



No. S235026
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c.
C-36F

AND

IN THE MATTER OF THE CANADA BUSINESS CORPORATIONS ACT, R.S.C. 1985, c. C-44,
and THE BUSINESS CORPORATIONS ACT, S.B.C. 2002, c. 57,

AND

IN THE MATTER OF THE JOSEPH RICHARD HOSPITALITY GROUP LTD.
AND THOSE PARTIES LISTED ON SCHEDULE "A"

PETITIONERS

FIFTH MONITOR'S REPORT

ERNST & YOUNG INC.

December 13, 2023

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INTRODUCTION

1. On July 17, 2023 (the “**Filing Date**”), pursuant to an order (the “**Initial Order**”) granted by the Supreme Court of British Columbia (the “**Court**”), the Joseph Richard Hospitality Group Ltd. and those 38 other petitioners listed hereto at **Appendix “A”** (each a “**Petitioner**”, and collectively, the “**Petitioners**” or “**JRG**”) were granted protection under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”), and Ernst & Young Inc. (“**EYI**”) was appointed monitor of the Petitioners (in such capacity, the “**Monitor**”).
2. Following the issuance of the Initial Order and a temporary stay of proceedings, the Petitioners made an application to Court seeking various relief, which included request to make certain amendments to the Initial Order.
3. On July 27, 2023, this Honourable Court pronounced the following orders:
 - a) an amended and restated initial order (“**ARIO**”) which, among other things,
 - i. granted an extension to the Initial Stay of Proceedings until and including September 29, 2023 (the “**Stay Period**”);
 - ii. increased the Administration Charge to \$400,000 to secure payment of the fees and disbursements of the Petitioners’ legal counsel, the Monitor, and the Monitor’s legal counsel;
 - iii. increased the Directors’ Charge to \$1,000,000 as security for claims that may be brought against the Petitioners’ directors and officers;
 - iv. created an Intercompany Charge as security for any payment or obligation incurred between any Petitioner;
 - v. elevated the priority of the Administration Charge and the Directors’ Charge in respect of the secured creditors who did not receive notice of the initial

order hearing, but who were provided notice of the July 27, 2023 application; and

vi. added Townhall Holdings (South Surrey) Ltd., Townhall Holdings (Coquitlam) Ltd., and Micky's Investments (Coquitlam) Ltd. (together, the **"Additional Petitioners"**) as Petitioners to this proceeding.

b) a Claims Process Order approving a claims process (the **"Claims Process"**) to identify and quantify creditors' claims against the Petitioners.

4. On August 30, 2023, this Honourable Court issued an Interim Financing Order which, among other things:

a) authorized the Petitioners to obtain and borrow under a credit facility (the **"Interim Financing Credit Agreement"**) from Canadian Western Bank (**"CWB"** or, the **"Interim Lender"**), provided that borrowings under such credit facility do not exceed \$500,000;

b) granted a charge (the **"Interim Financing Charge"**) to a maximum amount of \$500,000 plus interest and applicable fees, costs and other amounts payable under the Interim Financing Credit Agreement;

c) amended the ARIO such that the maximum amount of the Administration Charge is limited to \$250,000;

d) clarified the priority of the charges granted under the ARIO and Interim Financing Order as follows:

i. First: Administration Charge (to a maximum amount of \$250,000);

- ii. Second: Interim Financing Charge (to a maximum amount of \$500,000 plus interest and all applicable fees, costs and other amounts payable under the Interim Financing Credit Agreement);
 - iii. Third: Intercompany Charge; and
 - iv. Fourth: Directors' Charge (to a maximum amount of \$1,000,000).
- 5. The Stay of Proceedings has been extended from time to time in the within proceedings and the current Stay Period expires December 22, 2023.
- 6. On December 8, 2023, the Petitioners filed a Notice of Application returnable December 14, 2013 (collectively, the "**Plan and Meeting Order Application**"), seeking, among other things, the following relief:
 - a) an order (the "**Meeting Order**") to, among other things, provide Affected Creditors (as defined therein) with the opportunity to vote on the proposed Plan of Compromise and Arrangement of the Petitioners dated December 8, 2023 (the "**Plan**"); and
 - b) an extension to the Stay Period up to and including March 7, 2024 (the "**Stay Extension**").

