

CANADA
PROVINCE OF QUEBEC
DISTRICT OF QUEBEC
DIVISION N°: 01 - Montreal
COURT N°: 500-11-045763-139
ESTATE N°: 41-1815817
OFFICE N°: 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, QC H4T 1E7

Insolvent person

– and –

SAMSON BÉLAIR/DELOITTE & TOUCHE INC.
(Benoît Clouâtre, CPA, CA, CIRP, responsible) having its head office at 1 Place Ville-Marie, Suite 3000, Montréal, Québec H3B 4T9

Trustee

NOTICE OF PROPOSAL TO CREDITORS (Section 51 of the Act)

TAKE NOTICE that **IHG HARILELA HOTELS LTD.**, of Montreal, in the Province of Québec, has lodged with me on May 27, 2014 a proposal under the *Bankruptcy and Insolvency Act*.

A copy of the proposal, a condensed statement of the debtor's assets, and liabilities, and a list of the creditors affected by the proposal and whose claims amount to 250 \$ or more are enclosed.

A general meeting of the creditors will be held on June 17, 2014 at 9:00 a.m. at the office of the Official Receiver, located at 1155 Metcalfe (Sun Life Building), room 1071, Montreal, Quebec H3B 2V6.

The creditors or any class of creditors qualified to vote at the meeting may by resolution accept the proposal either as made by the debtor either as made or altered or modified at the meeting. If so accepted and if approved by the Court, the proposal is binding on all creditors or the class of creditors affected.

Proofs of claim, proxies and voting letters intended to be used at the meeting must be lodged with me prior to the commencement of the meeting.

DATED AT MONTREAL, this 6th day of June 2014

SAMSON BÉLAIR/DELOITTE & TOUCHE INC.
Trustee

CANADA
PROVINCE DE QUÉBEC
DISTRICT DE QUÉBEC
DIVISION N° : 01 - Montréal
COUR N° : 500-11-045763-139
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
légalement constituée et dûment incorporée ayant son siège
social et son principal établissement commercial au
7880, chemin de la Côte-de-Liesse, Montréal, QC H4T 1E7

Personne insolvable

– et –

SAMSON BÉLAÏR/DELOITTE & TOUCHE INC.
(Benoît Clouâtre, CPA, CA, CIRP, responsable désigné)
ayant une place d'affaires au 1, Place Ville-Marie, bureau
3000, Montréal, Québec H3B 4T9

Syndic

AVIS DE LA PROPOSITION AUX CRÉANCIERS (article 51 de la Loi)

AVIS est donné que **LES HÔTELS IHG HARILELA LTÉE** de Montréal, dans la province de Québec, a déposé une proposition entre mes mains le 27 mai 2014, en vertu de la *Loi sur la faillite et l'insolvabilité*.

Ci-inclus une copie de la proposition, d'un état succinct de son actif et de son passif ainsi qu'une liste des créanciers visés par la proposition et dont les réclamations se chiffrent à 250 \$ ou plus.

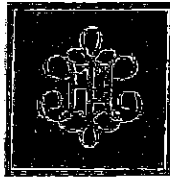
Une assemblée générale des créanciers sera tenue le 17 juin 2014 à 9 h au bureau du Séquestre officiel situé au 1155, rue Metcalfe (Édifice Sun Life), salle 1071, Montréal, Québec H3B 2V6.

Les créanciers ou toute catégorie de créanciers ayant droit de voter à l'assemblée peuvent, au moyen d'une résolution, accepter la proposition, telle que formulée ou telle que modifiée à l'assemblée. Si la proposition est ainsi acceptée et si elle est approuvée par le tribunal, elle deviendra obligatoire pour tous les créanciers ou pour la catégorie de créanciers visés.

Les preuves de réclamation, procurations et formulaires de votation dont l'usage est projeté à l'assemblée doivent m'être remises au préalable.

FAIT À MONTRÉAL, ce 6 juin 2014

SAMSON BÉLAÏR/DELOITTE & TOUCHE INC.
Syndic



HARILELA HOTELS LTD.

CANADA
PROVINCE OF QUEBEC
DISTRICT OF QUEBEC
DIVISION NO.: 01-MONTREAL
COURT NO.: 500-11-045763-139
ESTATE NO.: 41-1815817

SUPERIOR COURT
(Commercial Division)

IN THE MATTER OF THE PROPOSAL OF IHG HARILELA HOTELS LTD., a body politic and corporate, duly incorporated according to law and having its principal place of business and elected domicile at 7880, Côte-de-Liesse Road, Montreal, Quebec, Canada, H4T 1E7.

Debtor

PROPOSAL

IHG HARILELA HOTELS LTD., the above-noted Debtor, hereby submits the following Proposal under the *Bankruptcy and Insolvency Act*.

1. For purposes hereof:

“ACT” means the *Bankruptcy and Insolvency Act*;

“COMPANY” means IHG Harilela Hotels Ltd.;

“DIRECTORS” means any directors of the COMPANY in office as at the date of the PROPOSAL;

“DIRECTOR LIABILITIES” means all claims against any and all DIRECTORS that arose before the filing date and relate to the COMPANY’s obligations where such directors are, by law, liable in their capacity as directors for payment of such obligations;

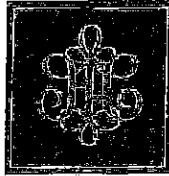
“ORDINARY CREDITORS” means all persons having an ORDINARY CLAIM;

“ORDINARY CLAIMS” means claims other than (i) SECURED CLAIMS, (ii) PREFERRED CLAIMS and (iii) claims referred to in paragraph 3 hereof. For greater certainty but without limiting the generality of the foregoing, ORDINARY CLAIMS shall include unsecured claims of every nature or kind whatsoever, known or unknown, whether due or not due for payment as of the date of the filing of the PROPOSAL of the COMPANY including claims resulting directly or indirectly from the termination of any contracts or the breach of any obligations prior or subsequent to the date of the

(A COMPANY INCORPORATED IN BERMUDA WITH LIMITED LIABILITY)

Kowloon Centre, 1st Floor, 35 Ashley Road, Kowloon, Hong Kong.

T: (852) 2376 2117 / 2376 1116 / 2376 0707 | F: (852) 2376 3334 | W: www.harilela.com



HARILELA HOTELS LTD.

- 2 -

COMPANY'S Notice of Intention to File a Proposal, contingent or unliquidated claims (once quantified in accordance with the ACT) arising out of any transaction entered into by the COMPANY prior to the date of the PROPOSAL and including, as well, the unsecured portion of any SECURED CLAIMS;

"PREFERRED CLAIMS" means all claims directed by the ACT to be paid in priority to all other claims in the distribution of the property of an insolvent party;

"PROFESSIONAL FEES" means all proper fees, expenses, liabilities and obligations of the TRUSTEE and legal fees, accounting fees and consulting fees incurred by or on behalf of the COMPANY in connection with the proceedings instituted under the ACT or, without limitation, advice to the COMPANY in connection with the Proposal.

