

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

**IN THE MATTER OF THE NOTICE OF INTENTION  
TO MAKE A PROPOSAL OF  
RGN ONTARIO II LIMITED PARTNERSHIP**

**MOTION RECORD OF  
RGN ONTARIO II LIMITED PARTNERSHIP  
(Returnable September 23, 2020)**

September 18, 2020

**STIKEMAN ELLIOTT LLP**

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Lawyers for RGN Ontario II Limited  
Partnership

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

**IN THE MATTER OF THE NOTICE OF INTENTION  
TO MAKE A PROPOSAL OF  
RGN ONTARIO II LIMITED PARTNERSHIP**

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(Returnable September 23, 2020)**

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# Tab 1

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

**IN THE MATTER OF THE NOTICE OF INTENTION  
TO MAKE A PROPOSAL OF  
RGN ONTARIO II LIMITED PARTNERSHIP**

**NOTICE OF MOTION  
(Extension of Time to File a Proposal)  
(Returnable September 23, 2020)**

RGN Ontario II Limited Partnership (the “**NOI Debtor**”) will make a motion to a judge of the Ontario Superior Court of Justice (Commercial List) on Wednesday, September 23, 2020 at 12:00 noon EST via video conference due to the COVID-19 crisis. The videoconference details can be found in Schedule “A” 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 MOTION IS FOR:**

1. An Order, substantially in the form attached at Tab 3 of the Motion Record, that, *inter alia*:
  - (a) abridges the time for service of this notice of motion and the motion record such that the motion is properly returnable on September 23, 2020;
  - (b) dispensing with service on any persons other than those served; and
  - (c) extending the time to file a proposal pursuant to subsection 50.4(9) of the *Bankruptcy and Insolvency Act* (the “**BIA**”) for a period of 45 days to and including November 11, 2020.
2. Such further and other relief as this Court deems just.

**THE GROUNDS FOR THE MOTION ARE:**

***Extension of time for filing proposal***

1. The NOI Debtor is a limited partnership established under the *Limited Partnerships Act*, R.S.O. 1990, c. L.16 (Ontario);
2. The NOI Debtor filed a notice of intention to make a proposal to its creditors pursuant to s. 50.4 of the BIA on August 28, 2020 (the “**NOI**”);
3. The NOI Debtor appointed KSV Restructuring Inc. (f/k/a KSV Kofman Inc.) as the Proposal Trustee;
4. The NOI Debtor requires additional time to make a proposal to its creditors;
5. The current deadline by which the NOI Debtor must file a proposal under the BIA is September 27, 2020;
6. This is the first time that the NOI Debtor has sought to extend the time for making a proposal to its creditors;
7. At all times since the filing of the NOI, the NOI Debtor has acted, and the NOI Debtor continues to act, in good faith and with due diligence;
8. The NOI Debtor has been working with the Proposal Trustee to stabilize its business operations;
9. The NOI Debtor will be in a better position to prepare a viable proposal to make to its creditors if the extension is granted;
10. No creditor will be materially prejudiced if the proposed extension is granted;
11. The Proposal Trustee supports the granting of the extension;
12. If the proposed extension request is not granted, the NOI Debtor will be deemed to have made an assignment in bankruptcy, which would eliminate the opportunity for the NOI Debtor to restructure and be to the detriment of its stakeholders;

**General**

13. The provisions of the BIA, including subsection 50.4(9);
14. The provisions of the *Bankruptcy and Insolvency General Rules*, C.R.C., c. 368, including Rules 3, 6 and 11;
15. The provisions of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, including Rules 1.04, 1.05, 2.03, 3.01, 16 and 37; and
16. 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 affidavit of James S. Feltman sworn September 18, 2020;
- (b) The First Report of the proposal trustee, to be filed; and
- (c) Such further and other evidence as counsel may advise and this Court may permit.