PURPOSE OF THIS REPORT

- 7. The purpose of this Fourth Report is to provide this Honourable Court with:
 - a) an update and summary of Claims received pursuant to the Claim Process Order;
 - b) information and the Monitor's comments and recommendations on the Plan, as well as the relief sought under the Meeting Order;

- c) the Petitioners' statement of projected cash flow (the "**Fifth Report Cash Flow Forecast**") for the period of November 20, 2023 to March 10, 2014 (the "**Forecast Period**");
 - d) the Monitor's recommendations.
8. EYI is filing this report (the "**Fifth Report**") in its capacity as court-appointed Monitor of the Petitioners. Court materials filed in these proceedings, including the materials filed by the Petitioners in support of the ARIO, are available at the website established by the Monitor in respect of these proceedings at: www.ey.com/ca/JRG (the "**Monitor's Website**").
 9. This report should be read in connection with the materials filed with this Honourable Court in connection with the Plan and Meeting Order Application.
 10. Capitalized terms not otherwise defined in this Fifth Report have the meanings given to them in the Initial Order, the ARIO, the First Report, the Second Report, the Third Report, the Fourth Report and the various materials filed by the Petitioners in support of the November 27 Notice of Application.
 11. Unless otherwise stated all monetary amounts contained herein are expressed in Canadian Dollars.

TERMS OF REFERENCE

12. In preparing this Fifth Report and making the comments herein, the Monitor has been provided with, and has herein relied upon, unaudited financial information, books, records and financial information prepared by the Petitioners, discussions with management of the Petitioners, and information from other third-party sources (collectively, the "**Information**").
13. Except as described in this Fifth Report, the Monitor has not audited, reviewed, or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would

comply with Canadian auditing standards pursuant to the Chartered Professional Accountants of Canada Handbook.

14. Future oriented financial information referred to in this Fifth Report was prepared based on Management's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not readily and currently ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variations could be material.
15. Unless otherwise indicated, the Monitor's understanding of factual matters expressed in this Fifth Report concerning the Petitioners and their business is based on the Information, and not independent factual determinations made by the Monitor.
16. For the purposes of this report, "**Management**" means Mr. André Bourque ("**Mr. Bourque**") and Mr. Ryan Moreno ("**Mr. Moreno**"), both founders of JRG, as well as Mr. Alfred Zagloul (the current Chief Financial Officer "**CFO**") and Mr. George Tachejian ("**Mr. Tachejian**") (Vice President).

CONDENSED BACKGROUND INFORMATION

17. The Petitioners operate a series of restaurants, pubs, liquor stores, events and hospitality businesses, and wineries in the Lower Mainland region of British Columbia. They are collectively known as the "**Joseph Richard Group**" which was founded by Mr. Bourque and Mr. Moreno in 2009. JRG is known throughout the lower mainland for their style of upscale-casual pub restaurants.
18. In particular, the First Bourque Affidavit describes that the Petitioners operate 22 establishments and ventures (the "**Hospitality Entities**"), which are primarily held in

companies owned in whole or part by Joseph Richard Investments Ltd. (“**JRIL**”) and Joseph Richard Hospitality Group Ltd. (“**Hospitality**”).

19. The First Report of the Monitor describes that the Petitioners have two (2) primary “**Secured Creditors**” as follows:

- a) Canadian Western Bank (“**CWB**”) who, according to the Proof of Claim filed by CWB, was owed approximately \$36.2 million under three separate facilities advanced to the Petitioners; and
- b) Bank of Montreal (“**BMO**”) who, according to the Proof of Claim filed by CWB, was owed approximately \$2.3 million by Petitioners.

