

**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 Estate Account Agreement)  
(Returnable November 19, 2020)**

November 13, 2020

**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](mailto:ataylor@stikeman.com)

**Lee Nicholson LSO #66412I**  
Tel: (416) 869-5604  
Email: [leenicholson@stikeman.com](mailto:leenicholson@stikeman.com)

**Nicholas Avis LSO#: 76781Q**  
Tel: (416) 869-5504  
Email: [navis@stikeman.com](mailto:navis@stikeman.com)  
Fax: (416) 947-0866

**Lawyers for the Applicants**

# Index

**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"**

**MOTION RECORD**

**INDEX**

<b>TAB</b>	<b>DOCUMENT</b>
<b>1.</b>	Notice of Motion (Returnable November 19, 2020)
<b>2.</b>	Affidavit of James S. Feltman sworn November 13, 2020
<b>A.</b>	<i>Exhibit A</i> - Affidavit of James S. Feltman sworn August 22, 2020 in connection with the Recognition Proceeding (without exhibits)
<b>B.</b>	<i>Exhibit B</i> - Affidavit of James S. Feltman sworn August 30, 2020 in connection with the CCAA Proceedings (Second Feltman Affidavit) (without exhibits)
<b>C.</b>	<i>Exhibit C</i> - Affidavit of James S. Feltman sworn September 8, 2020 in connection with the CCAA Proceedings (Third Feltman Affidavit) (without exhibits)
<b>D.</b>	<i>Exhibit D</i> - Estate Account Agreement dated November 2, 2020
<b>E.</b>	<i>Exhibit E</i> - Cash Flow Statement
<b>3.</b>	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 OF GUARDIAN  
FINANCIAL CORP. AND THE OTHER ENTITIES LISTED ON SCHEDULE "A"**

**(Applicants)**

**NOTICE OF MOTION  
(Re: Stay Extension and Estate Account Agreement)  
(Returnable November 19, 2020)**

The Applicants will make a motion to a judge of the Ontario Superior Court of Justice (Commercial List) on Thursday, November 19, 2020 at 9:00 a.m. EST via video conference due to the COVID-19 crisis. The videoconference details can be found in Schedule "B" to this Notice of Motion. Please advise Nicholas Avis if you intend to join the hearing of this motion by emailing [navis@stikeman.com](mailto:navis@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 "B" 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) approving the Estate Account Agreement, described below, including the Revised Cash Management System contemplated therein, and granting customary protections to KSV Restructuring Inc., in its capacity as Monitor of the CCAA Debtors and proposal trustee of another affiliates (the "**Court Officer**");
  - (b) authorizes the CCAA Debtors to pay pre-filing amounts owing to certain Critical Suppliers (as defined below); and
  - (c) extends the Stay Period to and including March 16, 2021, or such further and other date as determined by the Court.

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

### **THE GROUNDS FOR THE MOTION ARE:**

#### **Background**

1. Capitalized terms used herein but not otherwise defined have the meaning ascribed to them in the Affidavit of James S. Feltman sworn November 13, 2020 (the “**Fifth Feltman Affidavit**”);
2. The Applicants are affiliates of Regus Corporation, a Delaware corporation that, together with its affiliates, offer 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;
3. On August 31, 2020, this Court granted the Initial Order under the CCAA in respect of the Applicants and certain affiliated limited partnerships (together, the “**CCAA Debtors**”);
4. On September 10, 2020, this Court granted an order that amended and restated the Initial Order and extended the Stay Period until and including November 27, 2020;
5. 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.;

#### **Estate Account Agreement**

6. The CCAA Debtors, with the input of the Monitor, have revised the cash management system in response to a concern raised by counsel to a landlord;
7. The Revised Cash Management System is detailed in the Estate Account Agreement between the SPE Debtors, RGN Management and the Court Officer;
8. 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 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;

9. The Estate Account Agreement and the Revised Cash Management System contemplated therein provide, among other things, additional protections for the creditors of the SPE Debtors in the event any such entities are liquidated;

#### **Pre-filing Payments to Critical Suppliers**

10. The CCAA Debtors are seeking authorization to make a maximum aggregate amount of \$1.25 million in payments for pre-filing arrears to certain of their suppliers that provide essential services (the “**Critical Suppliers**”);

11. These Critical Suppliers primarily consist of contractors that are involved in various projects to maintain and improve the Centres operated by the CCAA Debtors;

12. At least one Critical Supplier already attempted to withhold its services until its pre-filing arrears were paid and another contractor who is in the midst of renovating a Centre has threatened to withhold its services until pre-filing arrears related to construction work it performed in August are paid;

13. The CCAA Debtors are concerned that other Critical Suppliers that are also owed pre-filing amounts may similarly attempt to withhold vital services;

14. The CCAA Debtors do not have any readily available means to replace the Critical Suppliers;

15. The services provided by the Critical Suppliers are necessary for the CCAA Debtors’ on-going operations and any potential restructuring efforts;

16. The proposed form of order provides that payments to Critical Suppliers will only be made if the CCAA Debtors determine payment is necessary for the preservation of their business or property, following consultation with the Monitor;

#### **Extension of the Stay Period**

17. The CCAA Debtors seek an extension of the Stay Period to and including March 16, 2021;

18. 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;

19. The contemplated extension of the Stay Period aligns with the outside date for implementation of a plan in the Chapter 11 Cases, which is critical for a successful restructuring of the CCAA Debtors that each have Lease guaranteed by the Guarantor Debtors;

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

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

**General**

22. The provisions of the CCAA and the inherent and equitable jurisdiction of this Honourable Court;

23. The provisions of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, including Rules 2.03, 3.02, and 37 thereof; and

24. 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 Fifth 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.

November 13, 2020

**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](mailto:ataylor@stikeman.com)



**Lee Nicholson LSO#: 66412I**

Tel: (416) 869-5604

Email: [leenicholson@stikeman.com](mailto:leenicholson@stikeman.com)

**Nicholas Avis LSO#: 76781Q**

Tel: (416)869-5504

Email: [navis@stikeman.com](mailto:navis@stikeman.com)

Fax: (416) 947-0866

**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”**

### **Zoom Particulars**

November 19, 2020 at 9:00 a.m. Eastern Time (Toronto)

#### **Join Zoom Meeting**

<https://zoom.us/j/95182401004>

Meeting ID: 951 8240 1004

One tap mobile

+13126266799,,95182401004# US (Chicago)

+13462487799,,95182401004# US (Houston)

Dial by your location

+1 312 626 6799 US (Chicago)

+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 (Germantown)

Meeting ID: 951 8240 1004

Find your local number: <https://zoom.us/u/ad6Zgzo1Yt>

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

Proceeding commenced at Toronto

**NOTICE OF MOTION  
(Returnable November 19, 2020)**

**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](mailto:ataylor@stikeman.com)

**Lee Nicholson LSO#: 66412I**

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

**Nicholas Avis LSO#: 76781Q**

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

**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*,  
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**").<sup>1</sup> 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.

<sup>1</sup> 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 System<sup>2</sup>**

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

<sup>2</sup> 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,<sup>3</sup> 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.

<sup>3</sup> 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

# Exhibit A

This is  
**EXHIBIT "A"**  
referred to in the affidavit of  
**James S. Feltman**  
dated November 13, 2020

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.<sup>1</sup> 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.

---

<sup>1</sup> 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:

<b>SPE Debtor</b>	<b>State of Incorporation</b>	<b>Principal Place of Business</b>	<b>Registered Head Office</b>
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
-------------------------	----------	---	--

(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:

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

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.<sup>2</sup> 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

---

<sup>2</sup> 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 Debtor<sup>3</sup> (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

---

<sup>3</sup> 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.



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



**JAMES 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**

**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](mailto:ataylor@stikeman.com)

**Lee Nicholson LSO #66412I**

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

**Nicholas Avis LSO#: 76781Q**

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

**Lawyers for the Foreign Representative**

# Exhibit B

This is  
**EXHIBIT "B"**  
referred to in the affidavit of  
**James S. Feltman**  
dated November 13, 2020

DocuSigned by:

*Lee Melholson*

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 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:

<b>Province</b>	<b>Canadian Centres</b>	<b>Canadian Centres with Lease Guaranteed by the Guarantor Debtors</b>	<b>Canadian Centres with the CCAA Debtors</b>
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:

<b>CCAA Debtor</b>	<b>Arrears (CAD\$)</b>
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

<b>Total</b>	<b>\$ 768,950</b>
--------------	-------------------

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.<sup>1</sup> 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

<sup>1</sup> 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 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*  
82C0CC8E694B4AB...  
**LEE NICHOLSON (LSO #664121)**  
Commissioner for Taking Affidavits  
in the Province of Ontario

DocuSigned by:  
*James 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. 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**

**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](mailto:ataylor@stikeman.com)

**Lee Nicholson LSO #66412I**

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

**Nicholas Avis LSO#: 76781Q**

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

**Lawyers for the Applicants**

# Exhibit C



This is  
**EXHIBIT "C"**  
referred to in the affidavit of  
**James S. Feltman**  
dated November 13, 2020

DocuSigned by:

*Lee Michelson*

82C0CC8E694B4AB...