"PROPOSAL" means this Proposal, as may be amended or altered in accordance with the ACT or the terms hereof;

"RATIFICATION" means approval of the present PROPOSAL by the Superior Court of Quebec (Commercial Division) in the manner contemplated by the ACT;

"SECURED CLAIMS" means all claims of the secured creditors of the COMPANY within the meaning of the ACT;

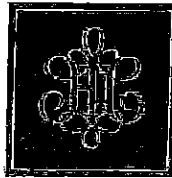
"TRUSTEE" means SAMSON BELAIR/DELOITTE & TOUCHE INC.

2. The SECURED CLAIMS shall be paid in accordance with the existing contracts. Furthermore, the creditors holding a Secured Claim shall be entitled to value their security, exercise a right to vote and participate in any distribution as an Unsecured Creditor, with respect to the amount of their claims which exceeds their Secured Claim, as accepted by the Trustee or determined by the Court.
3. Claims in respect of amounts:
 - (a) owing to her Majesty in right of Canada or a Province as enumerated in Section 60(1.1) of the ACT, shall be paid in full within six (6) months after RATIFICATION;
 - (b) owing to employees and former employees, that they would have been entitled to receive under Paragraph 136(1)(d) of the ACT if the employer became bankrupt on the date of the filing of the COMPANY'S Notice of Intention to File a Proposal, as well as wages, salaries, commissions or compensation for services rendered after that date and before RATIFICATION, shall be paid in full immediately after RATIFICATION.

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HARILELA HOTELS LTD.

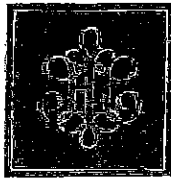
- 3 -

4. PREFERRED CLAIMS, without interest, shall be paid in full in priority to all ORDINARY CLAIMS.
5. ORDINARY CLAIMS, without interest or penalty, shall receive in full and final payment of its Ordinary Claim an amount representing 85% of its Proven Claim. Such amount will be payable on October 1, 2014.
6. In the event of a dispute with one or more creditors as to the value of their claims provable having the effect of preventing the establishment of a definitive total amount of all the provable and proven claims, the TRUSTEE and the COMPANY reserve unto themselves the right to proceed by way of an interim dividend to creditors whose claims will have been admitted, settled or proven, and also, to establish a reserve which the TRUSTEE and the COMPANY shall deem sufficient to cover the possible dividend payable on such disputed claims.
7. The PROFESSIONAL FEES shall be paid by the COMPANY in priority to all PREFERRED CLAIMS and ORDINARY CLAIMS.
8. The acceptance of the PROPOSAL by the creditors of the COMPANY shall release definitively the DIRECTORS from any and all DIRECTOR LIABILITIES in accordance with section 50(13) and 50(14) of the ACT. It is understood however that nothing herein shall be interpreted as an acknowledgment of any liability or obligation on the part of the DIRECTORS, any such liability or obligation being specifically denied.
9. Provided that the COMPANY fulfills the PROPOSAL and the payments required to be made are made as and when required hereunder, Sections 95 through 101.1 of the ACT and articles 1631 to 1636 of the *Civil Code of Quebec* shall not apply to the present PROPOSAL and neither the TRUSTEE nor any creditors of the COMPANY shall have, or be entitled to exercise any of the rights or recourses provided for therein.
10. The COMPANY shall have the right to amend the PROPOSAL at any time prior to RATIFICATION. Such amendments need not to be submitted to the ORDINARY CREDITORS for their approval if the TRUSTEE and the Court are satisfied that such amendments are for the benefit of ORDINARY CREDITORS or do not reduce their rights.
11. All monies payable under the PROPOSAL will be paid over to the TRUSTEE which will remit same in accordance with the terms of the PROPOSAL.

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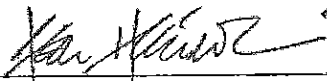


HARILELA HOTELS LTD.

- 4 -

DATED AT MONTREAL, this 27th day of May 2014.

IHG HARILELA HOTELS LTD.


Name: _____


Witness _____

District of: Quebec
 Division No. 01 - Montréal
 Court No. 500-11-045763-139
 Estate No. 41-1815817

Original Amended

- Form 78 -

Statement of Affairs (Business Proposal) made by an entity
 (Subsection 49(2) and Paragraph 153(d) of the Act / Subsections 50(2) and 62(1) of the Act)

IHG Harlela Hotels Ltd.

To the debtor:

You are required to carefully and accurately complete this form and the applicable attachments showing the state of your affairs on the date of the filing of your proposal (or notice of intention, if applicable), on the 23rd day of May 2014. When completed, this form and the applicable attachments will constitute the Statement of Affairs and must be verified by oath or solemn declaration.

LIABILITIES (as stated and estimated by the officer)	ASSETS (as stated and estimated by the officer)
1. Unsecured creditors as per list "A"	1. Inventory
7,289,430.81	18,591.00
Balance of secured claims as per list "B"	2. Trade fixtures, etc.
0.00	0.00
Total unsecured creditors	3. Accounts receivable and other receivables, as per list "E"
7,289,430.81	Good
2. Secured creditors as per list "B"	0.00
10,803,438.27	Doubtful
3. Preferred creditors as per list "C"	0.00
91,621.00	Bad
4. Contingent, trust claims or other liabilities as per list "D" estimated to be reclaimable for	0.00
0.00	Estimated to produce
Total liabilities	0.00
18,184,490.08	4. Bills of exchange, promissory note, etc., as per list "F"
Surplus	5. Deposits in financial institutions
NIL	0.00
	6. Cash
	106,439.00
	7. Livestock
	0.00
	8. Machinery, equipment and plant
	11,302.00
	9. Real property or immovable as per list "G"
	10,315,364.00
	10. Furniture
	300,464.00
	11. RRSPs, RRIAs, life insurance, etc.
	0.00
	12. Securities (shares, bonds, debentures, etc.)
	0.00
	13. Interests under wills
	0.00
	14. Vehicles
	6,792.00
	15. Other property, as per list "H"
	136,107.00
	If debtor is a corporation, add:
	Amount of subscribed capital
	0.00
	Amount paid on capital
	0.00
	Balance subscribed and unpaid
	0.00
	Estimated to produce
	0.00
	Total assets
	10,895,059.00
	Deficiency
	7,289,431.08

Hong Kong

I, Dr. Aron Harlela, of the City of SINGAPORE in the Province of QUEBEC, do swear (or solemnly declare) that this statement and the attached lists are to the best of my knowledge, a full, true and complete statement of my affairs on the 23rd day of May 2014 and fully disclose all property of every description that is in my possession or that may devolve on me in accordance with the Act.