20. The Petitioners’ assets including the following holding companies, entities and enterprises that possess real property or are currently in operation:

Enterprise	PPR Registrations by	
	CWB	BMO
JRG Cloverdale Holdings Ltd. (“ JRGCVL ”), which owns a building located at 5708 176 th Street in Surrey (the “ Clover Building ”) that houses the current head office of the JRG as well as the Henry (see below).	X	
1164312 B.C. Ltd. (“ 116 ”) which owns a strata development (the “ Rooster Building ”) in Pitt Meadows Both the Clover Building and the Rooster Building are currently listed for sale with Colliers International.	X	
JRG Cloverdale Ventures Ltd., which operates the Henry, a bar in Surrey located in the Clover Building.	X	
S & L Kitchen & Bar Holdings Abbotsford Ltd., which operates S+L Kitchen & Bar Abbotsford, in a leased facility in Abbotsford, British Columbia.	X	
S & L Kitchen & Bar Holdings Langley Ltd., which operates S+L Kitchen & Bar Langley, in a leased facility in Langley, British Columbia.	X	
S & L Kitchen & Bar Holdings South Surrey Ltd. , which operates S+L Kitchen & Bar South Surrey, in a leased facility in Surrey.	X	
Livelyhood Public House Ltd., which operates Livelyhood, a pub restaurant in a leased facility Port Moody.	X	

Oak & Thorne Public House Ltd. which operates Oak & Thorne, a bar in a leased facility Langley.	X	
Whiskey Charlie Holdings Ltd., which operates Whiskey Charlie, a café in a leased facility at the Pitt Meadows Airport in Pitt Meadows.	X	
The Italian Osteria and Cheese Bar Ltd., which operates The Italian Osteria & Cheesebar, a restaurant in a leased Langley.	X	
Steveston Hospitality Services Ltd., which operates the following ventures under a management agreement: <ul style="list-style-type: none"> • the Steveston Café and Hotel, a hotel in Richmond, British Columbia • the Steveston Hotel Liquor Store, a liquor store in Richmond • the Buck & Ear, a bar in Richmond. 	X	
Townhall Holdings (Abbotsford) Ltd., which operates Townhall Abbotsford, a pub restaurant in a leased facility Abbotsford.	X	
Townhall Holdings (Chilliwack) Ltd., which operates Townhall Chilliwack, a pub restaurant in a leased facility in Chilliwack.	X	
Townhall Holdings (Maple Ridge) Ltd., which operates Townhall Maple Ridge, a pub restaurant in a leased Maple Ridge.	X	
Townhall Holdings Ltd., which operates Townhall Langley in a leased facility in Langley.	X	
JRG Glass House Estates Winery Ltd., which operates a winery in a leased facility in Langley.		X
JRG Queens LRS Ventures Ltd., which operates a liquor store in a leased facility New Westminster.		X
Blank Canvas Catering Ltd., which operates Blank Canvas Catering, a private dining and catering company in the Lower Mainland.		X
JRG Ledgeview Holdings Ltd., which operates under a management agreement Tavern on the Green, a pub restaurant, and Hillside Event Space, a private event space, both at the Ledgeview golf course in Abbotsford.		X
JRG Clover Station LRS Ltd., which operates a liquor store in a leased facility Surrey.		

21. As is noted above, one of the Petitioners is JRG Clover Station LRS Ltd. (the “**Clover Station Liquor Store**”), which operates a liquor store in a leased facility Surrey. Neither BMO nor CWB have registered in the BC PPR against the Clover Station Liquor Store. The Province of

British Columbia (the “**Province**”) registered a security interest in the Personal Property Registry of the Clover Station Liquor Store on June 22, 2023.

22. The Petitioners have advised the Monitor that they do not own (directly or indirectly) the liquor store license for the Clover Station Liquor Store but rather manage the liquor store on behalf of the license holder. Assuming that it is the Clover Station Liquor Store (and not the liquor license holder) that owns the liquor inventory, the Monitor is of the view that the value of Clover Station Liquor Store in liquidation is minimal and likely less than 50% of inventory cost value when factoring in liquidation costs and professional fees. If the liquor store license holder owns the liquor, then the liquidation value of the Clover Station Liquor Store is minimal. The Petitioners have advised the Monitor that the average inventory value in the Clover Station Liquor Store is approximately \$65,000. Given the average inventory value, in consultation with the Monitor, the Petitioners are of the view that the Province would be able to recover less than \$32,500 in respect of the Province’s secured claim (the “**Province of British Columbia Secured Claim**”).
23. Whiskey Charlie Holdings Ltd. (“**Whiskey Charlie**”) also does not have against it a registration in the BC PPR by BMO or CWB, and has no other registered secured creditors. Whiskey Charlie operates a café out of the Pitt Meadows airport, on leased premises. Whiskey Charlie’s assets consist of minimal equipment. All proofs of claim filed against Whiskey Charlie Holdings Ltd. are for less than \$2,000, which means they will be paid in full under the Plan, as discussed below.
24. There are also two Petitioners without ongoing operations in respect of which BMO or CWB has not filed registrations in the BC PPR – Oceanside Yacht Club and Public House Ltd. and Townhall Holdings (Coquitlam) Ltd. These entities hold no assets and have no realizable value.