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 September 8, 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**" 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 the motion by the Applicants seeking issuance of an Amended and Restated Initial Order which, among other things, (a) extends the stay of proceedings to November 27, 2020 (the “**Stay Period**”); and (b) adds certain customary provisions to the Initial Order (as defined below).

**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, filed its voluntary petition on August 8, 2020. Additionally, more recently, RGN-

Lehi I, LLC and RGN-Lehi II, LLC filed voluntary petitions for relief under the Bankruptcy Code on August 27, 2020, RGN-Atlanta XXXV, LLC filed a voluntary petition on August 29, 2020, RGN-Arlington VI, LLC filed a voluntary petition on August 30, 2020, and RGN-Chevy Chase I, LLC and RGN-Philadelphia IX, LLC filed voluntary petitions on September 2, 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 Restructuring Inc. (f/k/a/ KSV Kofman Inc) (“**KSV**”) as Information Officer (the “**Information Officer**”) in respect of the Recognition Proceedings.

6. Leases held by the Applicants were guaranteed by the Guarantor Debtors and the commencement of the Chapter 11 Cases by the Guarantor Debtors was an event of default under their Leases. Involuntary termination of any Lease held by a CCAA Debtor (as defined below) would have had a significant detrimental effect on its business given it is depended on access to the premises provided under the Lease.

7. As part of the Chapter 11 Cases, the Chapter 11 Debtors requested the U.S. Court approve 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. However, the relief was denied by the U.S. Court. As a result, the Applicants filed for protection under the CCAA on August 31, 2020.

8. On August 31, 2020, this Court granted an Initial Order (the "**Initial Order**") in respect of the Applicants and certain affiliated limited partnerships (the "**CCAA Debtors**" and each a "**CCAA Debtor**") pursuant to the CCAA. KSV was appointed as monitor of the Applicants (the "**Monitor**"). A copy of the Initial Order is attached hereto as **Exhibit "A"** and the endorsement of the Court is attached hereto as **Exhibit "B"**. Copies of the Initial Order and other filings in the Recognition Proceedings or these proceedings under the CCAA (the "**CCAA Proceedings**") are available on the Monitor's website at <https://www.ksvadvisory.com/insolvency-cases/case/rqn-national-business-centers>.

9. I 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 "C"** and an affidavit 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"**. Capitalized terms used herein but not otherwise defined shall have the meanings set forth in the Second Feltman Affidavit.

10. This affidavit provides an update on the CCAA Proceedings, a brief overview of the contemplated direction of these CCAA Proceedings, and certain additional details regarding the CCAA Debtors.

#### **B. Update on the CCAA Proceedings**

11. Since the granting of the Initial Order on August 31, 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 during these CCAA Proceedings and ensure the CCAA Proceedings continue in a coordinated manner with the Chapter 11 Cases and the Recognition Proceedings. The activities of the CCAA Debtors have included the following:

- (a) responding to inquiries from Landlords of Centres of the CCAA Debtors;
- (b) with the assistance of the Monitor, publishing notices to creditors required by the CCAA and sending notices to Landlords of these CCAA Proceedings in accordance with the Initial Order;
- (c) continuing to review the cash flow forecast filed with the application for CCAA protection to ensure the assumptions were reasonable and consistent with the expected operations of the CCAA Debtors during the CCAA Proceedings;
- (d) paying rent for September 2020 for each of the Leases held by the CCAA Debtors;
- (e) reviewing and analyzing the cash management system and intercompany transactions to report further details to the Court as set forth herein;
- (f) coordinating with U.S. counsel to the Chapter 11 Debtors on the activities related to the Chapter 11 Cases; and
- (g) preparing these materials to support an extension of the Stay Period in these CCAA Proceedings.

**C. Path Forward in the CCAA Proceedings**

12. As set out in the Initial Feltman Affidavit, as a result of the impact of COVID-19 on the business in the United States and Canada, the Chapter 11 Debtors were expecting various claims to be asserted against the Guarantor Debtors leading to a “run on the bank” and various cascading

effects across the Lease portfolio. The Guarantor Debtors intend to use the Chapter 11 process to restructure their various contractual obligations in order to stabilize IWG's North American portfolio and emerge in a financially stronger and more viable position.

13. The primary purpose of these CCAA Proceedings was to immediately stabilize a volatile situation. The Leases for the Centres operated by the CCAA Debtors were likely in technical default due to the commencement of the Chapter 11 Cases by the Guarantor Debtors which could have resulted in a significant portion of the Centres being involuntarily closed with no or limited notice. In order to emerge from CCAA protection, the CCAA Debtors will need to be positioned such that their Leases cannot be terminated based on the default by the Guarantor Debtors.

14. Since the guarantee obligations provided by the Guarantor Debtors are the primary obligation that will need to be restructured for both these CCAA Proceedings and the Chapter 11 Cases to be successful, the proceedings will need to be advanced in a coordinated manner. The CCAA Debtors, along with the Chapter 11 Debtors, intend to use the "breathing space" provided by the Chapter 11 Cases and the CCAA Proceedings to pursue discussions with groups of Landlords, including Landlords in the United States, on implementation of a Chapter 11 plan which would restructure the various guaranteed obligations. Implementation of a Chapter 11 plan would allow the Guarantor Debtors to emerge from Chapter 11 protection and for the various Canadian Tenant SPEs and Lease Holders in the United States to continue operating as a going concern in a sustainable manner.

15. The Company also intends to use the CCAA Proceedings to continue evaluating the viability of Centres given the new "market realities" caused by the COVID-19 pandemic. As set out in the Initial Feltman Affidavit, prior to the commencement of the CCAA Proceedings, IWG had engaged in negotiations with certain Landlords with respect to specific accommodations and in certain cases, permanent changes to the terms of their Leases. The CCAA Debtors will continue

those negotiations with Landlords during the CCAA Proceedings in instances where a Centre may no longer be viable without changes to the applicable Lease. If these restructuring efforts and negotiations with the Landlord prove unsuccessful, the CCAA Debtors may have to disclaim the particular Lease in accordance with the CCAA and wind down operation of the applicable Centre in an orderly manner.

16. Further, as set out in the Second Feltman Affidavit, it is possible based on negotiations in the broader portfolio that additional Canadian Tenant SPEs may need to file for protection under the CCAA.

**D. Intercompany Transactions**

**(a) Cash Management**

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

18. In terms of cash management, the CCAA Debtors share a centralized cash management system with the other Canadian Affiliates. The Second Feltman Affidavit incorrectly stated that



the CCAA Debtors do not have any bank accounts. Following further discussions with the Company and its advisors, I understand that the CCAA Debtors have disbursement accounts with Canadian Imperial Bank of Commerce. These disbursement accounts are used solely in connection with making disbursements to Landlords for rent payable under the applicable Leases. The accounts are notionally pooled with other disbursement accounts of the other Canadian Tenant SPEs and concentration and receipt accounts of RGN Management LP. The pooling arrangement allows for the disbursement accounts to be overdrawn to make applicable rent payments as only the net amount of all pooled accounts is required to be positive. Once a month, the Canadian Affiliates reset the accounts by bringing each of the disbursement accounts to a zero balance and book the applicable intercompany receivables and/or payables.

19. The CCAA Debtors intend to continue using the same cash management system during the CCAA Proceedings. The Monitor will have access to the books and records of the CCAA Debtors and can report on any material changes in the intercompany balances as required.

**(b) Secured Liabilities**

20. As set out in the Second Feltman Affidavit, the Canadian Tenant SPEs', including the CCAA Debtors', general working capital needs are financed on a secured basis by RGN Management LP. The purchase of FF&E by each Canadian Tenant SPE is also financed by RGN Management LP. RGN Management LP is the only secured creditor of each of the CCAA Debtors except RGN Services Limited. In the case of RGN Services Limited, another IWG affiliated entity, Pathway Finance SARL (f/k/a Regus No. 1 Societe a Responsabilite Limitee) is also a secured creditor in addition to RGN Management LP. Search results for each of the CCAA LPs from the applicable personal property security registries are attached hereto as **Exhibit "E"**.