SWORN (or SOLEMNLY DECLARED) Hong Kong
 before me at the City of SINGAPORE in the Province of QUEBEC, on this 23rd day of May 2014.

Commissioner of Oaths
 For the Province of Quebec
 Expires For life

BILLY W. Y. MA
 NOTARY PUBLIC
 HONG KONG SAR

Dr. Aron Harlela

Creditor Mailing List

IHG Harilela Hotels Ltd.

Creditor Type	Name	Attention	Address	Claim \$
Director	Dr. Aron Harilela		SINGAPORE QC	
Official Receiver	Montreal		Sun Life Building 1155 Metcalfe, bureau 950 Montreal QC H3B 2V6	
Court	Cour Supérieure du Québec - Montréal		1 rue Notre-Dame est Montréal QC H2Y 1B6	
Secured	COMPUTERSHARE TRUST COMPANY OF CANADA		100 University Avenue, 12th Floor Toronto ON M5J 2Y1	10,803,438.27
Unsecured	3380165 CANADA INC. - PREMIERE MOISSON		11678, rue de Salaberry Dollard-des-Ormeaux QC H9B 2R8	1,235.74
	4468198 CANADA INC. - Autocars Skyport		400, avenue Michel-Jasmin, suite 200 Dorval QC H9P 1C1	1,465.91
	Agence du revenu du Québec	Direction régionale du recouvrement	Secteur R23CPF - 3ième étage 1600 Rene-Lévesque Ouest Montréal QC H3H 2V2	33,863.00
	AGROPUR		333, boul. Lebeau St-Laurent QC H4N 1S3	1,293.07
	ALERT SPRINKLERS INC.		1250, rue Cascades Chateauguay QC J6J 4Z2	701.35
	ALLSTREAM		7550, Birchmount Road Markham ON L3R 6C6	682.67
	AMGA COMPAGNIE LTEE		6580, rue Jeanne-Mance Montreal QC H2V 4L2	4,537.20
	ARC - Bureau des services fiscaux de Montréal	Section Insolvabilité	Division du recouvrement des recettes 305, boulevard René-Lévesque Ouest Montréal QC H2Z 1A6	67,649.00
	ARON HARILELA		29-43 Ashley Road Kowloon, Hong Kong . Hong Kong	2,853,668.00
	BELISLE ET CARRIERE		1313, boul. St-Antoine St-Jérôme QC J7Z 7M1	2,246.69
	BUREAU PLUS DIVISION		950, place Paul-Kana Laval QC H7C 2T2	770.33
	BV COMMUNICATION		359, avenue Ste-Croix, suite 100 St-Laurent QC H4N 2L3	5,773.47
	COMPUTERSHARE TRUST COMPANY OF CANADA		1500, University, Suite 700 Montreal QC H3A 3S8	
	CSST du Québec - Île-de-Montréal		CP 3 Succursale Place-Desjardins 1 complexe Desjardins Tour Sud 3le étage Montréal QC H5B 1H1	
	DAVIES WARD PHILLIPS & VINEBERG LLP		1501, McGill College, 26e étage Montreal QC H3A 3N9	9,667.86
	DELICES DE LA FORET		3400, boul. Losch, local 35 St-Hubert QC J3Y 2H4	1,213.29
	DESIGNGRAFICO		233, Dunbar Avenue, suite 302 Mont-Royal QC H3P 2H4	172.47
	EXPRESS		3551, boul. St-Charles, suite 611 Kirkland QC H1H 3C4	304.50
	FRANCE DELICES		5065, rue Ontario Est Montreal QC H1V 3V2	488.47

Creditor Mailing List

IHG Harilela Hotels Ltd.

Creditor Type	Name	Attention	Address	Claim \$
Unsecured	Gaz Métro	Linda Young	Gaz Métropolitain 1717 rue du Havre Montréal QC H2K 2X3	5,622.31
	GESTION YVON LACHANCE		C.P. 177 Valleyfield Valleyfield QC J6S 4V6	645.82
	GUARANTEED INDUSTRIES LTD.		5420, Paré Montreal QC H4P 1R3	12,400.52
	HECTOR LARIVÉE INC.		1755, Bercy Montreal QC H2K 2T9	9,078.62
	HILTON WORLDWIDE		7930 Jones Branch Drive, Suite 1100 McLean VA 22102 USA	150,336.68
	HRH GOLDEN MILE PLAZA		7700, Côte-de-Liesse Montreal QC H4T 1E7	831,273.26
	Hydro-Québec	Service de Recouvrement	140 boul Crémazie Ouest, 1er étage Montréal QC H2P 1C3	13,358.21
	JIETECH INFORMATIQUE		3551, St-Charles Blvd., suite 544 Kirkland QC H9H 3C4	5,018.19
	L'ÉTOILE DU NORD		255, Gauthrie Avenue Dorval QC H9T 1C7	2,103.51
	LA GERBE D'OR PARISIENNE		1981, Lucien-Thimens St-Laurent QC H4R 1K8	2,684.47
	LAHOUD ELECTRIC INC.		95, rue St-Jude Laval QC H7W 4G7	615.11
	LES ENTREPRISES COMMERCIALES SALLMAN INC.		1860, Salvador Crescent Brossard QC J4X 1V2	4,807.34
	LES SOURCES DE ST-ELIE INC.		1111, Cristelle St-Elie-de-Caxton QC G0X 2N0	1,323.24
	LOCATION D'AUTOS ET CAMIONS DISCOUNT		405, Michel-Jasmin Dorval QC H9P 1C2	2,367.90
	METRO LINEN RENTAL LTD.		1090, rue Sherbrooke Lachine QC H8S 1H6	8,021.01
	MIDLAND LOAN SERVICES INC. - A PNC REAL ESTATE BUSINESS		10851 Mastin, Suite 300 Overland Park KS 39270 USA	
	MONACO IMPORTATION INC.		P.O. BOX 982, Succursale B Montreal QC H3B 3K5	206.96
	ORKIN CANADA CORPORATION		5840, Fabourne Street Mississauga ON L5R 4B5	1,126.18
	OSLER - Me Martin Desrosiers		1000, rue de la Gauchetière O., bureau 2100 Montreal QC H3B 4W5	
	OUTSOURCE PARTNERS INTERNATIONAL		477, Madison Avenue, suite 240 New York NY 10022 USA	26,440.94
	OXYMED (DIVISION 118303 CANADA INC.)		9252, rue Berri Montreal QC H2M 1R4	429.72
	PYROMARK TRADING CO. INC.		2019, boul. Gouin est Montreal QC H2B 1W7	7,067.97
	QUALITY HOTEL		7700 Côte-de-Liesse Montreal QC H4T 1E7	214,083.43
	RICHTER SENCRL		1981 McGill College Montreal QC H3A 0G6	12,648.85
	ROBERT HALF INTERNATIONAL		P.O. BOX 57349, STATION A Toronto ON M5W 5M5	5,454.42
	Rogers Communications Bankruptcies c/o FCT Default Solutions	Insolvency Department	PO Box 2514 Station B London ON N6A 4G9	235.42
	ROUGE 107,5 FM BELL MEDIA INC.		900, rue d'Youville, 1er étage Quebec QC G1R 3P7	229.95

Creditor Mailing List

IHG Harilela Hotels Ltd.

