

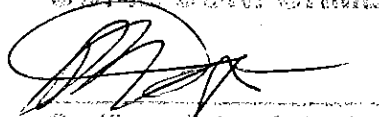
SUPERIOR COURT

(Commercial Division)

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

No.: 500-11-045763-139

DATE: May 8, 2014

8-5-14
COPIE CONFORME

Greffier adjoint, C.S.M.

PRESIDING : Me ~~Me Chantal Flamand, registraire~~ REGISTRAR

IN THE MATTER OF THE PROPOSAL OF:

IHG HARILELA HOTELS LTD.

Debtor

-and-

SAMSON BELAIR / DELOITTE & TOUCHE INC.

Trustee

JUDGMENT

CONSIDERING the Debtor/Petitioner's *Fourth Motion for and Extension of Time to File a Proposal*, the Affidavit in support thereof, the representations made by counsel for the Debtor/Petitioner and the Report filed by the Trustee;


FOR THESE REASONS, THE COURT:

[1] GRANTS the present *Fourth Motion for an Extension of Time to File a Proposal* (the "Motion");

[2] EXTENDS until May 28, 2014, the delay granted to IHG Harilela Hotels Ltd. to file its proposal with the Official Receiver;



[3] THE WHOLE, with costs to follow.



Me ~~Me~~ Chantal Flamand, ~~registré~~ REGISTRAR

8413369.1



CANADA

SUPERIOR COURT

PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

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

No: 500-11-045763-139

IN THE MATTER OF THE PROPOSAL OF:

ING HARILELA HOTELS LTD.

Debtor/Petitioner

-and-

SAMSON BELAIR / DELOITTE & TOUCHE
INC.

Trustee

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

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

INTRODUCTION

1. The Debtor/Petitioner, IHG Harilela Hotels Ltd. (the "Debtor") seeks an order extending the time for the filing of a proposal from May 8, 2014 until **May 28, 2014**, for the reasons more fully explained below.

FACTUAL BACKGROUND

2. The Debtor operates a hotel located at 7880 chemin de la Côte-de-Liesse in the City of Montreal (the "Hotel").
3. The Debtor operates 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").
4. The Debtor currently employs approximately 80 employees.
5. 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.

6. The amount currently owed to Computershare by the Debtor is approximately \$10,000,000 (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 1, 2014 (the "**Termination Notice**").
9. On November 19, 2013, Computershare issued, *inter alia*, a demand letter and a notice under section 244 of the *BIA* alleging that the Termination Notice was a default under the Loan Agreement.
10. On November 29, 2013, the Debtor filed with the Official Receiver a Notice of Intention to File a Proposal (the "**NOI**") pursuant to section 50.4 of the *BIA*, and Samson Belair / Deloitte & Touche Inc. (the "**Trustee**") was appointed trustee, the whole as appears from the Court record.
11. The time for the filing a proposal has been extended, with the most recent extension set to expire on May 8, 2014, as appears from the Court record.

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 the restructuring of the Debtor's operations.
13. For instance, the Debtor has reached :
 - (a) an agreement with Hilton pursuant to which the termination of the Franchise Agreement will be extended until July 2, 2014; and
 - (b) a Forbearance Agreement with Computershare.
14. Said agreements provide some stability to the Debtor's operations.
15. Also, since the last extension, there has been a change of control of the Debtor, pursuant to which Daulat Dipshan, Nalisha Dipshan, Shivaun Dipshan, Ricci Dipshan and Aurum Dipshan sold their interest in the Debtor to Dr. Aron Harilela ("**Dr. Harilela**"), to give Dr. Harilela a 100% ownership interest in the Debtor.
16. Dr. Harilela is a well-known investor with a particular expertise and renown in the hotel industry. Dr. Harilela and his family also own the nearby Quality Hotel Dorval, as well as several other hotels in Asia and Europe.
17. The Debtor, now under the control of Dr. Harilela, is considering all options, including the possibility of selling the Hotel.
18. The Debtor, with the assistance of Dr. Harilela, has retained the services of Colliers International ("**Colliers**"), a firm with an expertise in commercial real estate transactions, in order to market the Hotel, solicit interest and obtain bids from potential purchasers.
19. The Debtor has started to receive offers for the Hotel and is currently reviewing such offers.

X

20. In any case, the Debtor will be in the position to file a proposal before the expiry of the extension sought herein.
21. The Debtor seeks this extension in order to allow the Debtor's efforts to bear fruit, so as to enable the Debtor file a viable proposal in due course that will satisfy its unsecured creditors.
22. The Debtor and the Trustee consider that the Debtor should be able to make a viable proposal if the extension is granted.
23. 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 will be filed by the Trustee.

CONCLUSIONS

24. If the extension is granted, the Debtor and the Trustee do not believe that any creditor will be materially prejudiced.
25. On the contrary, if the extension is not granted and the Debtor become bankrupt, a significant prejudice will be suffered by all of the Debtor's stakeholders, including creditors and employees.
26. The Debtor has acted in good faith and with due diligence.
27. The present motion is well founded in fact and in law.

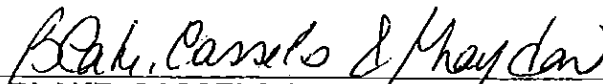
FOR THESE REASONS, MAY IT PLEASE THE COURT TO:

GRANT the present *Final Motion for an Extension of Time to File a Proposal*;

EXTEND until May 28, 2014 the delay granted to IHG Harilela Hotels Ltd. to file its proposal with the Official Receiver.

THE WHOLE, with costs to follow.

Montréal, May 5, 2014



BLAKE, CASSELS & GRAYDON LLP
Attorneys for the Debtor/Petitioner
IHG Harilela Hotels Ltd.


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AFFIDAVIT

I, the undersigned, Daulat Dipshan, businessman, exercising my occupation at 7880 chemin de la Côte-de-Liesse, in the City of Montreal, solemnly declare the following:

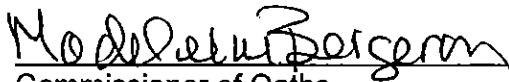
1. I am the President of the Debtor/Petitioner herein and I am duly authorized for the purposes hereof;
2. I have taken cognizance of the attached *Final Motion for an Extension of Time to File a Proposal*;
3. All the facts alleged in the said motion are true.

AND I HAVE SIGNED:



DAULAT DIPSHAN

Solemnly affirmed before me in Montreal,
this 16 th day of May 2014



Commissioner of Oaths



NOTICE OF PRESENTATION

TO: M^{re} 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*

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

Trustee

M^{re} Joseph Reynaud
Stikeman Elliott LLP
1155, René-Lévesque Blvd. West
Suite 4000
Montréal (Québec) H3B 3V2

*Attorneys for Computershare Trust
Company of Canada*

TAKE NOTICE that the Debtor/Petitioner's *Final Motion for an Extension of Time to File a Proposal* will be presented for decision before the Superior Court, Commercial Division, sitting in and for the District of Montreal on **Thursday, May 8, 2014**, at 9:00 a.m., at 1 Notre-Dame Street East in Montreal, Quebec in room **16.10**, or as soon thereafter as counsel may be heard.