21. I also understand from further discussions with the Company and its advisors that the loan and security agreements for certain of the CCAA Debtors may differ from the form attached to the

Second Feltman Affidavit as an example. I am informed by Joshua Nicosia, General Counsel for IWG North America, that the security documents for certain of the CCAA LPs are located in the Head Office of IWG which is closed due to the COVID-19 pandemic. For certain of the CCAA LPs, the security in favour of RGN Management LP was granted and registered in April, 2020, in consideration for continuing to make advances during their liquidity challenges earlier this year. For the other CCAA LPs, the security in favour of RGN Management LP was granted and registered in or around May or June of 2016.

**E. Conclusion**

22. The CCAA Debtors request the Court extend the Stay Period until November 27, 2020 and grant the other requested relief to allow the CCAA Debtors to pursue their restructuring in a coordinated manner with the Chapter 11 Cases. I do not believe any creditor will be materially prejudiced by an 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. 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 September 8, 2020. )

DocuSigned by:

*Lee Nicholson*  
82C0CC8E694B4AB...

---

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

DocuSigned by:

*James 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 SEPTEMBER 8, 2020**

**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](mailto:ataylor@stikeman.com)

**Lee Nicholson LSO #66412I**

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

**Nicholas Avis LSO#: 76781Q**

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

**Lawyers for the Applicants**

# Exhibit D

This is  
**EXHIBIT "D"**  
referred to in the affidavit of  
**James S. Feltman**  
dated November 13, 2020

DocuSigned by:

*Lee Melholson*

82C0CC8E694B4AB...

Commissioner for taking affidavits

## ESTATE ACCOUNT AGREEMENT

**THIS AGREEMENT** dated as of November 2, 2020 is made by and among each of the entities listed on Schedule “A” and any other similar situated entities that execute a joinder to this Agreement (the “**SPE Debtors**”), RGN Management Limited Partnership (“**RGN Management**”) and KSV Restructuring Inc., solely in its capacity as Monitor or Proposal Trustee of the SPE Debtors and not in its personal capacity (the “**Court Officer**”).

**WHEREAS:**

- A. 37 of the SPE Debtors filed for protection under the *Companies’ Creditors Arrangement Act* (as amended, the “**CCAA**”) pursuant to an Initial Order dated August 31, 2020 (as amended and restated, the “**Initial Order**”) of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”);
- B. KSV Restructuring Inc. was appointed as Monitor pursuant to the Initial Order;
- C. RGN Ontario II Limited Partnership, an SPE Debtor, filed a notice of intention to make a proposal under the *Bankruptcy and Insolvency Act* (the “**BIA**”) on August 28, 2020 and RGN Ontario XXXIV Limited Partnership, an SPE Debtor, filed a notice of intention to make a proposal under the BIA on September 16, 2020;
- D. KSV Restructuring Inc. was appointed as the proposal trustee of RGN Ontario II Limited Partnership and RGN Ontario XXXIV Limited Partnership;
- E. RGN Ontario GP Inc. has brought a motion before the Court seeking to consolidate the NOI Proceedings in respect of RGN Ontario II Limited Partnership with the CCAA Proceedings;
- F. The SPE Debtors do not maintain separate cash management systems or bank accounts to collect receivables or pay expenses, other than disbursement accounts used solely to facilitate the payment of rent;
- G. RGN Management collects Receipts and pays Direct Expenses and Intercompany Expenses on behalf of the SPE Debtors;
- H. The Court Officer has established a separate cash account (the “**Estate Account**”) to collect any Net Operating Cash Flow generated by the SPE Debtors since the applicable Filing Dates, as adjusted pursuant to this Agreement; and
- I. The Parties wish to enter into this Agreement to set forth the terms under which any Net Operating Cash Flow generated following the Filing Dates shall be held in the Estate Account in order that such amounts are available to be distributed to creditors of the SPE Debtors in the CCAA Proceedings or NOI Proceedings, if necessary or required.

**NOW THEREFORE**, in consideration of the covenants and mutual promises set forth in this Agreement (including the recitals hereof) and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

## Section 1. Definitions

In this Agreement the following terms have the following meanings:

“**Agreement**” means this Agreement, including the schedules attached hereto, as may be amended, supplemented, restated or otherwise modified in accordance with its terms.

“**CCAA**” has the meaning set out in the Recitals.

“**CCAA Proceedings**” means the proceedings in respect of certain of the SPE Debtors pursuant to the CCAA.

“**Centres**” means the premises occupied by the SPE Debtors and licensed to Occupants by RGN Management, and each individually, a “**Centre**”.

“**Court**” has the meaning set out in the Recitals.

“**Court Officer**” has the meaning set out in the Recitals.

“**Deposit**” has the meaning set out in Section 2(b).

“**Direct Expenses**” means direct expenses and costs incurred and paid by RGN Management, or funds advanced by RGN Management to the SPE Debtors to pay direct expenses and costs, incurred in connection with the operation of the Centres, including:

- (a) rent and property services charges;
- (b) salaries of employees, including applicable payroll and withholdings taxes and fees and expenses, of RGN Management engaged in operating the Centres of the SPE Debtor;
- (c) telecom, internet and other information and technology costs;
- (d) expenses related to services provided to Occupants and other customer programs provided to the Occupants; and
- (e) refurbishment costs and other capital expenditures.

“**Estate Account**” has the meaning set out in the Recitals.

“**Filing Date**” means, in respect of each SPE Debtor, the earliest date on which the SPE Debtor filed for creditor protection under the CCAA or the BIA, as applicable.

“**Intercompany Expenses**” means the management fees paid by SPE Debtors to RGN Management and franchise fees paid by the SPE Debtors as described in the affidavit of James Feltman sworn August 30, 2020.

“**Net Operating Cash Flow**” means Receipts *minus* (a) Direct Expenses; and (b) Intercompany Expenses.



**“NOI Proceedings”** means the proposal proceedings in respect of certain of the SPE Debtors pursuant to the BIA.

**“Occupants”** means those individuals and entities which enter or entered into agreements with RGN Management to occupy a portion of a Centre for a period of time and receive certain utilities and services and pay a fee for the use of the portion of a Centre and additional charges for other services provided.

**“Parties”** means the parties to this Agreement, and each individually, a **“Party”**.

**“RGN Management”** has the meaning set out in the Recitals.

**“Receipts”** means amounts collected from the Occupants by RGN Management on behalf of the SPE Debtors.

**“SPE Debtors”** has the meaning set out in the Recitals and each individually, a **“SPE Debtor”**.

## **Section 2. Deposit**

- (a) As soon as practicable following execution of this Agreement, the SPE Debtors and RGN Management, in consultation with the Court Officer shall prepare an estimate of the Net Operating Cash Flow of each SPE Debtor from the Filing Date until October 31, 2020.
- (b) RGN Management shall transfer 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 in accordance with this Agreement (the **“Deposit”**). For greater certainty, to the extent that the estimate of the Net Operating Cash Flow from the Filing Date until October 31, 2020, for an SPE Debtor is negative, it shall not affect the calculation of the amount of the Deposit. If the Parties disagree as to the appropriate amount of the Deposit, the Court may determine the amount.
- (c) The amount of the Deposit may be adjusted periodically to reflect changes in the anticipated profitability of the SPE Debtors, as agreed by the Parties or ordered by the Court.

## **Section 3. Net Operating Cash Flow**

- (a) 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, shall determine the Net Operating Cash Flow of each SPE Debtor since the Filing Date.
- (b) If the amount of the Net Operating Cash Flow of an SPE Debtor since the Filing Date is greater than the amount of the Deposit attributable to that SPE Debtor, RGN Management shall transfer the amount of the difference to the Court Officer to be held in the Estate Account in accordance with this Agreement.
- (c) If the amount of the Net Operating Cash Flow of an SPE Debtor since the Filing Date

is less than the amount of the Deposit attributable to that SPE Debtor, the Court Officer shall transfer the amount of the difference to RGN Management.