September 18, 2020

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**Lawyers for RGN Ontario II Limited Partnership**

## SCHEDULE "A"

### Zoom Particulars

#### Join Zoom Meeting

<https://zoom.us/j/98011935893>

Meeting ID: 980 1193 5893

#### One tap mobile

+13462487799,,98011935893# US (Houston)

+14086380968,,98011935893# US (San Jose)

#### Dial by your location

+1 346 248 7799 US (Houston)

+1 408 638 0968 US (San Jose)

+1 646 876 9923 US (New York)

+1 669 900 6833 US (San Jose)

+1 253 215 8782 US (Tacoma)

+1 301 715 8592 US (Germantown)

+1 312 626 6799 US (Chicago)

Meeting ID: 980 1193 5893

Find your local number: <https://zoom.us/u/acVrC8cH6y>

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

Proceeding commenced at Toronto

**NOTICE OF MOTION  
(Returnable September 23, 2020)**

**STIKEMAN ELLIOTT LLP**

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**Lawyers for RGN Ontario II Limited  
Partnership**



# Tab 2

Court / Estate No.: 31-2668274

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

**IN THE MATTER OF THE NOTICE OF INTENTION  
TO MAKE A PROPOSAL OF  
RGN ONTARIO II LIMITED PARTNERSHIP**

**AFFIDAVIT OF JAMES S. FELTMAN**  
(Sworn September 18, 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. RGN Ontario II Limited Partnership (the "**NOI Debtor**") is part of a group of affiliates operating in the United States and Canada as IWG or Regus (collectively, "**IWG**"). Duff & Phelps was retained by certain affiliates of IWG to provide interim management services. I have been authorized by the NOI Debtor to assist with its proceeding under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the "**BIA**") 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**") that recently

filed voluntary petitions for relief pursuant to Chapter 11 of the U.S. Code (the “**Bankruptcy Code**”), and I have been authorized to assist certain affiliates of the NOI Debtor that commenced proceedings under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”). In these various capacities, I am responsible for assisting IWG in the management of its operations, overseeing its liquidity management, and assisting with its restructuring process. In the course of my engagement and working with IWG’s management and outside counsel and financial advisors, I have become familiar with the operations and financial affairs of the NOI Debtor. 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 NOI Debtor for an order extending the time to file a proposal pursuant to s. 50.4(9) of the BIA for a period of 45 days from September 27, 2020 to and including November 11, 2020.

#### **A. Background**

4. The facts with respect to IWG’s business model, as well as its financial struggles and responses to such difficulties, are more fully set out in my affidavits sworn August 22, 2020 in connection with the Recognition Proceedings (as defined below), and August 30, 2020 (the “**Second Feltman Affidavit**”) and September 8, 2020 (the “**Third Feltman Affidavit**”) in connection with the CCAA Proceedings (as defined below), all of which are attached hereto, without exhibits, as **Exhibits “A”, “B” and “C”**, respectively. Capitalized terms used herein but not otherwise defined shall have the meanings set forth in the Second Feltman Affidavit.

5. The NOI Debtor is a special purpose limited partnership formed between RGN Limited Partner Holdings Corp., as limited partner, and RGN Ontario II GP Inc, as general partner. The

NOI Debtor was formed for the purpose of entering into a Lease with a Landlord and to hold an individual Lease for a single Centre in Canada.

## **B. Cause of Financial Distress**

6. 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.

7. To mitigate the effect of the pandemic, IWG took various cash flow and liquidity measures, including the deferral of rent payments and engaged with Landlords to negotiate forbearances, temporary accommodations, and, in certain instances, permanent modifications to Leases.

8. In the United States, negotiations between Landlords and various U.S.-based IWG entities broke down, which caused the respective Landlords to issue notices of their intention to lock the U.S. entities out of their respective Centres. This triggered a series of voluntary petitions for relief pursuant to Chapter 11 of the Bankruptcy Code (the “**Chapter 11 Cases**”) with the United States Bankruptcy Court for the District of Delaware (the “**U.S. Court**”) by various U.S.-based IWG entities, including RGN-National Business Centers, LLC, H Work, LLC (f/k/a HQ Global Workplaces LLC) and RGN-Group Holdings, LLC (collectively, the “**Guarantor Debtors**”) which filed voluntary petitions on August 17, 2020.

## **C. The Impact of the Chapter 11 Cases in Canada**

9. Many of the Canadian Affiliates were impacted by the commencement of the Chapter 11 Cases. In particular, the Guarantor Debtors are guarantors of 85 Leases in Canada. Certain of these Leases specified that the commencement of insolvency and/or bankruptcy proceedings by the Guarantor Debtors constituted an event of default. This prompted RGN-NBC, in its capacity as foreign representative (in such capacity, the “**Foreign Representative**”) of itself and certain

other entities, to commence a proceeding (the “**Recognition Proceeding**”) in Canada pursuant to Part IV of the CCAA on August 24, 2020.