Creditor Type	Name	Attention	Address	Claim \$
Unsecured	ROUGE 94,7 FM BELL MEDIA INC.		1500, rue Royale, burea 260 Trois-Rivières QC G9A 6J4	3,171.02
	SCHINDLER ELEVATOR CORPORATION - c/o T52649		P.O. BOX 4526, Station A Toronto ON M5W 5Z9	2,838.38
	SERVIREST		9795, Verville Montreal QC H3L 3E1	469.26
	STIKEMAN ELLIOTT LLP - Me Joseph Reynaud		1155 boul. René-Lévesque Ouest 40e étage Montréal QC H3B 3V2	
	SYSCO GUEST SUPPLY CANADA INC.		570 Matheson Blvd East, Unit 5 Mississauga ON LAZ 4G3	3,159.87
	SYSCO QUEBEC		11625, 55e Avenue Montreal QC H1E 2K2	9,816.31
	T. LAUZON LTEE		2715, Reading Street Montreal QC H3K 1P7	3,950.38
	THE GAZETTE		P.O. BOX 964, Station Main Winnipeg MB R3C 2V2	423.92
	THE SIGN NETWORK LTD.		75 West Beaver Creek Road, Unit 2& 3 Richmond Hill ON L4B 1K6	562.46
	TRANSCONTINENTAL MEDIAS		685, boul. Decarie, bureau 101 St-Laurent QC H4L 5G4	1,224.60
	TRAVELCLICK		300 N Martingale, suite 500 Schaumburg ILq 60173 USA	9,370.53
	U.E.S. SECTION LOCALE 800	Luis Millard	20 boul. de Maisonneuve Ouest Montreal QC H2X 1Z3	1.00
	UNION DES EMPLOYÉS DE SERVICE - LOCAL 800	Luis Millard	920, rue du Port-Royal E. Montreal QC H2C 2B3	
	UNION DES EMPLOYÉS DE SERVICE-LOCAL 800	Luis Millard	20, boul. de Maisonneuve O. Montreal QC H2X 1Z3	
	VENCOAC (9155-8346 QUEBEC INC.)		4424, rue Stephanie Laval QC H7R 6H9	4,507.02
	VENUS MULTILIGNE LTEE		12480, boul. Industriel Pointe-aux-Trembles QC H1B 5M5	143.66
	VFM LEONARDO INC.		111 Peter Street, suite 530 Toronto ON M5V 2H1	818.12
	VISONLAB		100, boul. Alexs-Nihon, suite 470 St-Laurent QC H4M 2N9	2,012.10
	VOICE OF EGYPT IN CANADA T.V.		1274 Dupont Laval QC H7Y 1T5	4,024.13
	WELL TRILLION LOAN		29-43 Ashley Road Kowloon, Hong Kong .	2,939,625.00

FORMULAIRE DE VOTATION
(alinéas 51(1)f) et 66.15(3)c) de la Loi)

DANS L'AFFAIRE DE LA PROPOSITION DE : **LES HÔTELS IHG HARILELA LTÉE**
Personne insolvable

Je, _____ de _____
(nom de créancier) (ville et province)

créancier dans l'affaire susmentionnée à l'égard de la somme de _____ \$, demande au syndic agissant relativement à la proposition de **LES HÔTELS IHG HARILELA LTÉE**, personne insolvable, de consigner mon (ou notre) vote en faveur de ou contre l'acceptation de la proposition faite le 27 mai 2014.

FAIT À _____, ce _____ jour de _____ 2014.

(Témoin)

(Créancier individu)

– ou –

(Témoin)

(Nom du créancier qui est une personne morale)

(Signature, nom et titre du représentant)

VOTING LETTER
(Paragraphs 51(1)(f) and 66.15(3)(c) of the Act)

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

I, _____ of _____,
(name of the creditor) *(city and province)*

a creditor in the above matter for the sum of \$ _____, hereby request the trustee acting with respect to the proposal of **IHG HARILELA HOTELS LTD.**, an insolvent person, to record my (or our) vote for or against the acceptance of the proposal as made on May 27, 2014.

DATED AT _____, this _____ day of _____ 2014.

(Witness) *(Individual Creditor)*

- or -

(Witness) *(Name of Corporate Creditor)*

(Signature, Name and Title of Signing Officer)

<input type="checkbox"/>	O	_____
<input type="checkbox"/>	P	_____
<input type="checkbox"/>	G	_____

PREUVE DE RÉCLAMATION

(article 50.1, paragraphes 65.2(4), 81.2(1), 81.3(8), 81.4(8), 81.5, 81.6, 102(2), 124(2) et 128(1) et alinéas 51(1)e) et 66.14b) de la Loi)

dans l'affaire de la proposition de LES HÔTELS IHG HARILELA LTÉE

de Montréal, province de Québec et de la réclamation de _____, créancier.
JE, _____ (nom du créancier ou du représentant) de _____ (ville et province)

CERTIFIE CE QUI SUIT :

1. Je suis le créancier de la débitrice susnommé (ou je suis) _____ (poste ou fonction)
de _____ (nom du créancier).

Expédier tout avis ou toute correspondance concernant la présente réclamation à l'adresse suivante :