- (d) Each month thereafter, 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 shall 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 this Agreement, subject to the following:
- (i) To the extent that the Net Operating Cash Flow of an 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.
  - (ii) To the extent that the Net Operating Cash Flow of an 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, the Court Officer shall pay 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 to the extent there are sufficient funds being held by the Court Officer in the Estate Account on behalf of the applicable SPE Debtor.
- (e) If the SPE Debtors and the Court Officer determine there was an error in the calculation of Net Operating Cash Flow, such error may be rectified with additional transfers by RGN Management to the Estate Account, disbursements by the Court Officer from the Estate Account to RGN Management or adjustments to any future amounts due pursuant to this Agreement as agreed by the Parties or ordered by the Court.
- (f) For greater certainty, the calculation of Net Operating Cash Flow and corresponding payments and disbursements from the Estate Account as set forth above shall occur individually for each SPE Debtor on an unconsolidated basis.

#### **Section 4. Estate Account**

- (a) The Court Officer shall establish the Estate Account to receive, disburse and hold the Net Operating Cash Flow generated by the SPE Debtors pursuant to this Agreement.
- (b) The Court Officer shall keep an accounting of the receipts and disbursements of the Estate Account made pursuant to this Agreement and the accounting will be maintained individually for each SPE Debtor.
- (c) RGN Management and the SPE Debtors agree that the funds in the Estate Account shall only be disbursed pursuant to this Agreement or further Order of the Court.

**Section 5. Court Officer Protections**

- (a) The SPE Debtors agree to seek an Order from the Court, in a form acceptable to the Court Officer, as soon as reasonably practicable which approves this Agreement and provides customary protections for the Court Officer in fulfilling its duties under this Agreement.
- (b) 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 this Agreement, save and except for any claim or liability arising out of any gross negligence or willful misconduct on the part of the Court Officer.
- (c) Nothing in this Agreement shall derogate the rights, benefits and protections provided to the Court Officer under the Initial Order, the CCAA, the BIA or any other Order of the Court.
- (d) Notwithstanding anything else in this Agreement, if at any time the Court Officer, in its sole discretion, believes that there is a question, confusion or dispute with respect to this Agreement, the Court Officer may seek a declaration with respect to such question, confusion or dispute from the Court and act in accordance with any Order issued by the Court.

**Section 6. Termination and Withdrawal**

- (a) This Agreement shall terminate upon the earlier of (a) an Order of the Court terminating this Agreement; (b) termination and discharge of the NOI Proceedings and the CCAA Proceedings; and (c) dismissal of the motion brought by the SPE Debtors in the CCAA Proceedings or NOI Proceedings to approve this Agreement.
- (b) If the CCAA Proceedings or NOI Proceedings are terminated and discharged in respect of any particular SPE Debtor, such SPE Debtor shall withdraw from this 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 motion to approve this Agreement is dismissed by the Court.
- (c) If an SPE Debtor makes 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.

**Section 7. General**

- (a) If any payment is required to be made or other action (including the giving of notice) is required to be taken pursuant to this Agreement on a day which is not a business day, then such payment or action shall be considered to have been made or taken in compliance with this Agreement if made or taken on the next succeeding business day.
- (b) Any provision of this Agreement which is prohibited or unenforceable in any

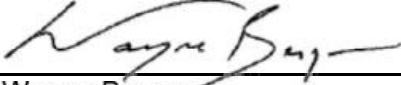
jurisdiction will, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability and will be severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

- (c) Each of the Parties hereto shall at any time, and from time to time hereafter, take any and all steps, and execute, acknowledge and deliver to the other Party, any and all further instruments and assurances that the other Party may reasonably require for the purpose of giving full force and effect to the provisions of this Agreement.
- (d) No amendment or variation of this Agreement shall be of any force or effect unless the same is reduced to writing, and duly executed by the Parties hereto.
- (e) This Agreement shall enure to the benefit of, and be binding on, the Parties and their respective successors and permitted assigns.
- (f) This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. The Parties submit and attorn to the exclusive jurisdiction of the Court with respect to the matters addressed in this Agreement.
- (g) This Agreement may be executed in counterparts, each of which shall be deemed to be an original and each of which taken together shall be deemed to constitute one and the same instrument. To evidence its execution of an original counterpart of this Agreement, a Party may send a copy of its original signature or e-signature on the execution page hereof to the other Parties by e-mail in pdf format or by other electronic transmission and such transmission shall constitute delivery of an executed copy of this Agreement to the receiving Party.

*[Signature page follows.]*

**IN WITNESS WHEREOF** the Parties have executed this Agreement as of the date first above written.

**RGN MANAGEMENT LIMITED  
PARTNERSHIP**

By:   
Name: Wayne Berger


Title: Authorized Signatory

**KSV RESTRUCTURING INC., SOLELY IN ITS  
CAPACITY AS MONITOR OR PROPOSAL  
TRUSTEE OF THE SPE DEBTORS AND NOT  
IN ITS PERSONAL CAPACITY**

By:   
Name:

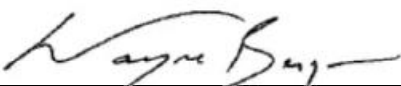
Title:

**GUARDIAN FINANCIAL CORP**

By:   
Name: Michael Osburn

Title: Authorized Signatory

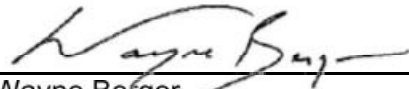
**RGN ALBERTA IV LIMITED PARTNERSHIP**

By:   
Name: Wayne Berger

Title: Authorized Signatory

**RGN ALBERTA LIMITED PARTNERSHIP**

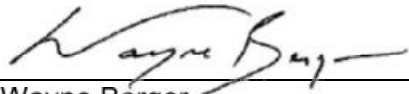
By:

  
Name: Wayne Berger

Title: Authorized Signatory

**RGN ALBERTA X LIMITED PARTNERSHIP**

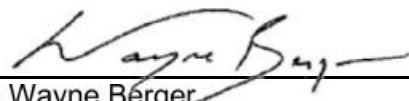
By:

  
Name: Wayne Berger

Title: Authorized Signatory

**RGN ALBERTA XIII LIMITED PARTNERSHIP**

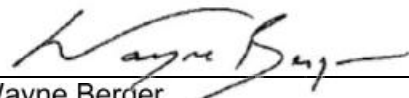
By:

  
Name: Wayne Berger

Title: Authorized Signatory

**RGN ALBERTA XIV LIMITED PARTNERSHIP**

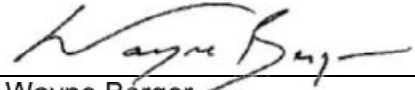
By:

  
Name: Wayne Berger

Title: Authorized Signatory

**RGN ALBERTA XVII LIMITED PARTNERSHIP**

By:

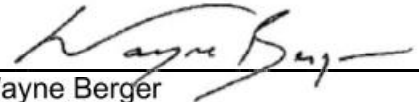


Name: Wayne Berger

Title: Authorized Signatory

**RGN BRITISH COLUMBIA XX LIMITED PARTNERSHIP**

By:

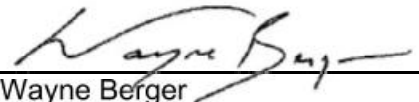


Name: Wayne Berger

Title: Authorized Signatory

**RGN BRITISH COLUMBIA XVI LIMITED PARTNERSHIP**

By:

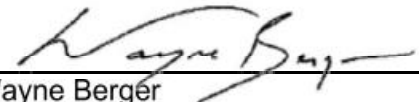


Name: Wayne Berger

Title: Authorized Signatory

**RGN BRITISH COLUMBIA XXV LIMITED PARTNERSHIP**

By:

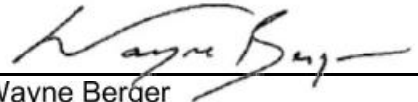


Name: Wayne Berger

Title: Authorized Signatory

**RGN BRITISH COLUMBIA XXIV LIMITED PARTNERSHIP**

By:

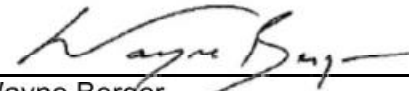


Name: Wayne Berger

Title: Authorized Signatory

**RGN MANITOBA II LIMITED PARTNERSHIP**

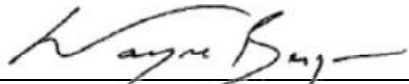
By:

  
Name: Wayne Berger

Title: Authorized Signatory

**RGN ONTARIO II LIMITED PARTNERSHIP**

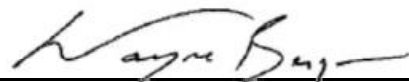
By:

  
Name: Wayne Berger

Title: Authorized Signatory

**RGN ONTARIO L LIMITED PARTNERSHIP**


By:

  
Name: Wayne Berger

Title: Authorized Signatory

**RGN ONTARIO LV LIMITED PARTNERSHIP**

By:

  
Name: Wayne Berger

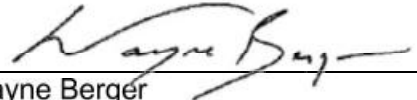
Title: Authorized Signatory

**RGN ONTARIO LVI LIMITED PARTNERSHIP**

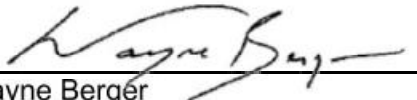
By:



- 11 -

  
\_\_\_\_\_  
Name: Wayne Berger  
Title: Authorized Signatory

**RGN ONTARIO LVIII LIMITED PARTNERSHIP**

By:   
\_\_\_\_\_  
Name: Wayne Berger  
Title: Authorized Signatory

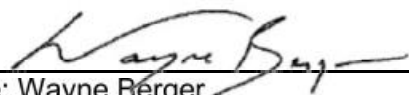
**RGN ONTARIO LXII LIMITED PARTNERSHIP**

By:   
\_\_\_\_\_  
Name: Wayne Berger  
Title: Authorized Signatory

**RGN ONTARIO XI LIMITED PARTNERSHIP**

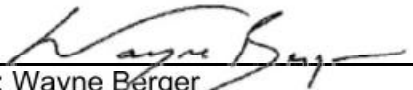
By:   
\_\_\_\_\_  
Name: Wayne Berger  
Title: Authorized Signatory

**RGN ONTARIO XLI LIMITED PARTNERSHIP**

By:   
\_\_\_\_\_  
Name: Wayne Berger  
Title: Authorized Signatory

**RGN ONTARIO XLII LIMITED PARTNERSHIP**

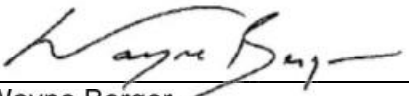
By:

  
Name: Wayne Berger

Title: Authorized Signatory

**RGN ONTARIO XLV LIMITED PARTNERSHIP**

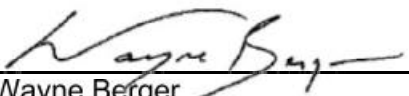
By:

  
Name: Wayne Berger

Title: Authorized Signatory

**RGN ONTARIO XLVI LIMITED PARTNERSHIP**

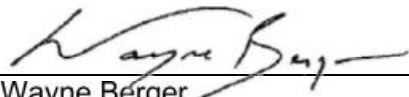
By:

  
Name: Wayne Berger

Title: Authorized Signatory

**RGN ONTARIO XLVII LIMITED PARTNERSHIP**

By:

  
Name: Wayne Berger

Title: Authorized Signatory

**RGN ONTARIO XLVIII LIMITED PARTNERSHIP**

By:

- 13 -

  
\_\_\_\_\_  
Name: Wayne Berger  
Title: Authorized Signatory

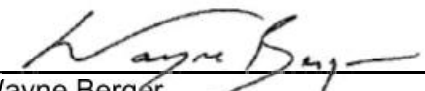
**RGN ONTARIO XXI LIMITED PARTNERSHIP**

By:   
\_\_\_\_\_  
Name: Wayne Berger  
Title: Authorized Signatory

**RGN ONTARIO XXIV LIMITED PARTNERSHIP**

By:   
\_\_\_\_\_  
Name: Wayne Berger  
Title: Authorized Signatory

**RGN ONTARIO XXIX LIMITED PARTNERSHIP**

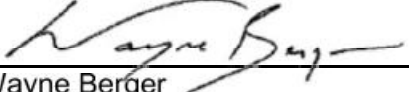
By:   
\_\_\_\_\_  
Name: Wayne Berger  
Title: Authorized Signatory

**RGN ONTARIO XXV LIMITED PARTNERSHIP**

By:   
\_\_\_\_\_  
Name: Wayne Berger  
Title: Authorized Signatory

**RGN ONTARIO XXVIII LIMITED PARTNERSHIP**

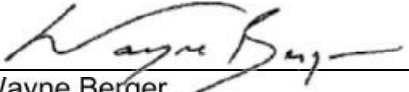
By:

  
Name: Wayne Berger

Title: Authorized Signatory

**RGN ONTARIO XXXI LIMITED PARTNERSHIP**

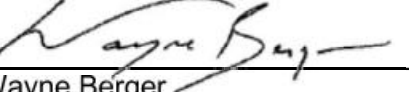
By:

  
Name: Wayne Berger

Title: Authorized Signatory

**RGN ONTARIO XXXII LIMITED PARTNERSHIP**

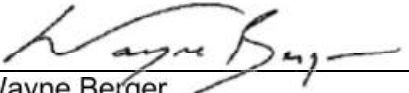
By:

  
Name: Wayne Berger

Title: Authorized Signatory

**RGN ONTARIO XXXIII LIMITED PARTNERSHIP**

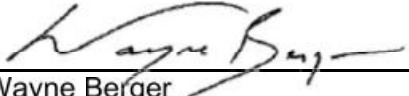
By:

  
Name: Wayne Berger

Title: Authorized Signatory

**RGN ONTARIO XXXIV LIMITED PARTNERSHIP**

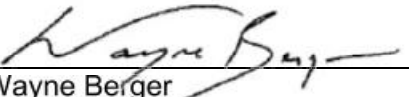
By:

  
Name: Wayne Berger

Title: Authorized Signatory

**RGN QUEBEC V LIMITED PARTNERSHIP**

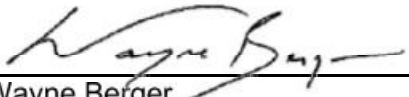
By:

  
Name: Wayne Berger

Title: Authorized Signatory

**RGN QUEBEC VI LIMITED PARTNERSHIP**

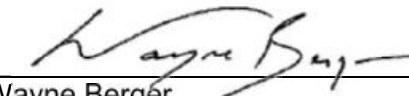
By:

  
Name: Wayne Berger

Title: Authorized Signatory

**RGN QUEBEC XIV LIMITED PARTNERSHIP**

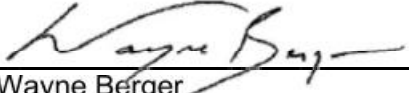
By:

  
Name: Wayne Berger

Title: Authorized Signatory

**RGN QUEBEC XVI LIMITED PARTNERSHIP**


By:

  
Name: Wayne Berger

Title: Authorized Signatory

**RGN SERVICES LIMITED**

By:

  
Name: Michael Osburn

Title: Authorized Signatory

**Schedule "A" – SPE Debtors**

Guardian Financial Corp.  
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 Ontario XXXIV Limited Partnership  
RGN Quebec V Limited Partnership  
RGN Quebec VI Limited Partnership  
RGN Quebec XIV Limited Partnership  
RGN Quebec XVI Limited Partnership  
RGN Services Limited

# Exhibit E



This is  
**EXHIBIT "E"**  
referred to in the affidavit of  
**James S. Feltman**  
dated November 13, 2020

DocuSigned by:

*Lee Michelson*

82C0CC8E694B4AB...

Commissioner for taking affidavits

Guardian Financial Corp and Other CCAA Debtors

**Projected Statement of Cash Flow**

For the Period Ending March 14, 2021

(Unaudited; CS000)

	Notes	Weeks Ending																	Total	
		15-Nov-20	22-Nov-20	29-Nov-20	06-Dec-20	13-Dec-20	20-Dec-20	27-Dec-20	03-Jan-21	10-Jan-21	17-Jan-21	24-Jan-21	31-Jan-21	07-Feb-21	14-Feb-21	21-Feb-21	28-Feb-21	07-Mar-21		14-Mar-21
	1																			
<i>Receipts</i>																				
Receipt from RGN Management LP	2	-	-	2,898	-	-	-	-	2,772	-	-	-	2,776	-	-	-	2,778	-	-	11,224
<i>Disbursements</i>																				
Rent	3	-	-	1,689	-	-	-	-	1,563	-	-	-	1,567	-	-	-	1,569	-	-	6,387
Property service charges	3	-	-	1,209	-	-	-	-	1,209	-	-	-	1,209	-	-	-	1,209	-	-	4,837
<i>Total Operating Disbursements</i>		-	-	2,898	-	-	-	-	2,772	-	-	-	2,776	-	-	-	2,778	-	-	11,224
<i>Net Cash Flow</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Note: The Monitor, counsel to the Monitor and counsel to the CCAA Entities are to be paid their reasonable fees and disbursements by RGN Management LP, a Canadian affiliate that is not part of these proceedings. Accordingly, these amounts are not reflected in the cash flow.

