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CANADA
DISTRICT OF ONTARIO
DIVISION NO.: 07 - Hamilton
ESTATE NO.: 32-3241463

**IN THE MATTER OF THE BANKRUPTCY OF
ROBERT LAND ACADEMY
OF THE TOWNSHIP OF WEST LINCOLN
IN THE PROVINCE OF ONTARIO**

TRUSTEE'S REPORT TO CREDITORS ON PRELIMINARY ADMINISTRATION

The *Bankruptcy and Insolvency Act* provides for a first meeting of creditors. The purpose of this report is to provide information to the creditors of the bankrupt for consideration in advance of and/or at the first meetings of creditors.

SECTION A – BACKGROUND

On June 27, 2025 (the “**Date of Bankruptcy**”), Robert Land Academy (“**RLA**” or the “**Bankrupt**”), filed an assignment in bankruptcy pursuant to section 49 of the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”). Deloitte Restructuring Inc. (“**Deloitte**” or in such capacity, the “**Trustee**”) was named as Trustee of the Bankrupt’s estate pending affirmation at the first meetings of creditors (the “**FMOC**”). Creditors can access a copy of the certificate of appointment, reports of the Trustee filed to date, and other information on the activities of the Trustee, from the Trustee’s case website at: <https://www.insolvencies.deloitte.ca/en-ca/pages/RobertLandAcademy.aspx>.

RLA was an all-boys private military style boarding school located at 6726 and 6727 South Chippawa Road, West Lincoln, Ontario (the “**Property**”). RLA first began accepting students in 1978, with over 3,000 students attending RLA prior to its closure in June 2025.

Due to a variety of factors, including, (i) rising operational costs, (ii) the lasting impacts of the COVID-19 pandemic, and (iii) a significant reduction in international students, RLA suffered financial losses for the past number of years, resulting in liquidity challenges. In addition to these liquidity challenges, since at least 2011, RLA has been the subject of over eighty litigation claims from former students, and parents of former students (the “**Claimants**”), alleging mental, physical, and sexual abuse (collectively, the “**Litigation Claims**”). As at the date of this report (the “**First Report**”), the Trustee has been informed that (based on the Bankrupt’s 2024 audited financial statements) the total quantum of Litigation Claims against RLA is at least \$135 million. The Trustee understands that the Litigation Claims have been defended by or on behalf of RLA, and that the Litigation Claims against RLA and any of its former employees remain contingent and unproven in a court of law. The Trustee further understands that this amount is increasing as additional claims may have been filed. Due to the aforementioned liquidity challenges, and the monetary quantum of the Litigation Claims, RLA concluded that it could no longer operate as a going concern and that, in the circumstances, it was in the best interest of all stakeholders for RLA to wind down its operations through voluntary bankruptcy proceedings.

On April 25, 2025, RLA and AppGear Mortgage Investment Limited Partnership (“**AppGear**”) entered into a loan agreement (the “**Loan Agreement**”) that provided RLA with \$3.2 million (prior to payment of any fees) and granted AppGear a general charge over the assets of RLA (the “**AppGear Security**”). The purpose of the Loan Agreement was to, amongst other things, provide RLA with sufficient funding to, (i) complete the most recent academic year (June 20, 2025) to ensure that the 2024/2025 class of RLA students were treated in a fair and empathetic manner, (ii) attempt to resolve entitlements while minimizing any disruption, and (iii) deal with the numerous administrative tasks required for an orderly closure of the academy.

RLA’s bankruptcy filing was accelerated when it was informed by its insurance broker that when its current insurance policies expired on June 30, 2025, RLA was very unlikely to (i) be able to either renew its active insurance policies with its current insurer, or (ii) find a new insurer willing to provide the appropriate insurance coverage required to maintain RLA’s operations past June 30, 2025. As a result, RLA’s board of directors made the decision to expedite its anticipated bankruptcy filing date.

The accounting net book value of RLA’s assets at the date of bankruptcy totaled approximately \$4.7 million. The Bankrupt’s assets are subject to the AppGear Security pursuant to the Loan Agreement. Should the realizations on the assets of the Bankrupt exceed the amounts owing to AppGear under the Loan Agreement, then the remaining realizations will be available to the unsecured creditors of the Bankrupt’s estate.

SECTION B – PRELIMINARY EVALUATION OF ASSETS & DETAILS OF SECURITY INTERESTS

A preliminary evaluation of the assets of RLA as at the Date of Bankruptcy is summarized in the table below.

Robert Land Academy Preliminary Assessment of Assets As at the Date of Bankruptcy (\$000's)		Net Book Value
Assets		
Cash on Hand		2
Deposits in Financial Institutions		2,281
Accounts Receivable		-
Inventory		170
Trade Fixtures		42
Machinery & Equipment		210
Real Property ⁽¹⁾		1,571
Furniture		6
Vehicles		94
Other Property		367
Total Assets		4,743
(1) The real property was listed for sale for \$9.4 million in May 2025.		

As set out above, the primary assets of the Bankrupt are the Property, and the deposits held in financial institutions. The Trustee believes that, on a liquidation basis, there is limited estimated realizable value of the accounts receivable, inventory, fixtures and fitting, and property, plant and equipment. The Trustee intends to pursue the accounts receivable but anticipates that recoveries will be limited. At present, the Trustee also understands that the insurers providing RLA’s insurance policies have reserved their rights concerning coverage for the Litigation Claims.