25. Additional background information on JRG and the CCAA Proceedings is available on the Monitor’s Website.

CLAIMS PROCESS UPDATE

26. On or about August 8, 2023, the Petitioners (with the assistance of the Monitor) initiated the Claims Process, which sought claims from all Creditors of the Petitioners.

27. The Claims Process Order established a Claims Bar Date of September 15, 2023. The following table summarizes the Claims received by the Monitor as at the Claims Bar Date in respect of the Petitioners:

	In Number			In Value (\$CAD)		
	Received	Revised or Disallowed	Admitted	Received	Revised or Disallowed	Admitted
Unsecured Claims	48	9	46	\$ 10,918,923	\$ 2,304,184	\$ 8,614,739
CRA Deemed Trust Claim	1	0	1	\$ 2,542,222	-	\$ 2,542,222
Secured Claims	6	0	6	\$ 39,999,204	-	\$ 39,999,204
Total	55	9	53	\$ 53,460,350	\$ 2,304,184	\$ 51,156,166

28. In respect of the above, the Monitor notes:

a) The Monitor received a total of 55 Claims totalling \$53,460,350, this is attributed to:

- i. 48 Unsecured Claims totalling \$10,918,924;
- ii. a “**CRA Deemed Trust Claim**” for unremitted source deductions for the various entities totaling \$2,542,223 (the Petitioners are continuing negotiations with CRA regarding their claims against the Petitioners, including in respect of source deductions); and

- iii. six Secured Claims totalling \$39,999,204, as follows:
 - 1. Canada Western Bank in the amount of \$36,241,745;
 - 2. Bank of Montreal in the amount of \$2,290,839;
 - 3. Rieding Projects in the amount of \$32,127;
 - 4. Prospera Credit Union filed a Secured Claim in the amount of \$441,570 against an entity called Lowercase Capital Consulting Ltd. which was originally included as a Petitioner in the within Proceedings but was later removed by and Order of this Honourable Court;
 - 5. Province of British Columbia in respect of unremitted PST in the amount of \$864,153; and
 - 6. City of Pitt Meadows for unpaid Property Taxes for the Roosters Property in the amount of \$128,770.

- 29. On September 29, 2023, the Monitor issued 6 NORDs, further on November 22, 2023, the Monitor issued an additional 3 NORDs (collectively the “**Issued NORDs**”). Six of the Issued NORDs were revising Claims downwards and three disallowances or revisions of D&O Claims.
- 30. As at the date of this Second Report, the Monitor has received four Notices of Dispute (“**NOD**”), but no Notices of Application seeking to appeal any of the Issued NORDs.

THE PLAN

Overview and Objective

31. The Petitioners, in conjunction with their legal counsel, have developed the Plan. A copy of the Plan is attached as Schedule “C” to the proposed form of Meeting Order. Capitalized terms used but not otherwise defined in this section have the meanings given to them in the Plan.
32. In general terms, the purpose of the Plan is to effect a compromise and settlement of all Affected Claims against the Petitioners as well as the Directors and Officers.
33. Restructuring Support Agreements: The Monitor notes that the Petitioners’ ability to put the Plan to the Affected Creditors for approval at the Creditors’ Meeting may be practically dependent on the Petitioners and both CWB and BMO entering into support agreements (the “**Restructuring Support Agreements**”) prior to the Creditors’ Meeting. This is because, in the Monitor’s understanding, the Petitioners will likely need the support of both banks in order to receive the required statutory thresholds in the secured creditor class, and may well need the support of CWB in respect of its deficiency claim to receive the required statutory thresholds in the unsecured class .
34. The Plan complies with subsection 6(3) of the CCAA, as it contains a provision that the Petitioners shall, as required, pay to the Crown within 6 months of the Sanction Order all amounts outstanding at the Filing Date that could be subject to demand under the various provisions and enactments listed in that subsection unless otherwise agreed with the Crown.