Guardian Financial Corp and Other CCAA Debtors

**Notes to Projected Statement of Cash Flow**

For the Period Ending March 14, 2021

(Unaudited; \$C)

---

**Purpose and General Assumptions**

1. The purpose of the projection is to present a cash flow forecast of Guardian Financial Corp. and related entities for the period from November 9, 2020 to March 14, 2021 in respect of their proceedings under the *Companies' Creditors Arrangement Act* ("CCAA").

The cash flow projection has been prepared based on hypothetical and most probable assumptions.

**Hypothetical Assumptions**

None.

**Probable Assumptions**

2. Represents funding from RGN Management Limited Partnership ("RGN"), an affiliated entity not subject to the CCAA proceedings. All customer receipts are remitted to RGN and in turn, RGN provides funding to these entities.
3. Rent and property service charges paid at the end of each month.



**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"**

**MANAGEMENT'S REPORT ON CASH FLOW STATEMENT  
(paragraph 10(2)(b) of the CCAA)**

Guardian Financial Corp. and those other entities listed on Schedules "A" and "B" hereto (collectively, the "**CCAA Debtors**") have developed the assumptions and prepared the attached statement of projected cash flow as of the 13<sup>th</sup> day November, 2020 for the period November 9, 2020 to March 14, 2021 ("**Cash Flow**"). All such assumptions are disclosed in the notes to the Cash Flow.

The hypothetical assumptions are reasonable and consistent with the purpose of the Cash Flow as described in Note 1 to the Cash Flow, and the probable assumptions are suitably supported and consistent with the plans of the CCAA Entities and provide a reasonable basis for the Cash Flow.

Since the Cash Flow is based on assumptions regarding future events, actual results will vary from the information presented and the variations may be material.

The Cash Flow has been prepared solely for the purpose outlined in Note 1 using a set of hypothetical and probable assumptions set out therein. Consequently, readers are cautioned that the Cash Flow may not be appropriate for other purposes.

Dated at Toronto, Ontario this 13<sup>th</sup> day of November, 2020.



Wayne Berger

**Guardian Financial Corp. on behalf of the CCAA Debtors**

**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” – Limited Partnerships**

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

**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**

**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](mailto:ataylor@stikeman.com)

**Lee Nicholson LSO#: 66412I**

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

**Nicholas Avis LSO#: 76781Q**

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

**Lawyers for the Applicants**



# TAB 3

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

THE HONOURABLE MADAM ) THURSDAY, THE 19<sup>TH</sup>  
 )  
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 Second 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 ●, 2020 (the "**Second Report**");

**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.

---

**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

**Schedule "C" – Estate Account Agreement**

**[Attached]**

## ESTATE ACCOUNT AGREEMENT

**THIS AGREEMENT** dated as of November 2, 2020 is made by and among each of the entities listed on Schedule “A” and any other similar situated entities that execute a joinder to this Agreement (the “**SPE Debtors**”), RGN Management Limited Partnership (“**RGN Management**”) and KSV Restructuring Inc., solely in its capacity as Monitor or Proposal Trustee of the SPE Debtors and not in its personal capacity (the “**Court Officer**”).

**WHEREAS:**

- A. 37 of the SPE Debtors filed for protection under the *Companies’ Creditors Arrangement Act* (as amended, the “**CCAA**”) pursuant to an Initial Order dated August 31, 2020 (as amended and restated, the “**Initial Order**”) of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”);
- B. KSV Restructuring Inc. was appointed as Monitor pursuant to the Initial Order;
- C. RGN Ontario II Limited Partnership, an SPE Debtor, filed a notice of intention to make a proposal under the *Bankruptcy and Insolvency Act* (the “**BIA**”) on August 28, 2020 and RGN Ontario XXXIV Limited Partnership, an SPE Debtor, filed a notice of intention to make a proposal under the BIA on September 16, 2020;
- D. KSV Restructuring Inc. was appointed as the proposal trustee of RGN Ontario II Limited Partnership and RGN Ontario XXXIV Limited Partnership;
- E. RGN Ontario GP Inc. has brought a motion before the Court seeking to consolidate the NOI Proceedings in respect of RGN Ontario II Limited Partnership with the CCAA Proceedings;
- F. The SPE Debtors do not maintain separate cash management systems or bank accounts to collect receivables or pay expenses, other than disbursement accounts used solely to facilitate the payment of rent;
- G. RGN Management collects Receipts and pays Direct Expenses and Intercompany Expenses on behalf of the SPE Debtors;
- H. The Court Officer has established a separate cash account (the “**Estate Account**”) to collect any Net Operating Cash Flow generated by the SPE Debtors since the applicable Filing Dates, as adjusted pursuant to this Agreement; and
- I. The Parties wish to enter into this Agreement to set forth the terms under which any Net Operating Cash Flow generated following the Filing Dates shall be held in the Estate Account in order that such amounts are available to be distributed to creditors of the SPE Debtors in the CCAA Proceedings or NOI Proceedings, if necessary or required.

**NOW THEREFORE**, in consideration of the covenants and mutual promises set forth in this Agreement (including the recitals hereof) and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:



## Section 1. Definitions

In this Agreement the following terms have the following meanings:

“**Agreement**” means this Agreement, including the schedules attached hereto, as may be amended, supplemented, restated or otherwise modified in accordance with its terms.

“**CCAA**” has the meaning set out in the Recitals.

“**CCAA Proceedings**” means the proceedings in respect of certain of the SPE Debtors pursuant to the CCAA.

“**Centres**” means the premises occupied by the SPE Debtors and licensed to Occupants by RGN Management, and each individually, a “**Centre**”.

“**Court**” has the meaning set out in the Recitals.

“**Court Officer**” has the meaning set out in the Recitals.

“**Deposit**” has the meaning set out in Section 2(b).

“**Direct Expenses**” means direct expenses and costs incurred and paid by RGN Management, or funds advanced by RGN Management to the SPE Debtors to pay direct expenses and costs, incurred in connection with the operation of the Centres, including:

- (a) rent and property services charges;
- (b) salaries of employees, including applicable payroll and withholdings taxes and fees and expenses, of RGN Management engaged in operating the Centres of the SPE Debtor;
- (c) telecom, internet and other information and technology costs;
- (d) expenses related to services provided to Occupants and other customer programs provided to the Occupants; and
- (e) refurbishment costs and other capital expenditures.

“**Estate Account**” has the meaning set out in the Recitals.

“**Filing Date**” means, in respect of each SPE Debtor, the earliest date on which the SPE Debtor filed for creditor protection under the CCAA or the BIA, as applicable.

“**Intercompany Expenses**” means the management fees paid by SPE Debtors to RGN Management and franchise fees paid by the SPE Debtors as described in the affidavit of James Feltman sworn August 30, 2020.

“**Net Operating Cash Flow**” means Receipts *minus* (a) Direct Expenses; and (b) Intercompany Expenses.

**“NOI Proceedings”** means the proposal proceedings in respect of certain of the SPE Debtors pursuant to the BIA.

**“Occupants”** means those individuals and entities which enter or entered into agreements with RGN Management to occupy a portion of a Centre for a period of time and receive certain utilities and services and pay a fee for the use of the portion of a Centre and additional charges for other services provided.

**“Parties”** means the parties to this Agreement, and each individually, a **“Party”**.

**“RGN Management”** has the meaning set out in the Recitals.

**“Receipts”** means amounts collected from the Occupants by RGN Management on behalf of the SPE Debtors.

**“SPE Debtors”** has the meaning set out in the Recitals and each individually, a **“SPE Debtor”**.

## **Section 2. Deposit**

- (a) As soon as practicable following execution of this Agreement, the SPE Debtors and RGN Management, in consultation with the Court Officer shall prepare an estimate of the Net Operating Cash Flow of each SPE Debtor from the Filing Date until October 31, 2020.
- (b) RGN Management shall transfer 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 in accordance with this Agreement (the **“Deposit”**). For greater certainty, to the extent that the estimate of the Net Operating Cash Flow from the Filing Date until October 31, 2020, for an SPE Debtor is negative, it shall not affect the calculation of the amount of the Deposit. If the Parties disagree as to the appropriate amount of the Deposit, the Court may determine the amount.
- (c) The amount of the Deposit may be adjusted periodically to reflect changes in the anticipated profitability of the SPE Debtors, as agreed by the Parties or ordered by the Court.