Téléphone : _____ Télécopieur : _____ Courriel : _____

2. Je suis au courant de toutes les circonstances entourant la réclamation visée par la présente formule.
3. La débitrice était, à la date de la proposition, soit le 27 mai 2014, endettée envers le créancier et l'est toujours, pour la somme de _____ \$, comme l'indique l'état de compte (ou l'affidavit ou la déclaration solennelle) ci-annexé et désigné « Annexe A », après déduction du montant de toute créance compensatoire à laquelle la débitrice a droit. (L'état de compte ou l'affidavit ou la déclaration solennelle annexé doit faire mention des pièces justificatives ou de toute autre preuve à l'appui de la réclamation.)
4. (Cochez la catégorie qui s'applique et remplissez les parties requises)
- () A. RÉCLAMATION NON GARANTIE AU MONTANT DE _____ \$
(Autre qu'une réclamation d'un client visée par l'article 262 de la Loi).
En ce qui concerne cette créance, je ne détiens aucun avoir de la débitrice à titre de garantie et (Cochez ce qui s'applique) :
() Pour le montant de _____ \$, je revendique le droit à un rang prioritaire en vertu de l'article 136 de la Loi sur la faillite et l'insolvabilité. (Indiquez sur une feuille annexée les renseignements à l'appui de la réclamation prioritaire.)
() Pour le montant de _____ \$, je ne revendique pas de droit à un rang prioritaire.
- () B. RÉCLAMATION DU LOCATEUR SUITE À LA RÉSILIATION D'UN BAIL, AU MONTANT DE _____ \$
J'ai une réclamation en vertu du paragraphe 65.2(4) de la Loi, dont les détails sont mentionnés ci-après. (Donnez tous les détails de la réclamation, y compris les calculs s'y rapportant.)
- () C. RÉCLAMATION GARANTIE AU MONTANT DE _____ \$
En ce qui concerne la créance susmentionnée, je détiens des avoirs de la débitrice, à titre de garantie, dont la valeur estimative s'élève à _____ \$, et dont les détails sont mentionnés ci-après : (Donnez des renseignements complets au sujet de la garantie, y compris la date à laquelle elle a été donnée et la valeur que vous lui attribuez, et annexez une copie des documents relatifs à la garantie.)
- () D. RÉCLAMATION D'UN AGRICULTEUR, D'UN PÊCHEUR OU D'UN AQUICULTEUR AU MONTANT DE _____ \$
J'ai une réclamation en vertu du paragraphe 81.2(1) de la Loi pour la somme impayée de _____ \$.
(Veuillez joindre une copie de l'acte de vente et des reçus de livraison.)
- () E. RÉCLAMATION D'UN SALARIÉ AU MONTANT DE _____ \$
() J'ai une réclamation en vertu du paragraphe 81.3(8) de la Loi (faillite) au montant de _____ \$.
() J'ai une réclamation en vertu du paragraphe 81.4(8) de la Loi (séquestre) au montant de _____ \$.
- () F. RÉCLAMATION D'UN EMPLOYÉ RELATIVE AU RÉGIME DE PENSION AU MONTANT DE _____ \$
() J'ai une réclamation en vertu du paragraphe 81.5 de la Loi (faillite) au montant de _____ \$.
() J'ai une réclamation en vertu du paragraphe 81.6 de la Loi (séquestre) au montant de _____ \$.

() G. RÉCLAMATION CONTRE LES ADMINISTRATEURS AU MONTANT DE _____ \$
(À compléter lorsque la proposition vise une transaction quant à la réclamation contre les administrateurs.)
J'ai une réclamation en vertu du paragraphe 50(13) de la Loi, dont les détails sont mentionnés ci-après : (Donnez tous les détails de la réclamation, y compris les calculs s'y rapportant.)

() H. RÉCLAMATION D'UN CLIENT D'UN COURTIER EN VALEURS MOBILIÈRES FAILLI AU MONTANT DE _____ \$
J'ai une réclamation en tant que client en conformité avec l'article 262 de la Loi pour des capitaux nets, dont les détails sont mentionnés ci-après : (Donnez tous les détails de la réclamation, y compris les calculs s'y rapportant.)

5. Au meilleur de ma connaissance, je suis lié (ou je ne suis pas lié) (ou le créancier susnommé est lié) (ou le créancier susnommé n'est pas lié) à la débitrice selon l'article 4 de la Loi, et j'ai (ou je n'ai pas) (ou le créancier susnommé a) (ou le créancier susnommé n'a pas) un lien de dépendance avec la débitrice. (Biffez les choix ne correspondant pas à votre situation.)
6. Les montants suivants constituent les paiements que j'ai reçus de la débitrice, les crédits que j'ai attribués à celui-ci et les opérations sous-évaluées selon le paragraphe 2(1) de la Loi auxquelles j'ai contribué ou été partie intéressée au cours des trois mois (ou, si le créancier et la débitrice sont des « personnes liées » au sens du paragraphe 4(2) de la Loi ou ont un lien de dépendance, au cours des douze mois) précédant immédiatement l'ouverture de la faillite, telle que définie au paragraphe 2(1) de la Loi. (Donnez les détails des paiements, des crédits et des opérations sous-évaluées.)

(Applicable seulement dans le cas de la faillite d'une personne physique.)

() Je demande qu'une copie du rapport dûment rempli par le syndic quant à la demande de libération du failli, en conformité avec le paragraphe 170(1) de la Loi, me soit expédiée à l'adresse susmentionnée.

FAIT À _____, ce _____^e jour de _____ 2_____.

(signature et nom du témoin)

(signature du créancier qui est une personne physique)

- ou -

(nom du créancier qui est une personne morale)

(signature et nom du témoin)

(signature, nom et poste ou fonction du représentant)

REMARQUES : Si un affidavit ou une déclaration solennelle est joint à la présente formule, il doit avoir été fait devant une personne autorisée à recevoir des affidavits ou des déclarations solennelles.

Lorsqu'une copie du présent avis est envoyée par voie électronique, par des moyens tels que le courriel, le nom et les coordonnées de l'expéditeur, tel que prescrit au Formulaire 1.1, doivent être indiqués à la fin du document.

AVERTISSEMENTS : Le syndic peut, en vertu du paragraphe 128(3) de la Loi, racheter une garantie sur paiement au créancier garanti de la créance ou de la valeur de la garantie telle qu'elle a été fixée par le créancier garanti dans la preuve de garantie.

Le paragraphe 201(1) de la Loi prévoit l'imposition de peines sévères en cas de présentation de réclamations, de preuves, de déclarations ou d'états de compte qui sont faux.

PROCURATION GÉNÉRALE

(paragraphe 102(2) et alinéas 51(1)e) et 66.15(3)b) de la Loi)

DANS L'AFFAIRE DE LA PROPOSITION DE : LES HÔTELS IHG HARILELA LTÉE, personne insolvable

Je (ou nous), _____ (nom du créancier ou du représentant), de _____ (ville et province),
créancier dans l'affaire susmentionnée, nomme _____

de _____ mon fondé de pouvoir à tous égards dans l'affaire susmentionnée,
sauf la réception de dividendes, celui-ci étant habilité à nommer un autre fondé de pouvoir à sa place (ou n'étant pas habilité à nommer un autre fondé de pouvoir à sa place).