DO GOVERN YOURSELVES ACCORDINGLY.

Montréal, May 5, 2014



BLAKE, CASSELS & GRAYDON LLP
Attorneys for the Debtor/Petitioner
IHG Harilela Hotels Ltd.

N°: 500-11-045763-139

SUPERIOR COURT
(Commercial Division)
DISTRICT OF MONTREAL

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

Debtor/Petitioner

-and-

SAMSON BÉLAIR / DELOITTE & TOUCHE INC.

Trustee

**FINAL MOTION FOR AN EXTENSION OF TIME
TO FILE A PROPOSAL
(Section 50.4(9) BIA)**

ORIGINAL

M^{re} Adam T. Spiro

BB-8098

BLAKE, CASSELS & GRAYDON LLP

Barristers & Solicitors

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Our File: 201987-1



CANADA
PROVINCE DE QUÉBEC
DISTRICT DE QUÉBEC
DIVISION N° : 01 - Montréal
COUR N° : 500-11-45763-139
DOSSIER N° : 41-1815817
BUREAU N° : 420498-1000000

COUR SUPÉRIEURE
Chambre commerciale

**DANS L'AFFAIRE DE LA
PROPOSITION DE :**

LES HÔTELS IHG HARILELA LTÉE, personne morale dûment constituée selon la loi, ayant son siège social et son principal établissement commercial au 7880, chemin de la Côte-de-Liesse, Montréal, Québec, H4T 1E7

Personne insolvable

– et –

SAMSON BÉLAIR/DELOITTE & TOUCHE INC.
(Benoît Clouâtre, CPA, CA, CIRP, responsable désigné) ayant un établissement au 1, Place Ville Marie, bureau 3000, Montréal, Québec, H3B 4T9

Syndic

**RAPPORT DE SURVEILLANCE DU SYNDIC SUR L'ÉTAT DES AFFAIRES
ET DES FINANCES DE LA PERSONNE INSOLVABLE**
(Sous-alinéa 50.4(7)b)(ii) et paragraphe 50.4(9) de la *Loi sur la faillite et l'insolvabilité*)

Je, soussigné, Benoît Clouâtre, CPA, CA, CIRP, de Samson Bélair/Deloitte & Touche Inc. (« **Deloitte** »), syndic agissant dans l'affaire de l'avis d'intention de déposer une proposition de Les Hôtels IHG Harilela Ltée (« **IHG** » ou la « **Société** »), personne insolvable, fais rapport au Tribunal des principales observations relatives aux affaires et aux finances de la personne insolvable dégagées dans le cadre de son obligation de surveillance prévue au sous-alinéa 50.4(7)b)(ii) de la Loi.

1. Dans le cadre de la préparation de ce rapport, nous nous sommes appuyés sur des informations financières non auditées, les registres d'IHG, les projections financières préparées par sa direction ainsi que sur des discussions avec la direction de la Société. Nous n'avons pas procédé à un audit, à un examen ou à toute autre forme d'attestation des informations qui nous ont été fournies, et nous n'exprimons pas d'opinion à leur égard.
2. IHG est une société détenant et exploitant un hôtel sous l'enseigne commerciale Hilton Garden Inn (« **L'Hôtel** »).



LES HÔTELS IHG HARILELA LTÉE

Rapport de surveillance du syndic

Le 6 mai 2014

principalement de la location de chambres et de la vente de nourriture, ont totalisé 1 065 231 \$. Les débours, quant à eux, ont totalisés 1 081 888 \$ et ont inclus principalement les paiements de salaires de 279 562 \$, les paiements au prêteur/créancier garanti de 228 982 \$, les paiements au franchiseur de 155 767 \$, l'achat de nourriture de 54 212 \$, les paiements relatifs aux remboursements mensuels de la TPS et de la TVQ de 38 256 \$, les paiements d'honoraires professionnels du Syndic et des conseillers juridiques de la Société de 26 257 \$, et les débours à divers fournisseurs pour des services variés de 298 852 \$.

12. Aucun retard important n'a été noté en ce qui a trait au respect des paiements se rapportant aux obligations de la Société pour la période subséquente à la date du dépôt de l'avis d'intention de faire une proposition à ses créanciers.
13. Vous trouverez à l'annexe B, l'état de l'évolution prévue de l'encaisse révisé par la Société pour la période du 26 avril au 20 juin 2014.

ACTIVITÉS DU SYNDIC

14. Deloitte a révisé et continue de réviser sur une base hebdomadaire les recettes et les débours d'IHG, et ce, avec la pleine collaboration de la direction d'IHG. En conséquence, les prévisions de l'évolution de l'encaisse sont mises à jour de manière régulière en fonction des écarts hebdomadaires par rapport aux prévisions.
15. De plus, au cours des dernières semaines, Deloitte a suivi le processus de vente des activités de la Société ainsi que les négociations entre les différents intervenants financiers (qui incluent notamment le créancier garanti et le franchiseur actuel).

PROROGATION

16. La Société a signifié au Syndic son intention de procéder à une requête pour une extension de délai du dépôt de la proposition à ses créanciers, conformément au paragraphe 50.4(9) de la Loi, jusqu'au 28 mai 2014, afin de lui permettre de poursuivre ses démarches dans le cadre de la mise en vente de L'Hôtel et de l'analyse de toutes les options disponibles, le tout dans le but de déposer d'ici le 28 mai 2014 une proposition viable à ses créanciers qui satisfera ses créanciers non garantis.
17. À noter que l'actionnaire de la Société analyse présentement la possibilité d'une injection de fonds qui permettrait à la Société de respecter toutes ses obligations financières (relatives à la période subséquente au dépôt de l'avis d'intention) au fur et à mesure qu'elles deviennent dues au cours des prochaines semaines (et d'ici au 28 mai 2014). Selon l'état de l'évolution prévue de l'encaisse révisé par la Société et inclus à l'annexe B du présent rapport, une injection de fonds de 90 k\$ sera nécessaire afin de permettre à la Société de respecter ses obligations (au fur et à mesure qu'elles deviennent dues) au cours des prochaines semaines. Au moment du présent rapport, la direction de la Société est confiante que l'actionnaire de la Société effectuera l'injection de fonds nécessaire à la Société à la suite des présentes discussions entre la direction et l'actionnaire.

RECOMMANDATION

18. Le Syndic est d'avis que les motifs stipulés dans la requête présentée par la Société pour une prorogation jusqu'au 28 mai 2014 sont raisonnables.
19. En se fondant sur ses discussions avec les représentants d'IHG, le Syndic estime que la Société a agi et continue d'agir de bonne foi et avec diligence.

