

C A N A D A
PROVINCE OF QUEBEC
DISTRICT OF QUEBEC
DIVISION No.: 01-MONTREAL
COURT No.: 500-11-049214-154
ESTATE No.: 41-343813

SUPERIOR COURT
Commercial Division

**IN THE MATTER OF THE
RECEIVERSHIP OF:**

HRH HOTELS LTD., a legal person, duly
incorporated according to law, having its head office
and principal place of business at 7700 Côte-de-Liesse
Road, Montreal, Quebec, H4T 1E7

Insolvent person

– and –

DELOITTE RESTRUCTURING INC.
(Benoît Clouâtre, CPA, CA, CIRP, person in charge)
having a place of business at 1190 avenue des
Canadiens-de-Montréal, suite 500, Montréal, Quebec,
H3B 0M7

Receiver

**INTERIM REPORT SUBMITTED BY
DELOITTE RESTRUCTURING INC. AS RECEIVER
TO THE PROPERTY OF HRH HOTELS LTD.
AS AT FEBRUARY 5, 2016
(Subsection 246(2) of the *Bankruptcy and Insolvency Act (BIA)*
and Rule 126 of the *Bankruptcy and Insolvency General Rules*)**

I. Introduction

1. HRH Hotels Ltd. (“**HRH**”) is a corporation constituted under the *Canada Business Corporations Act*, having its head office and principal place of business located at 7700 Côte-de-Liesse Road, Montreal, Quebec, H4T 1E7.
2. HRH is a company holding and operating a parking complex under the Golden Mile Plaza banner.

3. On August 7, 2015, following a motion by HSBC Bank Canada (“**HSBC**”), HRH’s principal secured creditor, the Court rendered an order appointing Deloitte as Receiver of substantially all of HRH’s assets pursuant to Section 243 of the BIA with the Powers enumerated in said order (the “**Receivership Order**”), as appears from the Court record.

II. Purpose of this report

4. The purpose of this first report of the Receiver (the “**First Report**”) is to advise/provide the Superintendent of Bankruptcy with a summary with respect to:
 - a) All property of which the Receiver has taken possession or control that has not yet been sold or realized;
 - b) The initial activities of the Receiver;
 - c) The interim statement of receipts and disbursements;
 - d) The anticipated completion of the receivership.

III. Summary of property of which the Receiver has taken possession

5. As of the date of this report, the Property of HRH includes the following:
 - a) Cash;
 - b) Accounts receivable;
 - c) Supplies;
 - d) Computer equipment and software;
 - e) Equipment (pressure washer, steam cleaner);
 - f) Furniture;
 - g) Automobiles;
 - h) Land and building.
6. In conformity with the Receivership Order, on August 7, 2015, the Receiver took possession and control of the Property described above.
7. Following the Receivership Order, HSBC accepted to sell to 9303-7026 Québec Inc. (“**9303**”), and 9303 accepted to purchase from HSBC, HSBC’s debts and security against HRH. The sale of the debts owed by HRH to HSBC closed on or around October 16, 2015. At the time of the sale of the debts, the amount owed by HRH to the secured creditor was of approximately \$3,973,484.43.

IV. The initial activities of the Receiver

8. On August 14, 2015, the Receiver filed with the Superintendent of Bankruptcy and sent to all known creditors of HRH a copy of the Notice and Statement of the Receiver.

9. The Receiver and the Trustee created a link on their website (<http://www.insolvencies.deloitte.ca/en-ca/Pages/HRH-Hotels-Ltd.aspx?searchpage=Search-Insolvencies.aspx>) where all of the public documents related to the notice of intention, proposal, and receivership of IHG can be found.
10. The Receiver took control of the different bank accounts of HRH.
11. The Receiver monitored and controlled the receipts and disbursements of HRH.
12. The Receiver monitored, on a daily basis, the daily operations of HRH.
13. The Receiver ensured that proper insurance coverage was in place for the assets and took all necessary conservatory measures to secure and safeguard HRH's assets.
14. In February 2015, prior to the appointment of Deloitte as HRH's Receiver, HRH retained the services of an agency to market and sell HRH's property. At the time, Deloitte was acting as financial advisor to HRH and was monitoring the sale process that had been initiated. Upon its appointment as Receiver, Deloitte continued the mandate of the agency which, hence, as since continued its marketing efforts and its efforts to solicit purchase offers with the same objective of selling HRH's property.

V. The interim statement of receipts and disbursements for the period ended January 31, 2016

15. You will find in **Appendix A** the interim statement of receipts and disbursements for the period from August 7, 2015 to January 31, 2016 (the "**Declaration Period**").
16. The receipts during the Declaration Period totaled \$347K and mainly included the following:
 - a) The collection of funding from a stakeholder in the amount of \$232K;
 - b) The collection of parking revenues (\$65K) related to the operations of the parking facilities;
 - c) The collection of rental revenues from the property's tenant (\$50K).
17. The disbursements during the Declaration Period totaled \$259K and mainly included the following:
 - a) Payments of \$103K related to the employees' salaries;
 - b) Payments (totaling \$60K) to various suppliers related to the on-going operations of the parking (for the purchase of various supplies, for maintenance and repairs, etc.);
 - c) Payments (totaling \$53K) related to professional fees (with regard to the fees of the Receiver and of other consultants assisting the Receiver in the daily operations of the parking);
 - d) Monthly reimbursements of sales taxes (GST/QST) to the government in the amount of \$18K;
 - e) Payments of \$16K related to the Property's monthly insurance premium;
 - f) Payment of \$9K related to school taxes.

18. Consequently, an amount of approximately \$88K was in the possession of/controlled by the Receiver as of January 31, 2016.

VI. The anticipated completion of the receivership

19. As of the time of this report, the Receiver is still soliciting purchase offers for the property of HRH and the Receiver has not yet entered into an exclusive sale and purchase agreement with an interested party. Hence, given the current stage of the sale process, as of the time of this report, the Receiver is not able to accurately predict/anticipate the completion of its receivership mandate.

DATED AT MONTREAL, this 5th day of
February, 2016.

DELOITTE RESTRUCTURING INC.
Receiver to the property of HRH Hotels Ltd.



Benoît Clouâtre, CPA, CA, CIRP
Senior Vice-President

APPENDIX A

HRH Hotels Ltd.
Interim statement of receipts and disbursements
(For the period from August 7, 2015 to January 31, 2016)

Receipts and disbursements	(\$)
Receipts	
Funding from a stakeholder	231,909
Parking revenues	64,574
Rental income	50,077
Sales taxes reimbursement	464
Total receipts	347,025
Disbursements	
Payroll	102,808
Suppliers	60,396
Professional fees	52,483
Sales taxes remittance	18,477
Insurance	16,339
School taxes	8,970
Total disbursements	259,473
Net cash flow	87,551
Cash balance - Beginning	-
Cash balance - Ending	87,551