FAIT À _____, ce _____^e jour de _____ 2_____.

(signature et nom du témoin)

(signature du créancier qui est un individu)

- ou -

(nom du créancier qui est une personne morale)

(signature et nom du témoin)

(signature, nom et poste ou fonction du représentant)

**CETTE FEUILLE DE RENSEIGNEMENTS EST FOURNIE
AFIN DE VOUS AIDER À REMPLIR LE FORMULAIRE DE PREUVE DE RÉCLAMATION**

- La preuve de réclamation doit être signée par la personne qui la remplit.
- La signature du réclamant doit être attestée par un témoin.
- Indiquer l'adresse complète où tout avis et correspondance doivent être expédiés.
- Le montant sur le relevé de compte doit correspondre au montant réclamé sur la preuve de réclamation.

PARAGRAPHE 1 DE LA PREUVE DE RÉCLAMATION

- Le créancier doit fournir la raison sociale complète de la société ou de l'entreprise.
- Si la personne qui complète la preuve de réclamation n'est pas le créancier lui-même, elle doit préciser son poste ou sa fonction.

PARAGRAPHE 3 DE LA PREUVE DE RÉCLAMATION

- Un relevé de compte détaillé ainsi que les factures s'y rapportant doivent accompagner la preuve de réclamation.

PARAGRAPHE 4 DE LA PREUVE DE RÉCLAMATION

- Les créanciers doivent compléter ce paragraphe en fonction de la nature de leur réclamation.

PARAGRAPHE 5 DE LA PREUVE DE RÉCLAMATION

- Le réclamant doit indiquer s'il est ou n'est pas lié au débiteur, au sens de la définition de la Loi sur la faillite et l'insolvabilité. Encercler, souligner ou biffer les mots « sont » ou « ne sont pas » selon le cas.

PARAGRAPHE 6 DE LA PREUVE DE RÉCLAMATION

- Le réclamant doit fournir une liste détaillée identifiée « B » de tous les paiements reçus et/ou crédits accordés, soit :
 - au cours des trois mois précédant la faillite ou la proposition, dans le cas où le réclamant et le débiteur ne sont pas liés.
 - au cours des douze mois précédant la faillite ou la proposition, dans le cas où le réclamant et le débiteur sont liés.

<input type="checkbox"/>	O	_____
<input type="checkbox"/>	P	_____
<input type="checkbox"/>	G	_____

PROOF OF CLAIM

(Section 50.1, subsections 65.2(4), 81.2(1), 81.3(8), 81.4(8), 81.5, 81.6, 102(2), 124(2), 128(1), and paragraphs 51(1)(e) and 66.14(b) of the Act)

in the matter of the proposal of IHG HARILELA HOTELS LTD.

of Montréal, Province of Quebec and the claim of _____
_____, creditor.
I, _____ (name of creditor or signing officer) of _____ (city and province)

DO HEREBY CERTIFY:

1. That I am a creditor of the above-named debtor (or that I am) _____ (position or title)
of _____ (name of creditor or signing officer).

All notices or correspondence regarding this claim must be forwarded to the following address:

Phone: _____ Fax: _____ E-mail: _____

2. That I have knowledge of all the circumstances connected with the claim referred to below.
3. That the debtor was, at the date of the proposal, namely the 27th day of May 2014, and still is, indebted to the creditor in the sum of \$ _____, as specified in the statement of account (or affidavit or solemn declaration) attached and marked "Schedule A" after deducting any counterclaims to which the debtor is entitled. (The attached statement of account, or affidavit or solemn declaration must specify the vouchers or other evidence in support of the claim.)
4. (Check and complete appropriate category)
- () A. UNSECURED CLAIM OF \$ _____
(Other than as a customer contemplated by Section 262 of the Act)
That in respect of this debt, I do not hold any assets of the debtor as security and (Check appropriate description):
() Regarding the amount of \$ _____, I claim a right to a priority under section 136 of the Bankruptcy and Insolvency Act. (Set out on an attached sheet details to support priority claim.)
() Regarding the amount of \$ _____, I do not claim a right to a priority;
- () B. CLAIM OF LESSOR FOR DISCLAIMER OF A LEASE OF \$ _____
That I hereby make a claim under subsection 65.2(4) of the Act, particulars of which are as follows: (Give full particulars of the claim, including the calculations upon which the claim is based.)
- () C. SECURED CLAIM OF \$ _____
That in respect of this debt, I hold assets of the debtor valued at \$ _____ as security, particulars of which are as follows: (Give full particulars of the security, including the date on which the security was given and the value at which you assess the security, and attach a copy of the security documents.)
- () D. CLAIM BY FARMER, FISHERMAN, OR AQUACULTURIST OF \$ _____
That I hereby make a claim under subsection 81.2(1) of the Act for the unpaid amount of \$ _____
(Attach a copy of sales agreement and delivery receipts.)
- () E. CLAIM BY WAGE EARNER OF \$ _____
That I hereby make a claim under subsection 81.3(8) of the Act (bankruptcy) in the amount of \$ _____
That I hereby make a claim under subsection 81.4(8) of the Act (receivership) in the amount of \$ _____
- () F. CLAIM BY EMPLOYEE FOR UNPAID AMOUNT REGARDING PENSION PLAN OF \$ _____
That I hereby make a claim under subsection 81.5 of the Act (bankruptcy) in the amount of \$ _____
That I hereby make a claim under subsection 81.6 of the Act (receivership) in the amount of \$ _____

**THIS INFORMATION SHEET IS SUPPLIED
IN ORDER TO ASSIST YOU IN COMPLETING THE PROOF OF CLAIM FORM**

- The proof of claim must be signed by the individual completing the form.
- The signature of the claimant must be witnessed.
- Give the complete address where all notices and correspondence are to be forwarded.
- The amount on the statement of account must agree with the amount claimed on the proof of claim.

PARAGRAPH 1 OF THE PROOF OF THE CLAIM

- Creditor must state full and complete legal name of company or firm.
- If the person completing the proof of claim is not the creditor himself, he must state his position or title.

PARAGRAPH 3 OF THE PROOF OF THE CLAIM

- A detailed statement of account together with supporting documentation must accompany the completed proof of claim.

PARAGRAPH 4 OF THE PROOF OF THE CLAIM

- The claimant must tick the appropriate paragraph and must provide information as requested.

PARAGRAPH 5 OF THE PROOF OF THE CLAIM

- The claimant must indicate whether he is or is not related to the debtor, as defined in the *Bankruptcy and Insolvency Act*, by encircling, underlining or striking out "are" or "are not" as the case.