LES HÔTELS IHG HARILELA LTÉE
Rapport de surveillance du syndic
Le 6 mai 2014

20. Le Syndic est d'avis, et ce, selon les motifs allégués dans la requête, que les créanciers ne subiront pas de préjudices comparativement à la situation existante au moment du dépôt de l'avis d'intention.

FAIT À MONTRÉAL, le 6 mai 2014.

SAMSON BÉLAIR/DELOITTE & TOUCHE INC.
Syndic agissant dans l'affaire de la proposition de
Les Hôtels IHG Harilela Ltée



Benoît Clouâtre, CPA, CA, CIRP

ANNEXE A

IHG Harilela Hotels Ltd.
Actual versus budgeted cash flow
For the period from March 15, 2014 to April 25, 2014

| | <u>Budget</u> <u>(\$)</u> | <u>Actual</u> <u>(\$)</u> | <u>Favorable</u> <u>(Unfavorable)</u> <u>(\$)</u> | |
|---|------------------------------|------------------------------|---|-----------------|
| Receipts | | | | |
| Room revenues | 818,597 | N/A | N/A | |
| Food, beverages, and other revenues | <u>163,230</u> | <u>N/A</u> | <u>N/A</u> | |
| | 981,827 | 1,065,231 | 83,404 | |
| Disbursements | | | | |
| Payroll | 258,927 | 279,562 | (20,635) | |
| Payment to lender | 229,909 | 228,982 | 927 | |
| Franchise & Transition fees | 194,308 | 155,767 | 38,541 | <i>(Note 1)</i> |
| GST and QST reimbursements | 45,000 | 38,256 | 6,744 | |
| Purchases of food and beverages | 64,157 | 54,212 | 9,945 | |
| Professional fees | 46,257 | 26,257 | 20,000 | <i>(Note 2)</i> |
| Miscellaneous and other disbursements | <u>239,942</u> | <u>298,852</u> | <u>(58,910)</u> | <i>(Note 3)</i> |
| | 1,078,500 | 1,081,888 | (3,388) | |
| Projected bank balance variation | (96,673) | (16,657) | 80,016 | |
| Bank balance - beginning | <u>202,578</u> | <u>202,578</u> | - | |
| Bank balance - ending | <u>105,905</u> | <u>185,921</u> | <u>80,016</u> | <i>(Note 4)</i> |

Note 1:

Favorable variance is due to a timing difference in the payment of the monthly franchise fees.

Note 2:

Favorable variance is due to a timing difference in the payment of professional fees.

Note 3:

Unfavorable variance is due in part to payments of telephone services which were higher than budgeted and to the fact that Management underestimated the miscellaneous expenses that needed to be incurred in the period from March 15, 2014 to April 25, 2014 in the original budget.

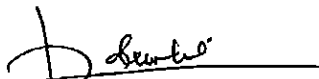
Note 4:

Ending bank balances are higher than budgeted mostly due to the receipts which were higher than budgeted during the period from March 15, 2014 to April 25, 2014.

ANNEXE B

IHG Harilela Hotels Ltd.
Statement of receipts and disbursements
For the period from April 26, 2014 to June 20, 2014

| | Period from 26/04/14 to 20/06/14 |
|---|-------------------------------------|
| | (\$) |
| Receipts | |
| Room revenues | 1,159,528 |
| Food, beverages, and other revenues | 242,420 |
| Capital injection | 90,000 |
| | <hr/> 1,491,948 |
| Disbursements | |
| Payroll | 345,236 |
| Payment to lender | 326,448 |
| Franchise & Transition fees | 231,808 |
| GST and QST reimbursements | 137,561 |
| Purchases of food and beverages | 73,830 |
| Professional fees | 92,835 |
| Miscellaneous and other disbursements | 342,535 |
| | <hr/> 1,550,253 |
| Projected bank balance variation | (58,305) |
| Bank balance - beginning | 185,921 |
| | <hr/> |
| Bank balance - ending | 127,616 |
| | <hr/> |




Daulat Bipshan
President
IHG Harilela Hotels Ltd.

This statement of projected cash flow of IHG Harilela Hotels Ltd., prepared in accordance with Subsection 50.4(2) of the *Bankruptcy and Insolvency Act*, should be read in conjunction with the Trustee's Report.

May 6, 2014

Samson Bélair/Deloitte & Touche Inc.



Benoit Clouâtre, CPA, CA, CIRP
Trustee

IHG Harilela Hotels Ltd.

Eight-week projected cash flow

| Week ending (\$) | 1 2-May | 2 9-May | 3 16-May | 4 23-May | 5 30-May | 6 6-Jun | 7 13-Jun | 8 20-Jun | Total (8 weeks) |
|---|------------------|-----------------|----------------|----------------|----------------|-----------------|----------------|----------------|--------------------|
| Cash inflow | | | | | | | | | |
| Room revenues | 124,618 | 140,577 | 129,726 | 134,330 | 138,256 | 144,706 | 200,642 | 146,673 | 1,159,528 |
| Food, beverages, and other revenues | 27,158 | 31,998 | 30,231 | 28,710 | 27,906 | 36,796 | 30,669 | 28,952 | 242,420 |
| Capital injection (Note 1) | - | - | - | - | 90,000 | - | - | - | 90,000 |
| | <u>151,776</u> | <u>172,575</u> | <u>159,957</u> | <u>163,040</u> | <u>256,162</u> | <u>181,502</u> | <u>231,311</u> | <u>175,625</u> | <u>1,491,948</u> |
| Cash outflow | | | | | | | | | |
| Payroll | 32,705 | 53,604 | 32,705 | 53,604 | 32,705 | 53,604 | 32,705 | 53,604 | 345,236 |
| Payment to lender | 131,031 | - | - | 32,193 | - | 131,031 | - | 32,193 | 326,448 |
| Franchise & Transition fees | 75,000 | - | 40,904 | - | 75,000 | - | - | 40,904 | 231,808 |
| Purchases of food & beverages | 7,843 | 8,021 | 10,410 | 8,585 | 8,962 | 10,559 | 9,976 | 9,474 | 73,830 |
| Professional fees | - | 32,835 | 10,000 | 10,000 | 40,000 | - | - | - | 92,835 |
| Hydro-Québec | - | - | - | - | 18,000 | - | - | 19,000 | 37,000 |
| Guest Transportation | - | - | 15,000 | - | - | - | 15,000 | - | 30,000 |
| Advertising | - | 10,000 | - | - | - | 10,000 | - | - | 20,000 |
| Corporate exp. & Management fees | - | - | 10,000 | - | - | - | 10,000 | - | 20,000 |
| Guest supplies | - | - | 10,000 | - | - | - | 10,000 | - | 20,000 |
| Discount Rental Van | - | - | - | 7,000 | - | - | - | 7,000 | 14,000 |
| Gaz Metro | - | - | 6,500 | - | - | - | 6,500 | - | 13,000 |
| Repairs and Maintenance | - | - | 6,000 | - | - | - | 6,000 | - | 12,000 |
| Outside Laundry | - | 6,000 | - | - | - | 6,000 | - | - | 12,000 |
| Complimentary Programs | - | 5,000 | - | - | - | 5,000 | - | - | 10,000 |
| Insurance | - | - | 5,000 | - | - | - | - | 5,000 | 10,000 |
| Outsource accounting office payroll | 5,000 | - | - | - | 5,000 | - | - | 5,000 | 15,000 |
| Miscellaneous Supplies | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 80,000 |
| GST/QST reimbursements | - | 72,567 | - | - | 64,994 | - | - | - | 137,561 |
| Tourism tax reimbursement | - | 49,535 | - | - | - | - | - | - | 49,535 |
| | <u>261,579</u> | <u>247,562</u> | <u>156,519</u> | <u>121,382</u> | <u>254,661</u> | <u>226,194</u> | <u>100,181</u> | <u>182,175</u> | <u>1,550,253</u> |
| Net cash flow | (109,803) | (74,987) | 3,438 | 41,658 | 1,501 | (44,692) | 131,130 | (6,550) | (58,305) |
| Bank advances - Opening (Note 2) | 185,921 | 76,118 | 1,131 | 4,569 | 46,227 | 47,728 | 3,036 | 134,166 | 185,921 |
| Bank advances - Ending | 76,118 | 1,131 | 4,569 | 46,227 | 47,728 | 3,036 | 134,166 | 127,616 | 127,616 |

