

Service by fax

(Article 146.0.2 C.C.P. and Article 6 R.C.P. (S.C.))

File No.

245832 (5969)

No. of pages

incl. transmittal

SENDER

Name	Me Christian Lachance DAVIES WARD PHILLIPS & VINEBERG LLP
Address	26th Floor, 1501 McGill College Avenue Montréal, Québec H3A 3N9
Direct Line	514.841.6576
Fax	514.841.6499

PARTY RECEIVING SERVICE

Name	Mr. Benoît Clouâtre SAMSON BÉLAIR / DELOITTE & TOUCHE INC.
Address	1 Place Ville-Marie, Suite 3000 Montréal (Québec) H3B 4T9
Tel	514.393.5391
Fax	514.390.4103
Transmission Date	December 20, 2013
Time of Transmission	<u>10h58</u>

NATURE OF DOCUMENT

Title of Proceeding	<i>First Motion for an extension of time to file a Proposal</i>
Case No.	500-11-045763-139
Debtor/Petitioner	IHG Harilela Hotels Ltd.
Trustee	Samson Bélair/Deloitte & Touche Inc.

Notice: This fax should not be read by, or delivered to, anyone other than the person to whom it is addressed. It may contain privileged or confidential information. If you have received this fax in error, please call us immediately (collect if necessary) at 514.841.6566. Also, please call us at this number if there are any transmission problems.

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

SUPERIOR COURT
(Commercial Division)
(Sitting as a court designated pursuant to the
Bankruptcy and Insolvency Act (the "BIA"),
R.S.C. 1985, c. B-3)

No.: 500-11-045763-139

**IN THE MATTER OF THE PROPOSAL OF:
IHG HARILELA HOTELS LTD.**

Debtor/Petitioner

- and -

**SAMSON BELAIR / DELOITTE & TOUCHE
INC.**

Trustee

**FIRST MOTION FOR AN EXTENSION OF TIME TO FILE A PROPOSAL
(Section 50.4(9) of the *Bankruptcy and Insolvency Act (the)*)**

TO ONE OF THE HONOURABLE JUDGES OF THE SUPERIOR COURT OR THE REGISTRAR, SITTING IN COMMERCIAL DIVISION, IN AND FOR THE JUDICIAL DISTRICT OF MONTRÉAL, THE DEBTOR RESPECTFULLY SUBMITS THE FOLLOWING:

INTRODUCTION

1. By the present motion, IHG Harilela Hotels Ltd. (the "**Debtor**") seeks a first extension of time for filing a proposal of forty-five (45) days, for the reasons more fully explained below.

FACTUAL BACKGROUND

2. The Debtor has been incorporated since 2002.
3. The Debtor is operating an hotel located at 7880 Chemin de la Côte de Liesse in the City of Montreal (the "**Hotel**").
4. The Debtor is operating the Hotel under the banner "Hilton Garden Inn" pursuant to a Franchise License Agreement (the "**Franchise Agreement**") between the Debtor and HLT Existing Franchise Holding LLC ("**Hilton**").
5. The Debtor currently employs approximately 80 employees.

6. Computershare Trust Company of Canada ("**Computershare**") is the sole secured creditor of the Debtor pursuant to a term loan executed as of September 21, 2005. The amount owed to Computershare is approximately \$10,500,000 (the "**Loan Agreement**").
7. The Debtor does not have any operating lender.
8. On November 14, 2013, Hilton advised the Debtor that it intended to terminate the Franchise Agreement on January 1st, 2014 (the "**Termination Notice**").
9. On November 19, 2013, Computershare issued, *inter alia*, a demand letter and a notice under section 244 *BLA* alleging that the Termination Notice was a default under the Loan Agreement..
10. On November 29, 2013, the Debtor filed a *Notice of Intention to File a Proposal* (the "**Notice**") pursuant to section 50.4 of the *BLA* with the Official Receiver, and Samson Belair / Deloitte & Touche Inc. (the "**Trustee**") was appointed trustee, the whole as appears from the Court record.
11. Within ten (10) days after filing the Notice, the Debtor filed a statement of projected cash-flow, reviewed by the Trustee, thus completing, in the prescribed form, the report on the reasonableness of the Debtor's cash-flow statement, the whole as appears from a copy of the cash-flow statement and of the Trustee report communicated herewith *en liasse* as **Exhibit R-1**.

EXTENSION OF TIME

12. Since the filing of the Notice, the Debtor, with the assistance of its advisors and the Trustee, have been discussing and meeting with various interested parties in order to create a viable plan for restructuring the Debtor's operations.
13. For instance, the Debtor is currently :
 - i) negotiating, without prejudice, with Hilton an agreement pursuant to which the termination of the Franchise Agreement will be extended for a certain period of time; and
 - ii) negotiating, without prejudice, with Computershare a Forbearance Agreement;
14. The Debtor is hopeful that it will be able to reach agreements with both Hilton and Computershare shortly. Said agreement will give some stability to the Debtor's operations which should allow the Debtor to restructure its operations
15. Furthermore, the Debtor is currently finalizing with the help of the Trustee a business plan to help him find a new lender. As soon as said business plan is completed, the Debtor and the Trustee will start to meet with potential lenders.
16. The Debtor seeks this extension in order to allow it to file a viable proposal in due course that will satisfy its unsecured creditors.
17. The Debtor and the Trustee consider that the Debtor should be able to make a viable proposal if the extension is granted.