10. The expectation was that the Recognition Proceeding could be used to recognize an order anticipated to be issued by the U.S. Court which would put in place a termination procedure for any Landlord to terminate a Lease held by any affiliate of the Chapter 11 Debtors that was guaranteed by a Guarantor Debtor; however, the U.S. Court never granted such an order. This put a significant number of Leases in Canada at risk of being terminated on the basis of defaults triggered by the commencement of the Chapter 11 Cases.

11. After canvassing various options to obtain an immediate stay of proceedings to preserve the *status quo* and protect the Canadian business, IWG 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 certain Canadian Tenant SPEs to provide them with an opportunity to prepare an application under the CCAA. This motion was denied.

12. The NOI Debtor was in a particularly precarious position. Its Landlord had opposed the temporary stay relief in the Recognition Proceedings on August 28, 2020, and the NOI Debtor believed there was a material risk that its Landlord may terminate the Lease. In order to obtain immediate protection for its business and the Lease, the NOI Debtor filed its Notice of Intention to Make a Proposal (the “**NOI**”) on August 28, 2020 (such proceeding, the “**NOI Proceeding**”). A copy of the certificate confirming the filing of the NOI is attached hereto as **Exhibit “D”**. KSV Restructuring Inc. (f/k/a KSV Kofman Inc.) was appointed as proposal trustee of the NOI Debtor (the “**Proposal Trustee**”).

13. On August 30, 2020, this Court granted an Initial Order pursuant to the CCAA (such proceedings, the “**CCAA Proceedings**”) granting protection to the general partners of various

Canadian Tenant SPEs. The general partner of the NOI Debtor was one of the applicants in the CCAA Proceedings. Copies of the materials filed in connection with the NOI Proceeding and CCAA Proceedings (as well as the Recognition Proceeding) can be found on the Proposal Trustee's and Monitor's website at <https://www.ksvadvisory.com/insolvency-cases/case/rgn-national-business-centers>.

#### **D. Activities to Date**

14. Since the filing of the NOI, the NOI Debtor has been working in good faith and with due diligence with the Proposal Trustee to stabilize its business and ensure that the NOI Proceeding continues in a coordinated manner with the Chapter 11 Cases, the Recognition Proceedings, and the CCAA Proceedings. The activities of the NOI Debtor have included, among others:

- (a) reviewing its cash flow;
- (b) paying rent for September 2020;
- (c) coordinating with U.S. counsel to the Chapter 11 Debtors on the activities related to the Chapter 11 Cases; and
- (d) preparing these materials to support an extension of the time to file a proposal.

#### **E. Path Forward in the NOI Proceeding**

15. The primary purpose of the NOI Proceeding was to immediately stabilize a volatile situation for the NOI Debtor. To emerge from creditor protection, the NOI Debtor needs to be positioned such that its Lease cannot be terminated based on the default by the Guarantor Debtors. The path forward for the NOI Debtor is similar to the other Canadian Tenant SPEs, as set out in the Third Feltman Affidavit.

16. The NOI Debtor is considering issues concerning filing a proposal while contemporaneously exploring avenues to consolidate the NOI Proceeding with the CCAA Proceedings and join as "CCAA Debtor" in the CCAA Proceedings to allow the current multiplicity of proceedings to be more efficiently managed.

**F. Extension Request**

17. The 30-day period after the filing date of the NOI expires on September 27, 2020. The NOI Debtor is seeking an extension of the time to make a proposal by 45 days to and including November 11, 2020.

18. As discussed above, I believe that at all material times, the NOI Debtor has acted and continues to act in good faith and with due diligence.

19. It is the NOI Debtor's view that an extension of the time to file a proposal will place it in a better position to make a viable proposal to its creditors. In particular, additional time will enable more progress to be made in the Chapter 11 Cases, the CCAA Proceedings and the Recognition Proceedings. As set out above, the NOI Debtor may also explore available options to transition the NOI Proceeding to the CCAA Proceedings, including bringing an application to terminate the NOI Proceeding and extend the stay of proceedings in the CCAA Proceedings to the NOI Debtor or filing a proposal for the sole purpose of exiting the NOI Proceeding and joining the CCAA Proceedings.