Note 1:

Management of IHG Harilela Hotels Ltd. is currently having discussions with the shareholder of IHG Harilela Hotels Ltd. with regard to a capital injection that would allow IHG Harilela Hotels Ltd. to meet all of its post Notice of Intention obligations (when they become due) during the upcoming eight-week period. Management is confident that the shareholder of IHG Harilela Hotels Ltd. will make the required capital injection following the discussions between Management and the shareholder that are currently held.

Note 2:

Please note that the opening bank balances include the balance of funds collected/paid by customers with credit cards and not yet transferred to the operating bank accounts of the Company as of April 26, 2014 (it is therefore possible that such balance/funds require a 1- or 2-day delay before they can be transferred into the operating bank accounts of the Company, and that a very small percentage of those funds is never "collected" in the event that a customer would ask its credit card company to contest the amount/charge on its card).

IHG Harilela Hotels Ltd.

NOTES TO THE PROJECTED CASH FLOW STATEMENT

For the period from April 26, 2014 to June 20, 2014

(Unaudited – see the Trustee’s report)

1. **PURPOSE OF THE CASH FLOW PROJECTION**

The cash flow projection was prepared on May 6, 2014, by the company’s management, based on financial information available at that date.

The purpose of this projection is to provide the Official Receiver with future-oriented financial information, in connection with the filing of the Notice of Intention to Make a Proposal to the creditors, in accordance with the terms of the *Bankruptcy and Insolvency Act*. Readers are cautioned that this information may not be appropriate for other purposes. The company plans to update the future-oriented financial information at the time of the filing of the proposal to the creditors.

The cash flow projection has been prepared based on assumptions that reflect the planned courses of action of the company’s management for the period from April 26, 2014 to June 20, 2014, given a set of economic conditions that, in management’s opinion, are the most probable.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material.

2. **GOING CONCERN**

As part of a reorganization plan, the company filed a Notice of Intention to Make a Proposal to its creditors on November 29, 2013, pursuant to the provisions of the *Bankruptcy and Insolvency Act*.

The present cash flow projection recognizes that the company is a going concern and intends to file a proposal to its creditors.

3. ASSUMPTIONS

Receipts

Room revenues

Management's estimate based on historical results.

Food, beverages, and other revenues

Management's estimate based on historical results.

Disbursements

Payroll

Management's estimate based on current average payrolls of hourly and salaried employees.

Payment to lender

Management's estimate based on the latest agreement (the Forbearance Agreement) with the lender.

Franchise fees

Management's estimate based on the existing contract with the franchisor as well as on the latest agreement (the Termination Agreement) with the franchisor.

GST and QST reimbursements

Management's estimate based on the estimated and projected cash inflows and taxable cash outflows during the months of April 2014 and May 2014.

Purchase of food and beverages

Management's estimate based on the projected level of food and beverages revenues.

Professional fees

Management's estimate based on the amounts currently owed to the company's various advisors and on management's expectations of additional professional fees to be incurred in the course of the company's restructuring.

Miscellaneous and other disbursements

Management's estimate based on the historical level of miscellaneous and other costs incurred by the company in the course of its normal operations.

CANADA
PROVINCE OF QUEBEC
DISTRICT OF QUEBEC
DIVISION No.: 01 - Montreal
COURT No.: 500-11-45763-139
ESTATE No.: 41-1815817
OFFICE No.: 420498-1000000

SUPERIOR COURT
Commercial Division

IN THE MATTER OF THE
PROPOSAL OF:

IHG HARILELA HOTELS LTD., a legal person, duly incorporated according to law, having its head office and principal place of business at 7880 Côte-de-Liesse Road, Montreal, Quebec, H4T 1E7

Insolvent person

– and –

SAMSON BÉLAIR/DELOITTE & TOUCHE INC.
(Benoit Clouâtre, CPA, CA, CIRP, designated person in charge) having its head office at 1 Place Ville Marie, Suite 3000, Montréal, Québec, H3B 4T9

Trustee

REPORT ON CASH FLOW STATEMENT BY THE PERSON MAKING THE PROPOSAL
(Paragraphs 50(6)(c) and 50.4(2)(c) of the Act)

The management of IHG HARILELA HOTELS LTD. has developed the assumptions and prepared the attached statement of projected cash flow of the insolvent person, as of May 6, 2014, consisting of the period from April 26, 2014 to June 20, 2014.

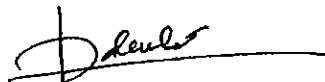
The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in Note 1, and the probable assumptions are suitably supported and consistent with the plans of the insolvent person and provide a reasonable basis for the projection. All such assumptions are disclosed in Note 3.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The projection has been prepared solely for the purpose described in Note 1, using a set of probable and hypothetical assumptions set out in Note 3. Consequently, readers are cautioned that it may not be appropriate for other purposes.

DATED AT MONTREAL, this 6th day
of May, 2014

IHG Harilela Hotels Ltd.



