Monitor pursuant to the Initial Order and any other Orders of this Court in these CCAA Proceedings with respect to RGN Alberta.

6. **THIS COURT ORDERS** that, in addition to the protections in favour of the Monitor in any Order of this Court in these CCAA Proceedings or under the CCAA, the Monitor, the Monitor’s legal counsel, and each of their respective affiliates and officers, directors, partners, employees and agents (collectively, the “**Released Parties**”) are hereby released and discharged from any

and all claims that any person may have or be entitled to assert against the Released Parties, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place on or prior to the date of this Order in any way relating to, arising out of or in respect of these CCAA Proceedings with respect to RGN Alberta or with respect to their respective conduct in these CCAA Proceedings with respect to RGN Alberta (collectively, the “**Released Claims**”), and any such Released Claims are hereby released, stayed, extinguished and forever barred and the Released Parties shall have no liability in respect thereof, provided that the Released Claims shall not include any claim or liability arising out of any gross negligence or willful misconduct on the part of the Released Parties.

7. **THIS COURT ORDERS** that no action or other proceeding shall be commenced against any of the Released Parties in any way arising from or related to these CCAA Proceedings with respect to RGN Alberta, except with prior leave of this Court on at least seven (7) days’ prior written notice to the applicable Released Party.

8. **THIS COURT ORDERS** that, notwithstanding any provision of this Order and the termination of these CCAA Proceedings with respect to RGN Alberta, nothing herein shall affect, vary, derogate from, limit or amend, any of the protections in favour of the Monitor at law or pursuant to the CCAA or any Order of this Court in these CCAA Proceedings, and the Monitor shall continue to benefit of any such protections.

SEALING

9. **THIS COURT ORDERS** that Confidential Exhibit “I” and Confidential Exhibit “J” of the Sixth Feltman Affidavit shall be sealed in their entirety and shall not form part of the public record unless otherwise ordered by this Court.

GENERAL

10. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the CCAA Debtors, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the CCAA Debtors and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the CCAA Debtors and the Monitor

in any foreign proceeding, or to assist the CCAA Debtors and the Monitor and their respective agents in carrying out the terms of this Order.

11. **THIS COURT ORDERS** that this Order and all its provisions are effective from the date it is made without any need for entry and filing.

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 British Columbia XXIV GP Inc.

RGN Manitoba II GP Inc.

RGN Ontario II GP Inc.

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RGN Quebec XVI GP Inc.

RGN Services Limited

Schedule “B” – Other CCAA Debtors

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RGN Ontario LVIII Limited Partnership
RGN Ontario LXII Limited Partnership
RGN Ontario XI Limited Partnership
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**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 GUARDIAN FINANCIAL CORP.
AND OTHER ENTITIES LISTED ON SCHEDULE "A"**

Court File No.: CV-20-00646507-00CL

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

Proceeding commenced at Toronto

**ORDER
(Re: Stay Extension and Other Relief)**

STIKEMAN ELLIOTT LLP

Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, Canada M5L 1B9

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Nicholas Avis LSO#: 76781Q

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Email: navis@stikeman.com
Fax: (416) 947-0866

Lawyers for the Applicants

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 GUARDIAN FINANCIAL CORP. AND
OTHER ENTITIES LISTED ON SCHEDULE "A"

Court File No. CV-20-00646507-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
Proceeding commenced at Toronto

MOTION RECORD
(Re: Stay Extension and Other Relief)
(Returnable March 11, 2021)

Stikeman Elliott LLP
Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, Canada M5L 1B9

Ashley Taylor LSO#: 39932E
Tel: (416) 869-5236
Email: ataylor@stikeman.com

Lee Nicholson LSO #66412I
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