Treatment of Claims

Unsecured Creditors

35. If the Plan is implemented, thereunder Unsecured Creditors having Proven Claims will receive:
 - a) For Proven Claims the amount of which is equal to or less than \$2,000, each Unsecured Creditor shall receive a cash distribution in an amount equal to 100% of their Proven Claim.

- b) For Proven Claims the amount of which is greater than \$2,000, each Unsecured Creditor who files a Convenience Creditor Election shall receive a cash distribution in an amount equal to \$2,000.
 - c) For Proven Claims the amount of which is greater than \$2,000, each Unsecured Creditor who does not file a Convenience Creditor Election shall receive a cash distribution in an amount equal to two cents for each dollar of their Proven Claim up to a maximum amount of \$25,000 per creditor.
36. In general terms, it is expected that Affected Creditors having Proven Claims that are not Convenience Creditors will receive approximately 2% of their Proven Claim, although such distribution could be less.

Secured Creditors

37. On the Plan Implementation Date, the Debtors shall pay:
- a) CWB and BMO in accordance with their respective Restructuring Support Agreement in full and final satisfaction of their respective Secured Claims; and
 - b) \$32,500 to the Province of British Columbia in full and final satisfaction of the Province of British Columbia Secured Claim.
 - i. The Petitioners and the Monitor intend to review the basis of this valuation with the Province prior to the Meeting of Creditors, as well as the operating agreement to ensure that ownership of the liquor inventory rests with the Clover Station Liquor Store. The Petitioners may amend the Plan to revise the value of the Province's Secured Claim if it is determined appropriate to do so.

Unaffected Creditors

38. The Plan does not impact Unaffected Creditors; i.e. all Persons having the Unaffected Claims which include any:
- i. Claim of an employee of the Petitioners for wages, including accrued vacation liabilities, but excluding severance or termination pay;
 - ii. Claims secured by any of the CCAA Charges;
 - iii. Claim that cannot be compromised due to the provisions of ss. 5.1(2) and 19(2) of the CCAA;
 - iv. Claim in respect of payments referred to in ss. 6(3), 6(5) and 6(6) of the CCAA;
 - v. Post-Filing Claims; and
 - vi. PMSI/Lease Claims.
39. Unaffected Creditors will not be entitled to vote or receive distributions under the Plan in respect of such Claims. However, pursuant to the Plan, Unaffected Claims will be:
- a) as mentioned above, in the case of Claims in respect of any payments referred to in subsection 6(3) of the CCAA, paid in full within 6 months of the Sanction Order;
 - b) paid in the normal course of the Petitioners' business; or
 - c) otherwise satisfied pursuant to agreements between the Petitioners and the relevant Unaffected Creditors.

Plan Implementation and Distribution

40. Implementation of the Plan will take place on the business day on which all of the Plan Implementation Conditions have been fulfilled or waived and the Monitor files the Certificate of Implementation with the Court. The Plan Implementation Conditions include:

- a) approval of the Plan by the Requisite Majority of each Class at the Creditors' Meeting;
- b) that the Sanction Order shall have been granted by this Court;
- c) the Petitioners obtain Exit Financing (or continuation of financing with CWB and BMO) to, *inter alia*, fund all amount owing pursuant to the plan by no later than September 30, 2024;
- d) the CRA Deemed Trust Claim (currently being discussed with the CRA) will be paid in full within six months following the Sanction Date, unless otherwise agreed to by the CRA (a requirement under the CCAA); and
- e) that the Plan Contribution Amount shall have been paid to the Monitor by no later than 180 days after the date on which the Sanction Order becomes a Final Order (i.e. the Plan Sanction Date).

41. The Petitioners' ability to obtain Exit Financing will depend upon both: (a) the approval of this Plan by the Affected Creditors; and (b) the Petitioners entering into Restructuring Support Agreements with each of CWB and BMO.

Releases

42. Articles 5.11 and 5.12 of the Plan detail the releases that are included in the Plan, which contemplate the release of the Petitioners, the Directors and Officers, the Petitioners' employees, the Petitioners' legal counsel, financial advisors, consultants, and agents in relation to these CCAA Proceedings, and the Monitor and the Monitor's legal counsel.