Dattat Dipshan



Samson Bélaïr/Deloitte & Touche Inc.
1 Place Ville Marie
Suite 3000
Montreal QC H3B 4T9
Canada

Tel.: 514-393-7115
Fax: 514-390-4103
www.deloitte.ca

CANADA
PROVINCE OF QUEBEC
DISTRICT OF QUEBEC
DIVISION No.: 01-Montreal
COURT No.: 500-11-45763-139
ESTATE No.: 41-1815817
OFFICE No.: 420498-1000000

SUPERIOR COURT
Commercial Division

**IN THE MATTER OF THE
PROPOSAL OF:**

IHG HARILELA HOTELS LTD., a legal person,
duly incorporated according to law, having its head
office and principal place of business at 7880 Côte-de-
Liesse Road, Montreal, Quebec, H4T 1E7

Insolvent person

– and –

SAMSON BÉLAÏR/DELOITTE & TOUCHE INC.
(Benoit Clouâtre, CPA, CA, CIRP, designated person
in charge) having its head office at 1 Place Ville Marie,
Suite 3000, Montreal, Quebec, H3B 4T9

Trustee

TRUSTEE'S REPORT ON CASH FLOW STATEMENT
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

To: Mrs. Immaculée Uwimana
Official Receiver
Office of Superintendent of Bankruptcy
Industry Canada
1550 d'Estimauville Avenue, 7th Floor
Québec QC G1J 0C4

The attached statement of projected cash flow of IHG Harilela Hotels Ltd., as of May 6, 2014, consisting of the period from April 26, 2014 to June 20, 2014, has been prepared by the management of the insolvent person for the purpose described in Note 1, using the probable and hypothetical assumptions set out in Note 3.

Our review consisted of inquiries, analytical procedures, and discussion related to information supplied to us by the management and employees of the insolvent person. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were

consistent with the purpose of the projection. We have also reviewed the support provided by management for the probable assumptions, and the preparation and presentation of the projection. Based on our review, nothing has come to our attention that causes us to believe that, in all material respects:

- a) the hypothetical assumptions are not consistent with the purpose of the projection;
- b) as at the date of this report, the probable assumptions developed by management are not suitably supported and consistent with the plans of the insolvent person or do not provide a reasonable basis for the projection, given the hypothetical assumptions; or
- c) the projection does not reflect the probable and hypothetical assumptions.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the projection will be achieved.

The projection has been prepared solely for the purpose described in Note 1, and readers are cautioned that it may not be appropriate for other purposes.

DATED AT MONTREAL, this 6th day of May,
2014.

SAMSON BÉLAIR/DELOITTE & TOUCHE INC.
Trustee *in re*: the proposal of
IHG Harilela Hotels Ltd.



Benoit Clouâtre, CPA, CA, CIRP

Samson Bélair/Deloitte & Touche Inc.
1, Place Ville Marie
Bureau 3000
Montréal QC H3B 4T9
Canada

Tél. : 514-393-7115
Télec. : 514-390-4103
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CANADA
PROVINCE DE QUÉBEC
DISTRICT DE QUÉBEC
DIVISION N° : 01 - Montréal
COUR N° : 500-11-45763-139
DOSSIER N° : 41-1815817
BUREAU N° : 420498-1000000

COUR SUPÉRIEURE
Chambre commerciale

**DANS L'AFFAIRE DE LA
PROPOSITION DE :**

LES HÔTELS IHG HARILELA LTÉE, personne morale dûment constituée selon la loi, ayant son siège social et son principal établissement commercial au 7880, chemin de la Côte-de-Liesse, Montréal, Québec, H4T 1E7

Personne insolvable

– et –

SAMSON BÉLAIR/DELOITTE & TOUCHE INC.
(Benoît Clouâtre, CPA, CA, CIRP, responsable désigné) ayant un établissement au 1, Place Ville Marie, bureau 3000, Montréal, Québec, H3B 4T9

Syndic

**RAPPORT DE SURVEILLANCE DU SYNDIC SUR L'ÉTAT DES AFFAIRES
ET DES FINANCES DE LA PERSONNE INSOLVABLE**
(Sous-alinéa 50.4(7)b)(ii) et paragraphe 50.4(9) de la *Loi sur la faillite et l'insolvabilité*)

Je, soussigné, Benoît Clouâtre, CPA, CA, CIRP, de Samson Bélair/Deloitte & Touche Inc. (« **Deloitte** »), syndic agissant dans l'affaire de l'avis d'intention de déposer une proposition de Les Hôtels IHG Harilela Ltée (« **IHG** » ou la « **Société** »), personne insolvable, fais rapport au Tribunal des principales observations relatives aux affaires et aux finances de la personne insolvable dégagées dans le cadre de son obligation de surveillance prévue au sous-alinéa 50.4(7)b)(ii) de la Loi.

1. Dans le cadre de la préparation de ce rapport, nous nous sommes appuyés sur des informations financières non auditées, les registres d'IHG, les projections financières préparées par sa direction ainsi que sur des discussions avec la direction de la Société. Nous n'avons pas procédé à un audit, à un examen ou à toute autre forme d'attestation des informations qui nous ont été fournies, et nous n'exprimons pas d'opinion à leur égard.
2. IHG est une société détenant et exploitant un hôtel sous l'enseigne commerciale Hilton Garden Inn (« **L'Hôtel** »).

LES HÔTELS IHG HARILELA LTÉE
Rapport de surveillance du syndic
Le 6 mai 2014

3. La Société a déposé un avis d'intention de faire une proposition le 29 novembre 2013 en vertu du paragraphe 50.4(9) de la Loi. Deloitte a consenti à agir à titre de Syndic à l'avis d'intention.
4. Le 5 décembre 2013, le Syndic a expédié à tous les créanciers connus de la personne insolvable une copie de l'avis d'intention de faire une proposition.
5. L'état de l'évolution prévue de l'encaisse a été préparé par la Société pour la période du 29 novembre 2013 au 28 février 2014 et a été déposé auprès du séquestre officiel en date du 9 décembre 2013, avec le rapport de la personne insolvable et le rapport du Syndic, conformément au paragraphe 50.4(2) de la Loi.
6. IHG a déposé une requête en prorogation de délai en vertu du paragraphe 50.4(9) de la Loi le 27 décembre 2013. Ladite requête a été accordée par M^e Chantal Flamand, registraire, et, par le fait même, le délai pour déposer la proposition concordataire a été prorogé pour une période additionnelle de 45 jours, soit jusqu'au 10 février 2014.
7. IHG a déposé une deuxième requête en prorogation de délai en vertu du paragraphe 50.4(9) de la Loi le 7 février 2014. Ladite requête a été accordée par M^e Pierre Pellerin, registraire, et, par le fait même, le délai pour déposer la proposition concordataire a été prorogé pour une période additionnelle de 45 jours, soit jusqu'au 24 mars 2014.
8. IHG a déposé une troisième requête en prorogation de délai en vertu du paragraphe 50.4(9) de la Loi le 24 mars 2014. Ladite requête a été accordée par M^e Pierre Pellerin, registraire, et, par le fait même, le délai pour déposer la proposition concordataire a été prorogé pour une période additionnelle de 45 jours, soit jusqu'au 8 mai 2014.
9. Le présent rapport aborde les sujets suivants :
 - a. Les activités d'IHG entre le 15 mars et le 25 avril 2014;
 - b. Les activités du Syndic depuis le 29 novembre 2013;
 - c. La demande par IHG d'une prorogation de la période de suspension des procédures;
 - d. La recommandation du Syndic.

