



Deloitte Restructuring Inc.

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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, Montreal, Quebec,
H3B 0M7

Receiver

**SECOND INTERIM REPORT SUBMITTED BY
DELOITTE RESTRUCTURING INC. AS RECEIVER
TO THE PROPERTY OF HRH HOTELS LTD.
AS AT AUGUST 4, 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 second report of the Receiver (the “**Second 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 activities of the Receiver since the issuance of its first interim report (dated February 5, 2016);
 - 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 (which has not yet been sold or realized) includes the following:
 - a) Cash;
 - b) Accounts receivable.
6. 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 activities of the Receiver since the issuance of its first interim report (dated February 5, 2016)

7. The Receiver monitored and controlled the receipts and disbursements of HRH.
8. The Receiver continued to update the website created for the benefits of all creditors (<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 receivership of HRH can be found.
9. The Receiver monitored, on a daily basis, the daily operations of HRH (until substantially all of HRH’s assets were sold on May 9, 2016).
10. The Receiver ensured that proper insurance coverage was in place for the assets and took all necessary conservatory measures to secure and safeguard IHG’s assets (until substantially all of HRH’s assets were sold on May 9, 2016).

11. On February 18, 2016, the Receiver requested from the Court an order for the authorization to sell substantially all of HRH's assets in favour of 9153-1335 Québec Inc. (the "**Purchaser**"). Such order was granted by the Court on February 18, 2016, and the closing of the sale transaction occurred on May 9, 2016. The Receiver's report on the contemplated sale of the property of HRH dated February 18, 2016 (a copy of which is available on the Receiver's website) contains additional details on the sale process and the sale transaction of HRH's assets.

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

12. You will find in **Appendix A** the interim statement of receipts and disbursements for the period from August 7, 2015 to July 31, 2016 (the "**Declaration Period**").
13. The receipts during the Declaration Period totaled \$2,252K and mainly included the following:
 - a) The collection of the proceeds from the sale of the assets in the amount of \$1,738K;
 - b) The collection of funding from a stakeholder in the amount of \$262K;
 - c) The collection of parking revenues (\$143K) related to the operations of the parking facilities;
 - d) The collection of rental revenues from the property's tenant (\$77K);
 - e) The collections from a legal proceeding related to the sale of the assets (\$22K);
 - f) The collection of miscellaneous revenues of \$9K;
 - g) The collection of interest revenues of \$1K.
14. The disbursements during the Declaration Period totaled \$1,460K and mainly included the following:
 - a) Payments (totaling \$555K) 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);
 - b) Payments of \$272K related to municipal and school taxes;
 - c) Payments (totaling \$253K) to various suppliers related to the on-going operations of the parking (for the purchase of various supplies, for maintenance and repairs, etc.);
 - d) Payments of \$176K related to the employees' salaries and severances;
 - e) Payments of \$159K related to commissions payable on the sale of the assets;
 - f) Payments of \$26K related to the Property's monthly insurance premium;
 - g) Monthly reimbursements of sales taxes (GST/QST) to the government in the amount of \$19K.
15. Consequently, an amount of approximately \$792K was in the possession of/controlled by the Receiver as of July 31, 2016.

VI. The anticipated completion of the receivership

16. Following the sale of substantially all of HRH's assets, the Receiver's remaining tasks with regard to the realization of HRH's assets mainly consist in collecting any account receivable assets which were not part of the sale transaction.
17. Prior to being able to distribute the proceeds from the sale transaction to the secured creditor, the Receiver needs to first obtain the certificates of discharge from both the provincial and federal tax authorities. As the timing in which the Receiver will be able to obtain such certificates is still unknown as of the time of this report; the Receiver is therefore not able to accurately predict or anticipate the timing of the completion of its receivership mandate.

DATED AT MONTREAL, this 4th day of
August, 2016.

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



Benoît Clouâtre, CPA, CA, CIRP, LIT

APPENDIX A

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

Receipts and disbursements	(\$)
Receipts	
Proceeds from the sale of assets	1,737,995
Shareholder's funding	261,909
Parking revenues	142,588
Rental Income	77,344
Collections from legal proceedings to sell of the related assets	21,423
Sales taxes reimbursement	7,690
Miscellaneous	1,672
Interest revenues	1,098
Total receipts	2,251,720
Disbursements	
Professional fees	554,845
Municipal and school taxes	272,114
Suppliers	253,441
Payroll	175,859
Commissions payable on the sale of assets	158,616
Insurance	25,883
Sales tax remittance	18,878
Total disbursements	1,459,636
Net cash flow	792,084
Cash balance - Beginning	-
Cash balance - Ending	792,084