PARAGRAPH 6 OF THE PROOF OF THE CLAIM

- The claimant must attach a detailed list marked "B" of all payments received and/or credits granted, as follows:
 - within the three months preceding the bankruptcy or the proposal, in the case where the claimant and the debtor are not related;
 - within the twelve months preceding the bankruptcy or the proposal, in the case where the claimant and the debtor are related.



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CANADA
PROVINCE OF QUEBEC
DISTRICT OF QUEBEC
DIVISION No.: 01-Montreal
COURT No.: 500-11-045763-139
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.
(Benoît Clouâtre, CPA, CA, CIRP, designated
responsible person) having its place of business at
1 Place Ville Marie, Suite 3000, Montreal, Quebec,
H3B 4T9

Trustee

TRUSTEE'S REPORT ON THE PROPOSAL
[Subsections 50(5) and 50(10)]

The purpose of this report is to inform the creditors of a view to assist them in evaluating the proposal as filed on May 27, 2014 by IHG Harilela Hotels Ltd. (hereinafter referred to as the "**Company**").

It is important to note that we did not perform an audit or investigation of the books and records of the Company. Consequently, we cannot express an opinion as to the exactness or the completeness of the information contained in this report. The unconfirmed information dealt with in this report was submitted to the Trustee by the Company.

A. INTRODUCTION

On November 29, 2013, the Company filed with Samson Bélair/Deloitte & Touche Inc. ("**Deloitte**") a *Notice of Intention to Make a Proposal* under the *Bankruptcy and Insolvency Act* ("**BIA**").

On December 5, 2013, the Trustee sent to every creditor known by the Company a copy of the *Notice of Intention to Make a Proposal*.

The *Cash Flow Statement* was prepared by the Company for the period from November 29, 2013 to February 28, 2014, and was filed with the Official Receiver on December 9, 2013 with the *Trustee's Report on Cash Flow Statement* and the *Report on Cash Flow Statement by the Person Making the Proposal*, in conformity with the subsection 50.4(2) of the BIA.

On December 27, 2013, the Company filed an extension motion in conformity with subsection 50.4(9) of the BIA. The extension motion was heard by Ms. Chantal Flamand, registrar, who issued an order which extended by 45 days the time for the Company to file a proposal to its creditors, until February 10, 2014.

On February 7, 2014, the Company filed an extension motion in conformity with subsection 50.4(9) of the BIA. The extension motion was heard by Mr. Pierre Pellerin, registrar, who issued an order which extended by 45 days the time for the Company to file a proposal to its creditors, until March 24, 2014.

On March 24, 2014, the Company filed an extension motion in conformity with subsection 50.4(9) of the BIA. The extension motion was heard by Mr. Pierre Pellerin, registrar, who issued an order which extended by 45 days the time for the Company to file a proposal to its creditors, until May 8, 2014.

On May 8, 2014, the Company filed an extension motion in conformity with subsection 50.4(9) of the BIA. The extension motion was heard by Ms. Chantal Flamand, registrar, who issued an order which extended by 20 days the time for the Company to file a proposal to its creditors, until May 28, 2014.

On May 27, 2014, the Company filed a proposal with the Trustee.

B. BACKGROUND

The Company is a corporation incorporated under the *Canadian Business Corporations Act*, having its head office and principal place of business at 7880 Côte-de-Liesse Road, Montreal, Quebec.

The Company holds and operates a hotel under the Hilton Garden Inn banner.

C. EVENTS LEADING TO THE PROPOSAL

As illustrated below, the Company did not record a profit since 2011 and has cumulated a deficit of \$1.4M from 2011 to the end of its last fiscal year (for which internal financial statements were finalized as of the time of this report) ended March 31, 2013.

Statement of operations			
For the years ended March 31			
CAD	Unaudited 2013	Audited 2012	Audited 2011
Revenue	7,146,318	7,482,162	6,968,164
Cost of sales	439,536	549,774	509,156
Gross profit	6,706,782	6,932,388	6,459,008
	93.8%	92.7%	92.7%
Operating expenses	5,005,579	4,961,803	4,880,450
Loss from operations before other expenses	1,701,203	1,970,585	1,578,558
Other expenses	2,093,709	2,366,527	2,191,707
Net loss	(392,506)	(395,942)	(613,149)

In addition to the net losses recorded by the Company from 2011 to 2013, in the fall of 2013 the Company had a dispute with its franchisor (HLR Existing Franchise Holding LLC) who then advised the

Company on November 14, 2013 that it intended to terminate the Franchise Agreement on January 1, 2014 (the "**Termination Notice**"). Following this event, the sole secured creditor of the Company, Computershare Trust Company of Canada ("**Computershare**"), issued on November 19, 2013 a demand letter and a notice under section 244 of the BIA alleging that the Termination Notice was a default under the Loan Agreement.

On November 29, 2013, the Company's financial difficulties and contractual disputes forced it to try to restructure its affairs and to file the Notice of Intention.

D. STATEMENT OF AFFAIRS

The Statement of Affairs as of May 23, 2014 is as follows:

Statement of Affairs (\$)	Book value	Estimated net
Unaudited (as of May 23, 2014)	(October 31, 2013)	realizable value
Assets		
Cash	243,167	106,439
Accounts receivable	225,245	136,107
Intercompany receivables	931,934	-
Prepays	776,633	-
Inventory	123,940	18,591
Deposits	36,237	-
Building and land	10,729,119	10,315,364
Leashold improvement	367,190	-
Furniture and equipment	1,502,321	300,464
Computer and software	113,018	11,302
Automobiles	13,583	6,792
Others	18,916	-
	15,081,303	10,895,059
Liabilities		
Secured employee claims (as per section 81.3 of the BIA)		91,621
Secured creditor		10,803,438
Unsecured creditors (related entities)		6,858,619
Unsecured creditors (non-related entities) (Note 1)		430,812
		18,184,490
Deficit (before professional fees)		(7,289,431)

Note 1:

Creditors will have the onus to prove their claims and only those which are finally approved will constitute the liabilities to be paid in the Proposal.