The main creditors of RLA are AppGear and the contingent Claimants. Other creditors include RLA’s former employees, trade creditors and certain parents of former RLA students.

On April 21, 2025, Avison Young Commercial Real Estate Services LP ("**Avison Young**") were retained by RLA to market the sale of the Property (the "**Sale Process**"). On May 21, 2025, Avison Young commenced the Sale Process, and the Property is currently listed for sale with an asking price of \$9.4 million.

On July 9, 2025, the Trustee signed a retention agreement with Avison Young to assume the listing agreement between RLA and Avison Young. Should creditors want additional information on the Sale Process, they can access Avison Young's website at: <https://www.avisonyoung.ca/properties/6727-6727-south-chippawa-road-west-lincoln>.

The Trustee is in the process of reviewing the Bankrupt's books and records to determine what, if any, amounts are owed the RLA's former employees for wages and vacation pay that would qualify as claims pursuant to section 81.3 of the BIA. The Trustee, where applicable will comply with the requirements of the *Wage Earner Protection Program Act*.

Counsel to the Trustee, once its appointment is affirmed, will review the AppGear Security, and provide the Trustee with an opinion regarding its validity and enforceability.

SECTION C – BOOKS & RECORDS

The Trustee has access to RLA's available physical books and records which are located at the Property. The Trustee is aware of the importance of certain of these physical records that relate to the ongoing Litigation Claims and has taken steps to secure the location where the physical books and records are stored. RLA's electronic files are stored in a cloud computing platform, and the Trustee is currently in the process of backing up the electronic books and records. The Trustee intends to migrate these electronic files from RLA's cloud computing platform to Deloitte's computing environment. The Trustee is complying with all its statutory obligations under the BIA in connection with the Bankrupt's books and records.

SECTION D – CONSERVATORY & PROTECTIVE MEASURES

The Trustee has implemented the following conservatory and protective measures:

Funds held in financial institutions:

The Trustee advised RBC to freeze all bank accounts of RLA, and the funds from all of RLA's RBC bank accounts have been transferred into Deloitte's trust account.

RLA Property:

The Trustee has retained certain former RLA employees to provide security and maintenance services at the Property during the Sale Process.

Insurance:

The Trustee has obtained third-party insurance coverage for the Bankrupt's assets (including the Property).

SECTION E – PROVABLE CLAIMS AND DESCRIPTION OF CREDITORS

Based on a review of RLA's books and records, AppGear is owed approximately \$3.2 million, and unsecured creditors (not including the Claimants) are owed approximately \$0.1 million.

These claims are summarized in the table below. The Trustee will update the creditors on proofs of claim received at the FMOC.

Robert Land Academy Preliminary Assessment of Creditors As at the Date of Bankruptcy (\$000's)		Statement of Affairs
Secured Creditors ⁽¹⁾		1,571
Unsecured Creditors		1,699
Preferred Creditors		-
Contingent Litigation Creditors		135,000
Total Creditors		138,270
(1) Amounts shown as due to secured creditors are limited to the book value of the real property as recorded in RLA's 2024 financial statements. Such amounts are not updated to reflect the current market or expected realization values.		

SECTION F – LEGAL PROCEEDINGS, REVIEWABLE TRANSACTIONS & PREFERENCE PAYMENTS

The Trustee has not performed a review of RLA's books and records with respect to potential fraudulent preferences, settlements or transfers at undervalue, as defined in the BIA. It is the intention of the Trustee to discuss the scope of its review with inspectors, if any, appointed at the FMOC.

SECTION G – DETAILS OF THIRD-PARTY DEPOSITS OR GUARANTEES

Pursuant to an engagement letter between RLA and Deloitte dated, June 4, 2025, Deloitte acted as financial advisor to RLA prior to its bankruptcy proceedings. The Trustee obtained a deposit from RLA in the amount of \$50,000 as a retainer for its fees. The deposit will only be drawn upon in the event there are no available funds in the estate for the Trustee's fees. If this deposit is not fully disbursed in the administration of the Bankrupt's estate, any remaining deposit will be available to the estate of the Bankrupt.

SECTION H – TRUSTEE'S INTENTION TO ACT FOR SECURED CREDITORS

As at the date of this First Report, The Trustee has not received any instructions or requests from AppGear. The Trustee has had limited communications with AppGear since the Date of Bankruptcy. The Trustee intends to keep AppGear updated throughout RLA's bankruptcy proceedings.

SECTION I – PROJECTED DISTRIBUTION AND TRUSTEE COMMENTS ON ANTICIPATED ASSET REALIZATIONS

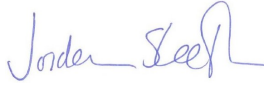
As noted above, the Trustee advises that, subject to the claim of the AppGear, based on its estimate of the realizable value of the Bankrupt's assets, there may be funds available to RLA's unsecured creditors. However, given the quantum of the Litigation Claims, any potential recoveries (as a percentage of each claim) for the unsecured creditors will likely be nominal. This preliminary assessment does not consider the potential recoveries to the estate from any insurance proceeds that may respond to the Litigation Claims.

Dated at Toronto, Ontario this 16th day of July 2025.

DELOITTE RESTRUCTURING INC.

solely in its capacity as Trustee of the
Robert Land Academy and not in its
Personal or corporate capacity

Per:



Jordan Sleeth, CPA, CA, CIRP, LIT
Senior Vice-President