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NATURE OF DOCUMENT

Title of Proceeding *Second Motion for an extension of time to file a Proposal*

Case No. 500-11-045763-139

Debtor/Petitioner IHG Harilela Hotels Ltd.

Trustee Samson Bélaire/Deloitte & Touche Inc.

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CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

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

No.: 500-11-045763-139

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

Debtor/Petitioner

- and -

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

Trustee

**SECOND 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 MONTRÉAL, THE DEBTOR RESPECTFULLY SUBMITS THE FOLLOWING:

INTRODUCTION

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

FACTUAL BACKGROUND

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

6. Computershare Trust Company of Canada (“**Computershare**”) is the sole secured creditor of the Debtor pursuant to a term loan executed as of September 21, 2005. The amount owed to Computershare is approximately \$10,000,000 (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 1st, 2014 (the “**Termination Notice**”).
9. On November 19, 2013, Computershare issued, *inter alia*, a demand letter and a notice under section 244 *BIA* alleging that the Termination Notice was a default under the Loan Agreement.
10. On November 29, 2013, the Debtor filed a *Notice of Intention to File a Proposal* (the “**Notice**”) pursuant to section 50.4 of the *BIA* with the Official Receiver, and Samson Belair / Deloitte & Touche Inc. (the “**Trustee**”) was appointed trustee, the whole as appears from the Court record.
11. On December 27, 2013, the Debtor obtained a first extension of time for filing a proposal. The current deadline to file a proposal is February 10, 2014.

EXTENSION OF TIME

12. Since the filing of the Notice, the Debtor, with the assistance of its advisors and the Trustee, have been discussing and meeting with various interested parties in order to create a viable plan for restructuring the Debtor’s operations.
13. For instance, the Debtor has virtually completed :
 - (i.) an agreement with Hilton pursuant to which the termination of the Franchise Agreement will be extended until July 2, 2014; and
 - (ii.) a Forbearance Agreement with Computershare.
14. Said agreements will give some stability to the Debtor’s operations and will be executed as soon as some issues are resolved between Hilton and Computershare.
15. Furthermore, the Debtor finalized with the help of the Trustee a business plan to help him find a new lender. The Debtor and the Trustee will send the business plan to potential lenders next week and will start to meet with them shortly thereafter.
16. The Debtor has also been discussing with potential franchisors to replace Hilton. One potential franchisor visited the Hotel last week.
17. The Debtor seeks this extension in order to allow it to file a viable proposal in due course that will satisfy its unsecured creditors.
18. The Debtor and the Trustee consider that the Debtor should be able to make a viable proposal if the extension is granted.

19. A copy of the Debtor's cash-flow statement and a copy of the report on the state of the Debtor's business and financial affairs are communicated herewith *en liasse* as **Exhibit R-1**.

CONCLUSIONS

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

FOR THESE REASONS, MAY IT PLEASE THE COURT TO:

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

EXTEND until March 24, 2014 the delay granted to IHG Harilela Hotels Ltd. to file its proposal with the Official Receiver.

THE WHOLE, with costs to follow.

MONTREAL, February 5, 2014

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

NOTICE OF PRESENTATION

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Trustee

TAKE NOTICE that the attached *Second Motion for an Extension of Time to File a Proposal* will be presented for hearing and allowance in room 16.10 at 9:00 a.m. at the Montreal Courthouse, 1 Notre-Dame Street East, Montreal, on February 7, 2014, or so soon thereafter as Counsel may be heard.

DO GOVERN YOURSELF ACCORDINGLY.

MONTREAL, February 5, 2014

Davies Ward Phillips & Vineberg LLP

DAVIES WARD PHILLIPS & VINEBERG LLP

Attorneys for the Debtor

IHG Harilela Hotels Ltd.

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

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Trustee

LIST OF EXHIBIT

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

MONTREAL, February 5, 2014

Davies Ward Phillips & Vineberg LLP

DAVIES WARD PHILLIPS & VINEBERG LLP

Attorneys for the Debtor

IHG Harilela Hotels Ltd.

No. 500-11-045763-139

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

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

Debtor/Petitioner

and

SAMSON BÉLAIR/DELOITTE & TOUCHE
INC.

Trustee

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

ORIGINAL

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