ACTIVITÉS DE LA SOCIÉTÉ

10. Au cours des dernières semaines, un changement de contrôle de la Société est survenu à la suite duquel M. Aron Harilela (« **M. Harilela** ») contrôle/détient maintenant 100 % des intérêts de la Société (ce dernier qui, selon les informations obtenues par le Syndic, détenait 40 % des intérêts de la Société avant ledit changement de contrôle). M. Harilela est un investisseur renommé dans le secteur hôtelier. M. Harilela et sa famille détiennent également l'hôtel Quality Hotel Dorval situé à proximité de L'Hôtel ainsi que plusieurs autres hôtels en Asie et en Europe. La Société, maintenant sous le contrôle de M. Harilela, considère plusieurs options, incluant celle de la vente de L'Hôtel. À cet effet, la Société, avec l'assistance de M. Harilela, a mandaté la firme Colliers International (« **Colliers** ») afin de solliciter des offres d'achat d'investisseurs potentiels. Par ailleurs, la Société a déjà commencé à recevoir des offres d'achat et est présentement à revoir ces offres. Dans tous les cas, la Société est d'opinion qu'elle sera en mesure de déposer une proposition viable à ses créanciers avant l'expiration du délai supplémentaire demandé pour déposer une proposition.
11. Les résultats réels pour la période du 15 mars au 25 avril 2014 sont décrits à l'annexe A du présent rapport. Le solde d'encaisse indique 185 921 \$ au 25 avril 2014. Les recettes, provenant

LES HÔTELS IHG HARILELA LTÉE

Rapport de surveillance du syndic

Le 6 mai 2014

principalement de la location de chambres et de la vente de nourriture, ont totalisé 1 065 231 \$. Les débours, quant à eux, ont totalisés 1 081 888 \$ et ont inclus principalement les paiements de salaires de 279 562 \$, les paiements au prêteur/créancier garanti de 228 982 \$, les paiements au franchiseur de 155 767 \$, l'achat de nourriture de 54 212 \$, les paiements relatifs aux remboursements mensuels de la TPS et de la TVQ de 38 256 \$, les paiements d'honoraires professionnels du Syndic et des conseillers juridiques de la Société de 26 257 \$, et les débours à divers fournisseurs pour des services variés de 298 852 \$.

12. Aucun retard important n'a été noté en ce qui a trait au respect des paiements se rapportant aux obligations de la Société pour la période subséquente à la date du dépôt de l'avis d'intention de faire une proposition à ses créanciers.
13. Vous trouverez à l'annexe B, l'état de l'évolution prévue de l'encaisse révisé par la Société pour la période du 26 avril au 20 juin 2014.

ACTIVITÉS DU SYNDIC

14. Deloitte a révisé et continue de réviser sur une base hebdomadaire les recettes et les débours d'IHG, et ce, avec la pleine collaboration de la direction d'IHG. En conséquence, les prévisions de l'évolution de l'encaisse sont mises à jour de manière régulière en fonction des écarts hebdomadaires par rapport aux prévisions.
15. De plus, au cours des dernières semaines, Deloitte a suivi le processus de vente des activités de la Société ainsi que les négociations entre les différents intervenants financiers (qui incluent notamment le créancier garanti et le franchiseur actuel).

PROROGATION

16. La Société a signifié au Syndic son intention de procéder à une requête pour une extension de délai du dépôt de la proposition à ses créanciers, conformément au paragraphe 50.4(9) de la Loi, jusqu'au 28 mai 2014, afin de lui permettre de poursuivre ses démarches dans le cadre de la mise en vente de L'Hôtel et de l'analyse de toutes les options disponibles, le tout dans le but de déposer d'ici le 28 mai 2014 une proposition viable à ses créanciers qui satisfera ses créanciers non garantis.
17. À noter que l'actionnaire de la Société analyse présentement la possibilité d'une injection de fonds qui permettrait à la Société de respecter toutes ses obligations financières (relatives à la période subséquente au dépôt de l'avis d'intention) au fur et à mesure qu'elles deviennent dues au cours des prochaines semaines (et d'ici au 28 mai 2014). Selon l'état de l'évolution prévue de l'encaisse révisé par la Société et inclus à l'annexe B du présent rapport, une injection de fonds de 90 k\$ sera nécessaire afin de permettre à la Société de respecter ses obligations (au fur et à mesure qu'elles deviennent dues) au cours des prochaines semaines. Au moment du présent rapport, la direction de la Société est confiante que l'actionnaire de la Société effectuera l'injection de fonds nécessaire à la Société à la suite des présentes discussions entre la direction et l'actionnaire.

RECOMMANDATION

18. Le Syndic est d'avis que les motifs stipulés dans la requête présentée par la Société pour une prorogation jusqu'au 28 mai 2014 sont raisonnables.
19. En se fondant sur ses discussions avec les représentants d'IHG, le Syndic estime que la Société a agi et continue d'agir de bonne foi et avec diligence.

LES HÔTELS IHG HARILELA LTÉE
Rapport de surveillance du syndic
Le 6 mai 2014

20. Le Syndic est d'avis, et ce, selon les motifs allégués dans la requête, que les créanciers ne subiront pas de préjudices comparativement à la situation existante au moment du dépôt de l'avis d'intention.

FAIT À MONTRÉAL, le 6 mai 2014.

SAMSON BÉLAIR/DELOITTE & TOUCHE INC.
Syndic agissant dans l'affaire de la proposition de
Les Hôtels IHG Harilela Ltée



Benoît Clouâtre, CPA, CA, CIRP

ANNEXE A

IHG Harilela Hotels Ltd.
Actual versus budgeted cash flow
For the period from March 15, 2014 to April 25, 2014

| | <u>Budget</u> <u>(\$)</u> | <u>Actual</u> <u>(\$)</u> | <u>Favorable</u> <u>(Unfavorable)</u> <u>(\$)</u> | |
|---|------------------------------|------------------------------|---|-----------------|
| Receipts | | | | |
| Room revenues | 818,597 | N/A | N/A | |
| Food, beverages, and other revenues | <u>163,230</u> | <u>N/A</u> | <u>N/A</u> | |
| | 981,827 | 1,065,231 | 83,404 | |
| Disbursements | | | | |
| Payroll | 258,927 | 279,562 | (20,635) | |
| Payment to lender | 229,909 | 228,982 | 927 | |
| Franchise & Transition fees | 194,308 | 155,767 | 38,541 | <i>(Note 1)</i> |
| GST and QST reimbursements | 45,000 | 38,256 | 6,744 | |
| Purchases of food and beverages | 64,157 | 54,212 | 9,945 | |
| Professional fees | 46,257 | 26,257 | 20,000 | <i>(Note 2)</i> |
| Miscellaneous and other disbursements | <u>239,942</u> | <u>298,852</u> | <u>(58,910)</u> | <i>(Note 3)</i> |
| | 1,078,500 | 1,081,888 | (3,388) | |
| Projected bank balance variation | (96,673) | (16,657) | 80,016 | |
| Bank balance - beginning | <u>202,578</u> | <u>202,578</u> | - | |
| Bank balance - ending | <u>105,905</u> | <u>185,921</u> | <u>80,016</u> | <i>(Note 4)</i> |

Note 1:

Favorable variance is due to a timing difference in the payment of the monthly franchise fees.