20. The alternative to an extension of time to file a proposal would be the deemed bankruptcy of the NOI Debtor, which I believe would eliminate the opportunity for the NOI Debtor to restructure in a manner that maximizes value for its stakeholders.

21. I am not aware of any creditor that is objecting to the extension of the time requested. In addition, I do not believe that the extension would prejudice any of the NOI Debtor's creditors.

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 Community of Eugenia (Grey County), in the Province of Ontario, Canada, on September 18, 2020.

DocuSigned by:  
*Nicholas Avis*  
2C12EEAB5242430...

**NICHOLAS AVIS**

Commissioner for Taking Affidavits  
in the Province of Ontario

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

**JAMES S. FELTMAN**



This is  
**EXHIBIT "A"**  
referred to in the affidavit of  
**James S. Feltman**  
dated September 18, 2020

DocuSigned by:

*Nicholas Lewis*

2C12FFAB5242430

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Commissioner for taking affidavits

Court File No. \_\_\_\_\_

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

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

**AND IN THE MATTER OF 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.

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<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
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**(c) Canadian Affiliates**

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

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

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

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

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

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

**(d) Canadian Centres**

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

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

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

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

### **C. The Chapter 11 Cases and Path Forward**

#### **(a) Events Leading Up to the Chapter 11 Cases**

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

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

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

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

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

**(b) COVID-19 and the Canadian Affiliates**

33. The Canadian Affiliates have likewise been impacted by the COVID-19 pandemic with depressed occupancy rates, Occupants that have, either by necessity or strategically, failed to pay their Occupancy Fees and decreased demand at capital intensive Centres in downtown areas of metro-centres. However, despite the impact that COVID-19 has had on the Canadian business, the Canadian Tenant SPEs in the majority of cases have continued paying rent to the Landlords in respect of the Leases for the Centres in Canada.<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

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<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

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<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.

DocuSigned by:

*Lee Nicholson*

**LEE NICHOLSON (LSO #664121)**

Commissioner for Taking Affidavits  
in the Province of Ontario

DocuSigned by:

*James Feltman*

**JAMES S. FELTMAN**

This is  
**EXHIBIT "B"**  
referred to in the affidavit of  
**James S. Feltman**  
dated September 18, 2020

DocuSigned by:

*Nicholas Cruz*

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Commissioner for taking affidavits

Court File No. \_\_\_\_\_

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

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT  
OF GUARDIAN FINANCIAL CORP. AND OTHER ENTITIES LISTED ON  
SCHEDULE "A"**

**(Applicants)**

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

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

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

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



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

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

**A. Background**

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

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

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

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

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

## **B. The Business**

### **(a) Overview**

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

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

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

**(b) Canadian Affiliates**

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

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

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

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

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

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

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

**(c) Canadian Centres**

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

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

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

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

**(iv) Inter-Company Relationships and Transactions**

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

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

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

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

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

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

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

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

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

### **C. Need for CCAA Protection**

#### **(a) Events Leading Up to the Chapter 11 Cases**

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

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

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

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

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

**(b) COVID-19 and the Canadian Affiliates**

43. The Canadian Affiliates have likewise been impacted by the COVID-19 pandemic with depressed occupancy rates, Occupants that have, either by necessity or strategically, failed to pay their Occupancy Fees and decreased demand at capital intensive Centres in downtown areas of metro-centres. However, despite the impact that COVID-19 has had on the Canadian business, as set out above, the Canadian Tenant SPEs in the majority of cases have continued paying rent to the Landlords in respect of the Leases for the Centres in Canada.<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

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<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 in a position to provide that replacement security.