## **Section 3. Net Operating Cash Flow**

- (a) 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, shall determine the Net Operating Cash Flow of each SPE Debtor since the Filing Date.
- (b) If the amount of the Net Operating Cash Flow of an SPE Debtor since the Filing Date is greater than the amount of the Deposit attributable to that SPE Debtor, RGN Management shall transfer the amount of the difference to the Court Officer to be held in the Estate Account in accordance with this Agreement.
- (c) If the amount of the Net Operating Cash Flow of an SPE Debtor since the Filing Date

is less than the amount of the Deposit attributable to that SPE Debtor, the Court Officer shall transfer the amount of the difference to RGN Management.

- (d) Each month thereafter, 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 shall 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 this Agreement, subject to the following:
  - (i) To the extent that the Net Operating Cash Flow of an 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.
  - (ii) To the extent that the Net Operating Cash Flow of an 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, the Court Officer shall pay 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 to the extent there are sufficient funds being held by the Court Officer in the Estate Account on behalf of the applicable SPE Debtor.
- (e) If the SPE Debtors and the Court Officer determine there was an error in the calculation of Net Operating Cash Flow, such error may be rectified with additional transfers by RGN Management to the Estate Account, disbursements by the Court Officer from the Estate Account to RGN Management or adjustments to any future amounts due pursuant to this Agreement as agreed by the Parties or ordered by the Court.
- (f) For greater certainty, the calculation of Net Operating Cash Flow and corresponding payments and disbursements from the Estate Account as set forth above shall occur individually for each SPE Debtor on an unconsolidated basis.

#### **Section 4. Estate Account**

- (a) The Court Officer shall establish the Estate Account to receive, disburse and hold the Net Operating Cash Flow generated by the SPE Debtors pursuant to this Agreement.
- (b) The Court Officer shall keep an accounting of the receipts and disbursements of the Estate Account made pursuant to this Agreement and the accounting will be maintained individually for each SPE Debtor.
- (c) RGN Management and the SPE Debtors agree that the funds in the Estate Account shall only be disbursed pursuant to this Agreement or further Order of the Court.

### **Section 5. Court Officer Protections**

- (a) The SPE Debtors agree to seek an Order from the Court, in a form acceptable to the Court Officer, as soon as reasonably practicable which approves this Agreement and provides customary protections for the Court Officer in fulfilling its duties under this Agreement.
- (b) 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 this Agreement, save and except for any claim or liability arising out of any gross negligence or willful misconduct on the part of the Court Officer.
- (c) Nothing in this Agreement shall derogate the rights, benefits and protections provided to the Court Officer under the Initial Order, the CCAA, the BIA or any other Order of the Court.
- (d) Notwithstanding anything else in this Agreement, if at any time the Court Officer, in its sole discretion, believes that there is a question, confusion or dispute with respect to this Agreement, the Court Officer may seek a declaration with respect to such question, confusion or dispute from the Court and act in accordance with any Order issued by the Court.

### **Section 6. Termination and Withdrawal**

- (a) This Agreement shall terminate upon the earlier of (a) an Order of the Court terminating this Agreement; (b) termination and discharge of the NOI Proceedings and the CCAA Proceedings; and (c) dismissal of the motion brought by the SPE Debtors in the CCAA Proceedings or NOI Proceedings to approve this Agreement.
- (b) If the CCAA Proceedings or NOI Proceedings are terminated and discharged in respect of any particular SPE Debtor, such SPE Debtor shall withdraw from this 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 motion to approve this Agreement is dismissed by the Court.
- (c) If an SPE Debtor makes 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.

### **Section 7. General**

- (a) If any payment is required to be made or other action (including the giving of notice) is required to be taken pursuant to this Agreement on a day which is not a business day, then such payment or action shall be considered to have been made or taken in compliance with this Agreement if made or taken on the next succeeding business day.
- (b) Any provision of this Agreement which is prohibited or unenforceable in any

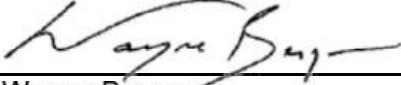
jurisdiction will, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability and will be severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

- (c) Each of the Parties hereto shall at any time, and from time to time hereafter, take any and all steps, and execute, acknowledge and deliver to the other Party, any and all further instruments and assurances that the other Party may reasonably require for the purpose of giving full force and effect to the provisions of this Agreement.
- (d) No amendment or variation of this Agreement shall be of any force or effect unless the same is reduced to writing, and duly executed by the Parties hereto.
- (e) This Agreement shall enure to the benefit of, and be binding on, the Parties and their respective successors and permitted assigns.
- (f) This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. The Parties submit and attorn to the exclusive jurisdiction of the Court with respect to the matters addressed in this Agreement.
- (g) This Agreement may be executed in counterparts, each of which shall be deemed to be an original and each of which taken together shall be deemed to constitute one and the same instrument. To evidence its execution of an original counterpart of this Agreement, a Party may send a copy of its original signature or e-signature on the execution page hereof to the other Parties by e-mail in pdf format or by other electronic transmission and such transmission shall constitute delivery of an executed copy of this Agreement to the receiving Party.

*[Signature page follows.]*

**IN WITNESS WHEREOF** the Parties have executed this Agreement as of the date first above written.

**RGN MANAGEMENT LIMITED  
PARTNERSHIP**

By:   
Name: Wayne Berger


Title: Authorized Signatory

**KSV RESTRUCTURING INC., SOLELY IN ITS  
CAPACITY AS MONITOR OR PROPOSAL  
TRUSTEE OF THE SPE DEBTORS AND NOT  
IN ITS PERSONAL CAPACITY**

By:   
Name:

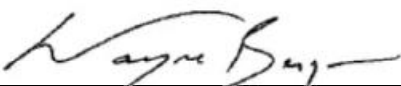
Title:

**GUARDIAN FINANCIAL CORP**

By:   
Name: Michael Osburn

Title: Authorized Signatory

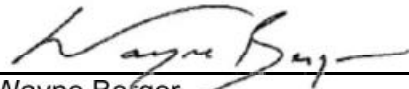
**RGN ALBERTA IV LIMITED PARTNERSHIP**

By:   
Name: Wayne Berger

Title: Authorized Signatory

**RGN ALBERTA LIMITED PARTNERSHIP**

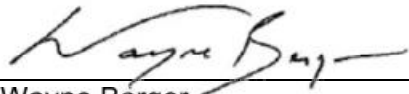
By:

  
Name: Wayne Berger

Title: Authorized Signatory

**RGN ALBERTA X LIMITED PARTNERSHIP**

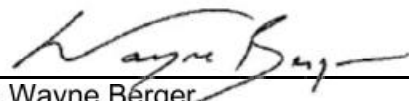
By:

  
Name: Wayne Berger

Title: Authorized Signatory

**RGN ALBERTA XIII LIMITED PARTNERSHIP**

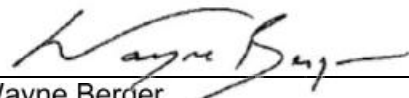
By:

  
Name: Wayne Berger

Title: Authorized Signatory

**RGN ALBERTA XIV LIMITED PARTNERSHIP**

By:

  
Name: Wayne Berger

Title: Authorized Signatory

**RGN ALBERTA XVII LIMITED PARTNERSHIP**

By:

  
\_\_\_\_\_  
Name: Wayne Berger  
Title: Authorized Signatory

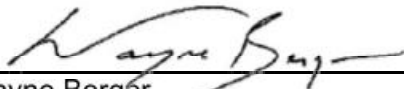
**RGN BRITISH COLUMBIA XX LIMITED  
PARTNERSHIP**

By:   
\_\_\_\_\_  
Name: Wayne Berger  
Title: Authorized Signatory

**RGN BRITISH COLUMBIA XVI LIMITED  
PARTNERSHIP**

By:   
\_\_\_\_\_  
Name: Wayne Berger  
Title: Authorized Signatory

**RGN BRITISH COLUMBIA XXV LIMITED  
PARTNERSHIP**

By:   
\_\_\_\_\_  
Name: Wayne Berger  
Title: Authorized Signatory

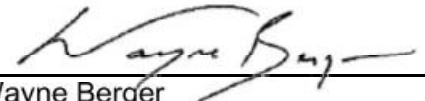
**RGN BRITISH COLUMBIA XXIV LIMITED  
PARTNERSHIP**

By:   
\_\_\_\_\_  
Name: Wayne Berger  
Title: Authorized Signatory



**RGN MANITOBA II LIMITED PARTNERSHIP**

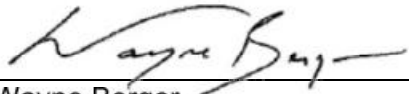
By:

  
Name: Wayne Berger

Title: Authorized Signatory

**RGN ONTARIO II LIMITED PARTNERSHIP**

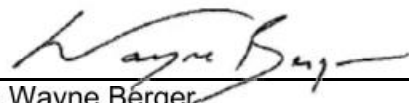
By:

  
Name: Wayne Berger

Title: Authorized Signatory

**RGN ONTARIO L LIMITED PARTNERSHIP**

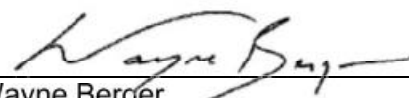
By:

  
Name: Wayne Berger

Title: Authorized Signatory

**RGN ONTARIO LV LIMITED PARTNERSHIP**

By:

  
Name: Wayne Berger

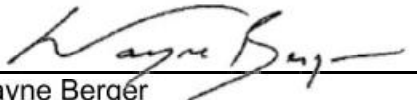
Title: Authorized Signatory

**RGN ONTARIO LVI LIMITED PARTNERSHIP**

By:

  
\_\_\_\_\_  
Name: Wayne Berger  
Title: Authorized Signatory

**RGN ONTARIO LVIII LIMITED PARTNERSHIP**

By:   
\_\_\_\_\_  
Name: Wayne Berger  
Title: Authorized Signatory

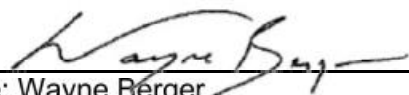
**RGN ONTARIO LXII LIMITED PARTNERSHIP**

By:   
\_\_\_\_\_  
Name: Wayne Berger  
Title: Authorized Signatory

**RGN ONTARIO XI LIMITED PARTNERSHIP**

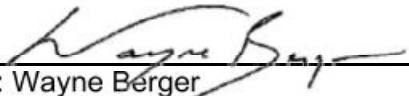
By:   
\_\_\_\_\_  
Name: Wayne Berger  
Title: Authorized Signatory

**RGN ONTARIO XLI LIMITED PARTNERSHIP**

By:   
\_\_\_\_\_  
Name: Wayne Berger  
Title: Authorized Signatory

**RGN ONTARIO XLII LIMITED PARTNERSHIP**

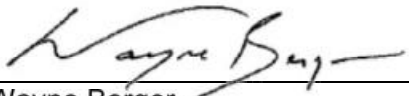
By:

  
Name: Wayne Berger

Title: Authorized Signatory

**RGN ONTARIO XLV LIMITED PARTNERSHIP**

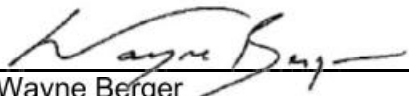
By:

  
Name: Wayne Berger

Title: Authorized Signatory

**RGN ONTARIO XLVI LIMITED PARTNERSHIP**

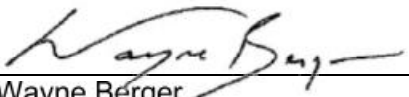
By:

  
Name: Wayne Berger

Title: Authorized Signatory

**RGN ONTARIO XLVII LIMITED PARTNERSHIP**

By:

  
Name: Wayne Berger

Title: Authorized Signatory

**RGN ONTARIO XLVIII LIMITED PARTNERSHIP**

By:

  
Name: Wayne Berger  
Title: Authorized Signatory

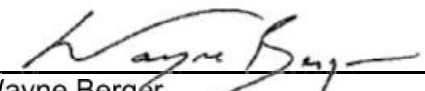
**RGN ONTARIO XXI LIMITED PARTNERSHIP**

By:   
Name: Wayne Berger  
Title: Authorized Signatory

**RGN ONTARIO XXIV LIMITED PARTNERSHIP**

By:   
Name: Wayne Berger  
Title: Authorized Signatory

**RGN ONTARIO XXIX LIMITED PARTNERSHIP**

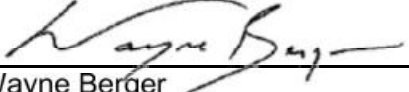
By:   
Name: Wayne Berger  
Title: Authorized Signatory

**RGN ONTARIO XXV LIMITED PARTNERSHIP**

By:   
Name: Wayne Berger  
Title: Authorized Signatory

**RGN ONTARIO XXVIII LIMITED PARTNERSHIP**

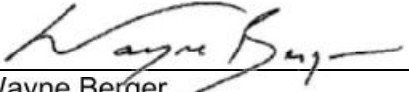
By:

  
Name: Wayne Berger

Title: Authorized Signatory

**RGN ONTARIO XXXI LIMITED PARTNERSHIP**

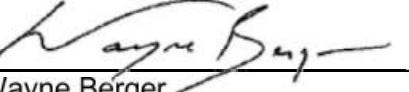
By:

  
Name: Wayne Berger

Title: Authorized Signatory

**RGN ONTARIO XXXII LIMITED PARTNERSHIP**

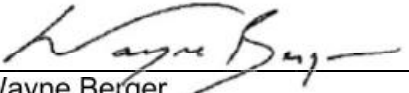
By:

  
Name: Wayne Berger

Title: Authorized Signatory

**RGN ONTARIO XXXIII LIMITED PARTNERSHIP**

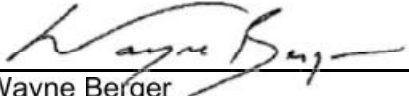
By:

  
Name: Wayne Berger

Title: Authorized Signatory

**RGN ONTARIO XXXIV LIMITED PARTNERSHIP**

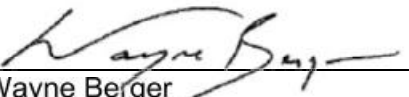
By:

  
Name: Wayne Berger

Title: Authorized Signatory

**RGN QUEBEC V LIMITED PARTNERSHIP**

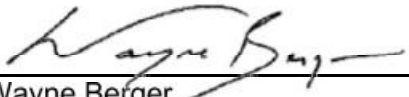
By:

  
Name: Wayne Berger

Title: Authorized Signatory

**RGN QUEBEC VI LIMITED PARTNERSHIP**

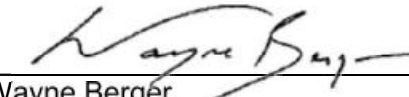
By:

  
Name: Wayne Berger

Title: Authorized Signatory

**RGN QUEBEC XIV LIMITED PARTNERSHIP**

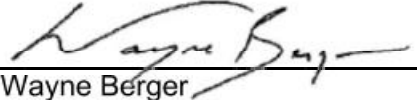
By:

  
Name: Wayne Berger

Title: Authorized Signatory

**RGN QUEBEC XVI LIMITED PARTNERSHIP**

By:



\_\_\_\_\_  
Name: Wayne Berger

Title: Authorized Signatory

**RGN SERVICES LIMITED**

By:



\_\_\_\_\_  
Name: Michael Osburn

Title: Authorized Signatory

**Schedule “A” – SPE Debtors**

Guardian Financial Corp.  
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 Ontario XXXIV Limited Partnership  
RGN Quebec V Limited Partnership  
RGN Quebec VI Limited Partnership  
RGN Quebec XIV Limited Partnership  
RGN Quebec XVI Limited Partnership  
RGN Services Limited



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

Proceeding commenced at Toronto

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

**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](mailto:ataylor@stikeman.com)

**Lee Nicholson LSO #66412I**

Tel: (416) 869-5604

Email: [leenicholson@stikeman.com](mailto:leenicholson@stikeman.com)

**Nicholas Avis LSO#: 76781Q**

Tel: (416) 869-5504

Email: [navis@stikeman.com](mailto:navis@stikeman.com)

Fax: (416) 947-0866

**Lawyers for the Applicants**

---

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

---

**MOTION RECORD**  
**(Re: Stay Extension and Estate Account**  
**Agreement)**  
**(Returnable November 19, 2020)**

---

**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](mailto:ataylor@stikeman.com)

**Lee Nicholson LSO #66412I**  
Tel: (416) 869-5604  
Email: [leenicholson@stikeman.com](mailto:leenicholson@stikeman.com)

**Nicholas Avis LSO#: 76781Q**  
Tel: (416) 869-5504  
Email: [navis@stikeman.com](mailto:navis@stikeman.com)  
Fax: (416) 947-0866

**Lawyers for the Applicants**