Note 2:

Favorable variance is due to a timing difference in the payment of professional fees.

Note 3:

Unfavorable variance is due in part to payments of telephone services which were higher than budgeted and to the fact that Management underestimated the miscellaneous expenses that needed to be incurred in the period from March 15, 2014 to April 25, 2014 in the original budget.

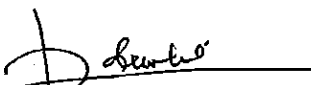
Note 4:

Ending bank balances are higher than budgeted mostly due to the receipts which were higher than budgeted during the period from March 15, 2014 to April 25, 2014.

ANNEXE B

IHG Harilela Hotels Ltd.
Statement of receipts and disbursements
For the period from April 26, 2014 to June 20, 2014

| | Period from 26/04/14 to 20/06/14 |
|---|-------------------------------------|
| | (\$) |
| Receipts | |
| Room revenues | 1,159,528 |
| Food, beverages, and other revenues | 242,420 |
| Capital injection | 90,000 |
| | <hr/> 1,491,948 |
| Disbursements | |
| Payroll | 345,236 |
| Payment to lender | 326,448 |
| Franchise & Transition fees | 231,808 |
| GST and QST reimbursements | 137,561 |
| Purchases of food and beverages | 73,830 |
| Professional fees | 92,835 |
| Miscellaneous and other disbursements | 342,535 |
| | <hr/> 1,550,253 |
| Projected bank balance variation | (58,305) |
| Bank balance - beginning | 185,921 |
| Bank balance - ending | 127,616 |

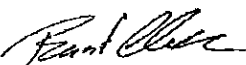


Daulat Bipshan
President
IHG Harilela Hotels Ltd.

This statement of projected cash flow of IHG Harilela Hotels Ltd., prepared in accordance with Subsection 50.4(2) of the *Bankruptcy and Insolvency Act*, should be read in conjunction with the Trustee's Report.

May 6, 2014

Samson Bélair/Deloitte & Touche Inc.



Benoit Clouâtre, CPA, CA, CIRP
Trustee

IHG Harilela Hotels Ltd.
Eight-week projected cash flow

| Week ending (\$) | 1 2-May | 2 9-May | 3 16-May | 4 23-May | 5 30-May | 6 6-Jun | 7 13-Jun | 8 20-Jun | Total (8 weeks) |
|---|------------------|-----------------|----------------|----------------|----------------|-----------------|----------------|----------------|--------------------|
| Cash inflow | | | | | | | | | |
| Room revenues | 124,618 | 140,577 | 129,726 | 134,330 | 138,256 | 144,706 | 200,642 | 146,673 | 1,159,528 |
| Food, beverages, and other revenues | 27,158 | 31,998 | 30,231 | 28,710 | 27,906 | 36,796 | 30,669 | 28,952 | 242,420 |
| Capital injection (Note 1) | - | - | - | - | 90,000 | - | - | - | 90,000 |
| | <u>151,776</u> | <u>172,575</u> | <u>159,957</u> | <u>163,040</u> | <u>256,162</u> | <u>181,502</u> | <u>231,311</u> | <u>175,625</u> | <u>1,491,948</u> |
| Cash outflow | | | | | | | | | |
| Payroll | 32,705 | 53,604 | 32,705 | 53,604 | 32,705 | 53,604 | 32,705 | 53,604 | 345,236 |
| Payment to lender | 131,031 | - | - | 32,193 | - | 131,031 | - | 32,193 | 326,448 |
| Franchise & Transition fees | 75,000 | - | 40,904 | - | 75,000 | - | - | 40,904 | 231,808 |
| Purchases of food & beverages | 7,843 | 8,021 | 10,410 | 8,585 | 8,962 | 10,559 | 9,976 | 9,474 | 73,830 |
| Professional fees | - | 32,835 | 10,000 | 10,000 | 40,000 | - | - | - | 92,835 |
| Hydro-Québec | - | - | - | - | 18,000 | - | - | 19,000 | 37,000 |
| Guest Transportation | - | - | 15,000 | - | - | - | 15,000 | - | 30,000 |
| Advertising | - | 10,000 | - | - | - | 10,000 | - | - | 20,000 |
| Corporate exp. & Management fees | - | - | 10,000 | - | - | - | 10,000 | - | 20,000 |
| Guest supplies | - | - | 10,000 | - | - | - | 10,000 | - | 20,000 |
| Discount Rental Van | - | - | - | 7,000 | - | - | - | 7,000 | 14,000 |
| Gaz Metro | - | - | 6,500 | - | - | - | 6,500 | - | 13,000 |
| Repairs and Maintenance | - | - | 6,000 | - | - | - | 6,000 | - | 12,000 |
| Outside Laundry | - | 6,000 | - | - | - | 6,000 | - | - | 12,000 |
| Complimentary Programs | - | 5,000 | - | - | - | 5,000 | - | - | 10,000 |
| Insurance | - | - | 5,000 | - | - | - | - | 5,000 | 10,000 |
| Outsource accounting office payroll | 5,000 | - | - | - | 5,000 | - | - | 5,000 | 10,000 |
| Miscellaneous Supplies | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 80,000 |
| GST/QST reimbursements | - | 72,567 | - | - | 64,994 | - | - | - | 137,561 |
| Tourism tax reimbursement | - | 49,535 | - | - | - | - | - | - | 49,535 |
| | <u>261,579</u> | <u>247,562</u> | <u>156,519</u> | <u>121,382</u> | <u>254,661</u> | <u>226,194</u> | <u>100,181</u> | <u>182,175</u> | <u>1,550,253</u> |
| Net cash flow | (109,803) | (74,987) | 3,438 | 41,658 | 1,501 | (44,692) | 131,130 | (6,550) | (58,305) |
| Bank advances - Opening (Note 2) | 185,921 | 76,118 | 1,131 | 4,569 | 46,227 | 47,728 | 3,036 | 134,166 | 185,921 |
| Bank advances - Ending | 76,118 | 1,131 | 4,569 | 46,227 | 47,728 | 3,036 | 134,166 | 127,616 | 127,616 |

Note 1:

Management of IHG Harilela Hotels Ltd. is currently having discussions with the shareholder of IHG Harilela Hotels Ltd. with regard to a capital injection that would allow IHG Harilela Hotels Ltd. to meet all of its post Notice of Intention obligations (when they become due) during the upcoming eight-week period. Management is confident that the shareholder of IHG Harilela Hotels Ltd. will make the required capital injection following the discussions between Management and the shareholder that are currently held.