The value attributed to the various assets of the Company in the Statement of Affairs represents the net realizable value of those assets under a liquidation scenario as estimated by the management of the Company ("**Management**"):

- Cash: Represents the actual cash balance as of May 16, 2014. Please note that the cash balance that would be available for distribution to creditors in a liquidation scenario could be less than the actual cash balance as of May 16, 2014 as additional disbursements were/will be made from May 17, 2014 to the date of a distribution to creditors (as indicated in the Statement of Receipts and Disbursements filed by the Company on May 27, 2014). The Company's cash balance appears to be secured in favor of Computershare;
- Accounts receivable: The book value of the Company's accounts receivable as of October 31, 2013 is \$225,245. Management estimated that approximately 95% of the book value of the receivables from the hotel guests could be obtained in a liquidation of the Company's assets. The Company's accounts receivable appear to be secured in favor of Computershare;
- Intercompany receivables: The book value of the Company's intercompany receivables as of October 31, 2013 is \$931,934. As companies affiliated to the Company are owed a total of \$1,045,356 as of November 29, 2013 (as per the Statement of Affairs), it is assumed that no funds would be collected from those affiliated companies in a liquidation of the Company's assets as those affiliated companies would likely exercise their right to compensation before remitting any funds to the Company.
- Inventory: The book value of the Company's inventory (made mainly of linen, beverages, food, housekeeping supplies, and printing and stationery supplies) as of October 31, 2013 is \$123,940. Management estimated that approximately 15% of the book value of the inventory could be obtained in a liquidation of the Company's assets. The Company's inventory appears to be secured in favor of Computershare;
- Building and land: The book value of the Company's building and land as of October 31, 2013 is \$10,729,119. Management estimated that the total net realizable value of all of the Company's assets in a liquidation scenario would be equal to the total amount of the employees' secured claims and of the secured creditor's claim as of November 29, 2013. As a result (and based on the net realizable value estimated/allocated to the other assets of the Company), Management estimated the value of the building and the land at \$10,315,364. The Company's building and land appear to be secured in favor of Computershare;
- Furniture and equipment: The book value of the Company's furniture and equipment as of October 31, 2013 is \$1,502,321. Management estimated that approximately 20% of the book value of the furniture and equipment could be obtained in a liquidation of the Company's assets. The Company's furniture and equipment appear to be secured in favor of Computershare;
- Computer and software: The book value of the Company's computer and software as of October 31, 2013 is \$113,018. Management estimated that approximately 10% of the book value of the computer and software could be obtained in a liquidation of the Company's assets. The Company's computer and software appear to be secured in favor of Computershare;
- Automobiles: The book value of the Company's automobiles as of October 31, 2013 is \$13,583. Management estimated that approximately 50% of the book value of the automobiles could be obtained in a liquidation of the Company's assets. The Company's automobiles appear to be secured in favor of Computershare; and

- **Other assets:** The book values of the Company's prepaid expenses, deposits, leasehold improvements and other assets as of October 31, 2013 are respectively \$776,633, \$36,237, \$367,190 and \$18,916. Management estimated that no value would be obtained from those assets in a liquidation of the Company's assets.

Under a bankruptcy scenario, some of the employee claims (as estimated in the Statement of Affairs) would be secured by a security on the Company's current assets in conformity with subsection 81.3(1) of the BIA.

Please note that Deloitte did not obtain an independent opinion on the validity of the security on all of the assets of the Company held by the secured creditors.

E. SUMMARY OF THE PROPOSAL

The following is a brief synopsis intended to assist the reader. Please refer to the Proposal itself for a complete description of measures that would result from the approval of the Proposal.

The Proposal essentially provides for the measures described below to be put into effect following the acceptance of the Proposal by the creditors and its approval by the Court:

- The payment, by the Company, of all employee (or former employee) claims that such employees/former employees would be qualified to receive under paragraph 136(1)(d) of the BIA if the Company became bankrupt on the Date of the Proposal;
- The payment, by the Company, of the professional fees in priority to all Preferred Claims and Ordinary Claims;
- The payment, by the Company, of all Preferred Claims, without interest, in priority to all Ordinary Claims;
- The payment to secured creditors in accordance with the existing contracts;
- The payment to unsecured creditors of an amount representing 85% of the creditor's proven claim on October 1, 2014;
- Provided that the Company fulfills the Proposal and the payments required to be made are made as and when required under the Proposal, sections 95 through 101.1 of the BIA and articles 1631 to 1636 of the *Civil Code of Quebec* shall not apply to the Proposal and neither the Trustee nor any creditors of the Company shall have, or be entitled to, exercise any of the rights or recourses provided for therein;
- The acceptance of the Proposal by the creditors of the Company shall release definitively the Directors from any and all Directors Liabilities in accordance with subsections 50(13) and 50(14) of the BIA; and
- The payments under the Proposal shall be made through Deloitte, who shall issue the dividend in accordance with the terms of the Proposal.

F. ANALYSIS OF THE PROPOSAL

In the event where the creditors would refuse to approve the Proposal, the Company would be declared bankrupt and, therefore, the Trustee, subject to the secured creditors' rights, would be forced to liquidate the Company's assets.

Estimated distribution of funds	
(Liquidation scenario in a bankruptcy)	
	(\$)
Estimated funds available from the liquidation of assets:	
Cash	106,439
Accounts receivable	136,107
Inventory	18,591
Building and land	10,315,364
Furniture and equipment	300,464
Computer and software	11,302
Automobiles	6,792
	<u>10,895,059</u>
Distribution of funds:	
Amount owed to employees eligible to a security under section 81.3 of the BIA	91,621
Amount owed to the secured creditor	<u>10,803,438</u>
Surplus of the secured creditor (before professional fees)	<u><u>0</u></u>
Amount owed to unsecured creditors before professional fees	7,289,431
Distribution to unsecured creditors before professional fees (%)	0.00%

As demonstrated by the estimated distribution of funds under a bankruptcy scenario, it is unlikely that the liquidation of the Company's assets would allow the unsecured creditors to receive a dividend equivalent or higher to the one provided for in the Proposal (i.e., a payment to unsecured creditors of an amount representing 85% of their proven claims).

In fact, as presented above, under a scenario of a liquidation of the Company's assets in a bankruptcy, it is estimated that the total amount owed to the secured creditor would be paid and 0% of the amount owed to the unsecured creditors would be paid (before even considering all professional fees required to complete the liquidation of the assets). Hence, under such scenario, it is estimated that the unsecured creditors would incur a loss of approximately \$7.3M.

Given that all creditors with proven and accepted claims should receive a dividend under the Proposal (and that such dividend is likely to be higher than the dividend that could be obtained in a bankruptcy scenario), the Trustee is of the opinion that the unsecured creditors would not be prejudiced in accepting the Proposal and recommends its acceptance.

G. RECOMMENDATION

If the Proposal is accepted by the creditors, the dividend payment will be made in accordance with the terms of the Proposal.

In conclusion, **the Trustee recommends the approval of the Proposal by the creditors** since a bankruptcy scenario would likely not generate any funds for the unsecured creditors.

Any creditors wishing to vote prior to the First meeting of creditors may complete the voting and claim forms included with the Notice of Proposal to Creditors, and forward them to the Trustee by mail or by fax.

DATED AT MONTREAL, this 4th day of
June, 2014.

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



Benoit Clouâtre, CPA, CA, CIRP