18. A copy of the Debtor's cash-flow statement and a copy of the report on the state of the Debtor's business and financial affairs are communicated herewith *en liasse* as **Exhibit R-2**.

CONCLUSIONS

19. If the extension is granted, the Debtor as well as the Trustee are not aware that any creditor will be materially prejudiced. On the contrary, if the extension is not granted and the Debtors become bankrupt, a significant prejudice will be suffered by all of the Debtor's stakeholders, including creditors and employees.
20. The Debtor has acted in good faith and with due diligence.
21. The present motion is well founded in fact and in law.

FOR THESE REASONS, MAY IT PLEASE THE COURT TO:

GRANT the present First Motion for Extension of Time to File a Proposal;

EXTEND until February 10, 2014 the delay granted to IHG Harilela Hotel Ltd. to file its proposal with the Official Receiver.

THE WHOLE, with costs to follow.

MONTREAL, December 20, 2013

Davies Ward Phillips & Vineberg LLP

DAVIES WARD PHILLIPS & VINEBERG LLP

Attorneys for the Debtor

IHG Harilela Hotels Ltd.

TRUE COPY

Davies Ward Phillips & Vineberg
DAVIES WARD PHILLIPS & VINEBERG LLP

NOTICE OF PRESENTATION

TO: Me Martin Desrosiers
Osler, Hoskin & Harcourt LLP
1000 de la Gauchetière Street West
Suite 2100
Montréal (Québec) H3B 4W5

Attorneys for HLT Existing Franchise
Holding LLC

AND: Me Joseph Reynaud
Stikeman Elliott LLP
1155 René-Lévesque Blvd West
Suite 4000
Montréal (Québec) H3B 3V2

Attorneys for Computershare Trust
Company of Canada

AND: Mr. Benoît Clouâtre
**Samson Bélair / Deloitte & Touche
Inc.**
1 Place Ville-Marie
Suite 3000
Montréal (Québec) H3B 4T9

Trustee

TAKE NOTICE that the attached *First Motion for an extension of time to file a Proposal* will be presented for hearing and allowance in room 16.10 at 9:00 a.m. at the Montreal Courthouse, 1 Notre-Dame Street East, Montreal, on December 27, 2013, or so soon thereafter as Counsel may be heard.

DO GOVERN YOURSELF ACCORDINGLY.

MONTREAL, December 20, 2013

Davies Ward Phillips & Vineberg LLP

DAVIES WARD PHILLIPS & VINEBERG LLP
Attorneys for the Debtor
IHG Harilela Hotels Ltd.

TRUE COPY

Davies Ward Phillips & Vineberg
DAVIES WARD PHILLIPS & VINEBERG LLP

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

SUPERIOR COURT
(Commercial Division)
(Sitting as a court designated pursuant to the
Bankruptcy and Insolvency Act (the "BIA"),
R.S.C. 1985, c. B-3)

No.: 500-11-045763-139

**IN THE MATTER OF THE PROPOSAL OF:
IHG HARILELA HOTELS LTD.**

Debtor/Petitioner

- and -

**SAMSON BELAIR / DELOITTE & TOUCHE
INC.**

Trustee

LIST OF EXHIBITS

EXHIBIT R-1 Copy of the cash-flow statement and of the Trustee's report, *en liasse*.

EXHIBIT R-2 Copy of the cash-flow statement and of the Trustee's report, *en liasse*.

MONTREAL, December 20, 2013

Davies Ward Phillips & Vineberg LLP
DAVIES WARD PHILLIPS & VINEBERG LLP
Attorneys for the Debtor
IHG Harilela Hotels Ltd.

TRUE COPY

Davies Ward Phillips & Vineberg
DAVIES WARD PHILLIPS & VINEBERG LLP

No. 500-11-045763-139

S U P E R I O R C O U R T
(Commercial division)
District of Montreal

IN THE MATTER OF THE PROPOSAL OF:

IHG HARIELA HOTELS LTD.

Debtor/Petitioner

and

**SAMSON BÉLAIR/DELOITTE & TOUCHE
INC.**

Trustee

**FIRST MOTION FOR AN EXTENSION OF
TIME TO FILE A PROPOSAL**
(Sections 50.4(9) of the *Bankruptcy and Insolvency Act*)

COPY

Attorneys for IHG Harilela Hotels Ltd.
Per: Me Christian Lachance
Dir 514 841 6576

O/F 245832



DAVIES WARD PHILLIPS & VINEBERG LLP

1501 McGill College Avenue
26^e Floor
Montréal Canada H3A 3N9

Tel 514 841 6400
Fax 514 841 6499
BP-0181