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

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

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



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

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

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

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

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

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

#### **D. Path Forward**

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

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

#### **E. Relief Sought**

##### **(a) Stay of Proceedings**

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

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

**(b) Appointment of Monitor**

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

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

**(c) Cash Flow Forecast**

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

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

**F. Notice**

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

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

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

*Lee Nicholson*  
02C0CC98F031B14B  
**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

This is  
**EXHIBIT "C"**  
referred to in the affidavit of  
**James S. Feltman**  
dated September 18, 2020

DocuSigned by:

*Nicholas Aves*

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Commissioner for taking affidavits

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

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

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT  
OF GUARDIAN FINANCIAL CORP. AND OTHER ENTITIES LISTED ON  
SCHEDULE "A"**

**(Applicants)**

**AFFIDAVIT OF JAMES S. FELTMAN  
(Sworn 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*

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

DocuSigned by:  
*James Feltman*

**JAMES S. FELTMAN**

**Schedule "A" – Additional Applicants**

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



This is  
**EXHIBIT "D"**  
referred to in the affidavit of  
**James S. Feltman**  
dated September 18, 2020

DocuSigned by:

*Nicholas A. ...*

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Commissioner for taking affidavits



Industry Canada  
Office of the Superintendent  
of Bankruptcy Canada

Industrie Canada  
Bureau du surintendant  
des faillites Canada

District of Ontario  
Division No. 09 - Toronto  
Court No. 31-2668274  
Estate No. 31-2668274

In the Matter of the Notice of Intention to make a  
proposal of:

**RGN Ontario II Limited Partnership**  
Insolvent Person  
**KSV KOFMAN INC.**  
Licensed Insolvency Trustee

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Date of the Notice of Intention: August 28, 2020

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CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL  
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the *Bankruptcy and Insolvency Act*.

Pursuant to subsection 69(1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: August 28, 2020, 15:42

E-File/Dépôt Electronique

Official Receiver

151 Yonge Street, 4th Floor, Toronto, Ontario, Canada, M5C2W7, (877)376-9902

**Canada**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF RGN  
ONTARIO II LIMITED PARTNERSHIP**

Court / Estate No.: 31-2668274

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

Proceeding commenced at Toronto

**AFFIDAVIT OF JAMES S. FELTMAN  
SWORN SEPTEMBER 18, 2020**

**STIKEMAN ELLIOTT LLP**

Barristers & Solicitors  
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**Lawyers for RGN Ontario II Limited  
Partnership**

# Tab 3

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

THE HONOURABLE ) WEDNESDAY, THE 23<sup>rd</sup>  
 )  
JUSTICE DIETRICH ) DAY OF SEPTEMBER, 2020

**IN THE MATTER OF THE NOTICE OF INTENTION  
TO MAKE A PROPOSAL OF  
RGN ONTARIO II LIMITED PARTNERSHIP**

**ORDER  
(Extension of Time to File a Proposal)**

**THIS MOTION**, made by RGN Ontario II Limited Partnership (the “**NOI Debtor**”) pursuant to section 50.4(9) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”), was heard this day by video-conference due to the COVID-19 crisis.

**ON READING** the notice of motion of the NOI Debtor, the affidavit of James S. Feltman sworn September 18, 2020, and the First Report of KSV Restructuring Inc., in its capacity as the proposal trustee of the NOI Debtor (the “**Proposal Trustee**”);

**AND UPON HEARING** the submissions of counsel for the NOI Debtor, counsel for the Proposal Trustee and other parties listed on the counsel slip, no one else appearing although duly served as appears on the affidavit of service of Nicholas Avis;

**SERVICE**

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

**EXTENSION OF TIME TO FILE PROPOSAL**

2. **THIS COURT ORDERS** that the time within which the NOI Debtor is to file a proposal with the Officer Receiver and stay of proceedings herein, is hereby extended to November 11, 2020 pursuant to section 50.4(9) of the BIA.

## GENERAL

3. **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 NOI Debtor, the Proposal Trustee 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 NOI Debtor and to the Proposal Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the NOI Debtor and the Proposal Trustee in any foreign proceeding, or to assist the NOI Debtor and the Proposal Trustee and their respective agents in carrying out the terms of this Order.

4. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date it is made without any need for entry and filing.

---

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

Proceeding commenced at Toronto

**ORDER**

**STIKEMAN ELLIOTT LLP**

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**Lawyers for RGN Ontario II Limited  
Partnership**

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

Proceeding commenced at Toronto

**MOTION RECORD  
(Returnable September 23, 2020)**

**STIKEMAN ELLIOTT LLP**

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**Lawyers for RGN Ontario II Limited  
Partnership**