

C A N A D A
PROVINCE OF QUEBEC
DISTRICT OF QUEBEC
DIVISION No.: 01-MONTREAL
COURT No.: 500-11-049214-154
ESTATE No.: 41-343813

S U P E R I O R C O U R T
Commercial Division

**IN THE MATTER OF THE
RECEIVERSHIP OF:**

HRH HOTELS LTD., a legal person, duly
incorporated according to law

Insolvent person

– and –

DELOITTE RESTRUCTURING INC.

(Benoît Clouâtre, CPA, CA, CIRP, LIT, person in
charge) having its place of business at 1190 Avenue
des Canadiens-de-Montréal, suite 500, Montreal,
Quebec, H3B 0M7

Receiver

**THIRD INTERIM REPORT SUBMITTED BY
DELOITTE RESTRUCTURING INC. AS RECEIVER
TO THE PROPERTY OF HRH HOTELS LTD.**

AS AT FEBRUARY 3, 2017

**(Subsection 246(2) of the *Bankruptcy and Insolvency Act (BIA)*
and Rule 126 of the *Bankruptcy and Insolvency General Rules*)**

I. Introduction

1. HRH Hotels Ltd. (“**HRH**”) is a corporation constituted under the *Canada Business Corporations Act* which, until recently, had its head office and principal place of business located at 7700 Côte-de-Liesse Road, Montreal, Quebec, H4T 1E7.
2. HRH is a company which, until recently, held and operated a parking complex under the Golden Mile Plaza banner.
3. On August 7, 2015, following a motion by HSBC Bank Canada (“**HSBC**”), HRH’s principal secured creditor, the Court rendered an order appointing Deloitte as Receiver of substantially all of HRH’s assets pursuant to Section 243 of the BIA with the Powers enumerated in said

order (the "**Receivership Order**"), as appears from the Court record.

II. Purpose of this report

4. The purpose of this third report of the Receiver (the "**Third Report**") is to advise/provide the Superintendent of Bankruptcy with a summary with respect to:
 - a) All property of which the Receiver has taken possession or control that has not yet been sold nor realized;
 - b) The activities of the Receiver since the issuance of its second interim report (dated August 4, 2016);
 - c) The interim statement of receipts and disbursements; and
 - d) The anticipated completion of the receivership.

III. Summary of property of which the Receiver has taken possession

5. As at the date of this report, the Property of HRH (which has not yet been sold nor realized) includes the following:
 - a) Cash
 - b) Accounts receivable
6. Following the Receivership Order, HSBC accepted to sell to 9303-7026 Québec Inc. ("**9303**"), and 9303 accepted to purchase from HSBC, HSBC's debts and security against HRH. The sale of the debts owed by HRH to HSBC closed on or around October 16, 2015. At the time of the sale of the debts, the amount owed by HRH to the secured creditor was of approximately \$3,973,484.43.

IV. The activities of the Receiver since the issuance of its second interim report (dated August 4, 2016)

7. The Receiver monitored and controlled the receipts and disbursements of HRH.
8. The Receiver continued to update the website they created for the benefits of all creditors (<http://www.insolvencies.deloitte.ca/en-ca/Pages/HRH-Hotels-Ltd.aspx?searchpage=Search-Insolvencies.aspx>), where all of the public documents related to the receivership of HRH can be found.
9. Following the sale of substantially all of HRH's assets on May 9, 2016, the Receiver initiated discussions with the provincial and federal tax authorities with regards to the issuance of comfort letters or of certificates of discharge which would allow the Receiver to distribute the remaining proceeds from the sale of substantially all of HRH's assets to HRH's secured creditor.

V. The interim statement of receipts and disbursements for the period ended January 31, 2017

10. You will find in **Appendix A** the interim statement of receipts and disbursements for the period from August 7, 2015 to January 31, 2017 (the "**Declaration Period**").
11. The receipts during the Declaration Period totaled \$2,334K, and mainly included the following:
 - a) The collection of the proceeds from the sale of the assets in the amount of \$1,748K;
 - b) The collection of funding from a stakeholder in the amount of \$262K;

- c) The collection of parking revenues (\$143K) related to the operations of the parking facilities;
 - d) The collection of sales taxes reimbursements of (\$78K);
 - e) The collection of rental revenues from the property's tenant (\$77K);
 - f) The collections from a legal proceeding related to the sale of the assets (\$21K);
 - g) The collection of interest revenues of \$3K; and
 - h) The collection of miscellaneous revenues of \$2K.
12. The disbursements during the Declaration Period totaled \$1,551K and mainly included the following:
- a) Payments (totaling \$640K) related to professional fees (with regard to the fees of the Receiver and of other consultants assisting the Receiver in the daily operations of the parking);
 - b) Payments of \$273K related to municipal and school taxes;
 - c) Payments (totaling \$257K) to various suppliers related to the on-going operations of the parking (for the purchase of various supplies, for maintenance and repairs, etc.);
 - d) Payments of \$176K related to the employees' salaries and severances;
 - e) Payments of \$159K related to commissions payable on the sale of the assets;
 - f) Payments of \$27K related to the Property's monthly insurance premium; and
 - g) Monthly reimbursements of sales taxes (GST/QST) to the government in the amount of \$19K.
13. Consequently, an amount of approximately \$783K was in the possession of/controlled by the Receiver as at January 31, 2017.

VI. The anticipated completion of the receivership

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

HRH Hotels Ltd.

Third Interim Report of the Receiver

February 3, 2017

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DATED AT MONTREAL, this 3rd day of
February, 2017.

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

A handwritten signature in black ink, appearing to read "Benoît Clouâtre". The signature is fluid and cursive, with a large initial "B" and "C".

Benoît Clouâtre, CPA, CA, CIRP, LIT

Appendix A

HRH Hotels Ltd.
Interim statement of receipts and disbursements
(For the period from August 7, 2015 to January 31, 2017)

Receipts and disbursements	\$
Receipts	
Proceeds from the sale of assets	1,747,995
Stakeholder's funding	261,909
Parking revenues	142,588
Sales taxes reimbursement	77,904
Rental income	77,344
Collections from legal proceedings to sell of the related assets	21,423
Interest revenues	3,299
Miscellaneous	1,729
Total receipts	<u>2,334,191</u>
Disbursements	
Professional fees	640,465
Municipal and school taxes	272,796
Suppliers	257,481
Payroll	175,665
Commissions payable on the sale of assets	158,616
Insurance	27,028
Sales tax remittance	18,878
Total disbursements	<u>1,550,928</u>
Net cash flow	783,263
Cash balance - Beginning	<u>-</u>
Cash balance - Ending	<u>783,263</u>