Note 2:

Please note that the opening bank balances include the balance of funds collected/paid by customers with credit cards and not yet transferred to the operating bank accounts of the Company as of April 26, 2014 (it is therefore possible that such balance/funds require a 1- or 2-day delay before they can be transferred into the operating bank accounts of the Company, and that a very small percentage of those funds is never "collected" in the event that a customer would ask its credit card company to contest the amount/charge on its card).

IHG Harilela Hotels Ltd.

NOTES TO THE PROJECTED CASH FLOW STATEMENT

For the period from April 26, 2014 to June 20, 2014

(Unaudited -- see the Trustee's report)

1. **PURPOSE OF THE CASH FLOW PROJECTION**

The cash flow projection was prepared on May 6, 2014, by the company's management, based on financial information available at that date.

The purpose of this projection is to provide the Official Receiver with future-oriented financial information, in connection with the filing of the Notice of Intention to Make a Proposal to the creditors, in accordance with the terms of the *Bankruptcy and Insolvency Act*. Readers are cautioned that this information may not be appropriate for other purposes. The company plans to update the future-oriented financial information at the time of the filing of the proposal to the creditors.

The cash flow projection has been prepared based on assumptions that reflect the planned courses of action of the company's management for the period from April 26, 2014 to June 20, 2014, given a set of economic conditions that, in management's opinion, are the most probable.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material.

2. **GOING CONCERN**

As part of a reorganization plan, the company filed a Notice of Intention to Make a Proposal to its creditors on November 29, 2013, pursuant to the provisions of the *Bankruptcy and Insolvency Act*.

The present cash flow projection recognizes that the company is a going concern and intends to file a proposal to its creditors.

3. ASSUMPTIONS

Receipts

Room revenues

Management's estimate based on historical results.

Food, beverages, and other revenues

Management's estimate based on historical results.

Disbursements

Payroll

Management's estimate based on current average payrolls of hourly and salaried employees.

Payment to lender

Management's estimate based on the latest agreement (the Forbearance Agreement) with the lender.

Franchise fees

Management's estimate based on the existing contract with the franchisor as well as on the latest agreement (the Termination Agreement) with the franchisor.

GST and QST reimbursements

Management's estimate based on the estimated and projected cash inflows and taxable cash outflows during the months of April 2014 and May 2014.

Purchase of food and beverages

Management's estimate based on the projected level of food and beverages revenues.

Professional fees

Management's estimate based on the amounts currently owed to the company's various advisors and on management's expectations of additional professional fees to be incurred in the course of the company's restructuring.

Miscellaneous and other disbursements

Management's estimate based on the historical level of miscellaneous and other costs incurred by the company in the course of its normal operations.

CANADA
PROVINCE OF QUEBEC
DISTRICT OF QUEBEC
DIVISION No.: 01 - Montreal
COURT No.: 500-11-45763-139
ESTATE No.: 41-1815817
OFFICE No.: 420498-1000000

SUPERIOR COURT
Commercial Division

**IN THE MATTER OF THE
PROPOSAL OF:**

IHG HARILELA HOTELS LTD., a legal person, duly incorporated according to law, having its head office and principal place of business at 7880 Côte-de-Liesse Road, Montreal, Quebec, H4T 1E7

Insolvent person

– and –

SAMSON BÉLAIR/DELOITTE & TOUCHE INC.
(Benoit Clouâtre, CPA, CA, CIRP, designated person in charge) having its head office at 1 Place Ville Marie, Suite 3000, Montréal, Québec, H3B 4T9

Trustee

REPORT ON CASH FLOW STATEMENT BY THE PERSON MAKING THE PROPOSAL
(Paragraphs 50(6)(c) and 50.4(2)(c) of the Act)

The management of **IHG HARILELA HOTELS LTD.** has developed the assumptions and prepared the attached statement of projected cash flow of the insolvent person, as of May 6, 2014, consisting of the period from April 26, 2014 to June 20, 2014.

The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in Note 1, and the probable assumptions are suitably supported and consistent with the plans of the insolvent person and provide a reasonable basis for the projection. All such assumptions are disclosed in Note 3.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The projection has been prepared solely for the purpose described in Note 1, using a set of probable and hypothetical assumptions set out in Note 3. Consequently, readers are cautioned that it may not be appropriate for other purposes.

DATED AT MONTREAL, this 6th day
of May, 2014

IHG Harilela Hotels Ltd.


Dalat Dipshan



Samson Bélair/Deloitte & Touche Inc.
1 Place Ville Marie
Suite 3000
Montreal QC H3B 4T9
Canada

Tel.: 514-393-7115
Fax: 514-390-4103
www.deloitte.ca

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SUPERIOR COURT
Commercial Division

**IN THE MATTER OF THE
PROPOSAL OF:**

IHG HARILELA HOTELS LTD., a legal person,
duly incorporated according to law, having its head
office and principal place of business at 7880 Côte-de-
Liesse Road, Montreal, Quebec, H4T 1E7

Insolvent person

– and –

SAMSON BÉLAIR/DELOITTE & TOUCHE INC.
(Benoit Clouâtre, CPA, CA, CIRP, designated person
in charge) having its head office at 1 Place Ville Marie,
Suite 3000, Montreal, Quebec, H3B 4T9

Trustee

TRUSTEE'S REPORT ON CASH FLOW STATEMENT
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

To: Mrs. Immaculée Uwimana
Official Receiver
Office of Superintendent of Bankruptcy
Industry Canada
1550 d'Estimauville Avenue, 7th Floor
Québec QC G1J 0C4

The attached statement of projected cash flow of IHG Harilela Hotels Ltd., as of May 6, 2014, consisting of the period from April 26, 2014 to June 20, 2014, has been prepared by the management of the insolvent person for the purpose described in Note 1, using the probable and hypothetical assumptions set out in Note 3.

Our review consisted of inquiries, analytical procedures, and discussion related to information supplied to us by the management and employees of the insolvent person. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were

consistent with the purpose of the projection. We have also reviewed the support provided by management for the probable assumptions, and the preparation and presentation of the projection. Based on our review, nothing has come to our attention that causes us to believe that, in all material respects:

- a) the hypothetical assumptions are not consistent with the purpose of the projection;
- b) as at the date of this report, the probable assumptions developed by management are not suitably supported and consistent with the plans of the insolvent person or do not provide a reasonable basis for the projection, given the hypothetical assumptions; or
- c) the projection does not reflect the probable and hypothetical assumptions.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the projection will be achieved.

The projection has been prepared solely for the purpose described in Note 1, and readers are cautioned that it may not be appropriate for other purposes.

DATED AT MONTREAL, this 6th day of May,
2014.

SAMSON BÉLAIR/DELOITTE & TOUCHE INC.
Trustee *in re*: the proposal of
IHG Harilela Hotels Ltd.



Benoit Clouâtre, CPA, CA, CIRP