43. The foregoing releases relate to all obligations arising out of or in connection with any Claims, the business and affairs of the Petitioners, the Plan, the carrying out of the Claims Process Order and the CCAA Proceedings, or any Claim that has been barred or extinguished by the Claims Process Order. Such releases expressly do not release: (a) the Directors with respect

to matters that cannot be released pursuant to section 5.1(2) of the CCAA; and (b) the Petitioners from any claim that cannot be released pursuant to section 19(2) of the CCAA.

Monitor's Comments and Recommendations on the Plan

44. The Monitor notes the following in relation to the Plan:
- a) that the releases contemplated under the Plan are standard in CCAA proceedings;
 - b) the Plan remains contingent upon the Petitioners obtaining Exit Financing. In this regard, the Petitioners will continue to enter into a Restructuring Support Agreements with CWB and BMO; and
 - c) absent the Plan and, in particular, the funding to be provided through the Exit Financing to Unsecured Creditors, there would be no funds available for distribution to the Unsecured Creditors in a scenario in which the Petitioners were put into liquidation or bankruptcy.
45. On the foregoing basis, the Monitor is supportive of the Petitioners' presenting the Plan to the Affected Creditors. The Monitor notes however that it has not yet obtained an independent security opinion confirming the priorities upon which the Plan is premised. The Monitor has asked Bennett Jones LLP to provide such an independent security opinion, which is expected to be prepared following provision of certain information from CWB.

MEETING OF CREDITORS

46. As mentioned above, as part of the December 9 Application the Petitioners are seeking the proposed Meeting Order, pursuant to which the Petitioners' creditors will consider and vote on the Plan. Capitalized terms used but not otherwise defined in this section have the meanings given to them in the Plan.

47. The Creditors' Meeting is proposed to be held by video-conferencing technology (Microsoft Teams) on February 29, 2024 at 10:00 a.m. (Vancouver time) and will be chaired by a representative of the Monitor. The Chair is authorized to adjourn, postpone, or reschedule the Creditors' Meeting without the need to first convene the Creditors' Meeting, and shall decide on the manner of giving notice of the rescheduled meeting.

Notice of Creditors' Meeting

48. The Monitor will provide notice of the Creditors' Meeting as follows:
- a) By no later than December 22, 2023: the Monitor shall:
 - i. publish copies of the Meeting Order, the First Report, and the Meeting Materials on the Monitor's Website; and
 - ii. send to each Affected Creditor copies of the Meeting Materials by prepaid ordinary mail, courier, personal delivery, or electronic transmission to their respective addresses or contact information as last shown on the records of the Petitioners or as set out in that Affected Creditor's Proof of Claim.

Convenience Creditors

49. An Affected Creditor wishing to make an election to be treated as a Convenience Creditor under the Plan must deliver a Convenience Creditor Election to the Monitor before 12:00 p.m. (Vancouver time), February 26, 2024 (the "**Voting Record Deadline**").
50. Convenience Creditors are deemed to vote in favour of the Plan for the full amount of their Proven Claims.

Voting

51. For creditors other than Convenience Creditors, Proxies must also be received by the Monitor by the Voting Record Deadline.
52. For the purposes of voting on the Resolution (i.e. the resolution to approve the Plan), the Affected Creditors shall vote on the Resolution, and in order for the Resolution to pass, it must be approved by the Required Majority of each Class; i.e. a majority in number of Affected Creditors whose Proven Claims represent at least two-thirds in value of the Affected Claims of the Affected Creditors in that Class, who actually vote (in person or by Proxy), or who are deemed to vote at the Creditors' Meeting.
53. The only Persons entitled to vote at the Creditors' Meeting shall be Affected Creditors (and their Proxy holders) with Proven Claims as determined at the Voting Record Deadline. As previously mentioned, all Convenience Creditors are irrevocably deemed to vote in favour of the Resolution, and therefore will not be permitted to vote at the Creditors' Meeting.
54. As soon as practicable following the Creditors' Meeting, the Monitor shall report to the Court on the results of the Affected Creditors' voting on the Resolution and on any other matter the Monitor considers relevant to the Sanction Order Application (defined below).
55. If the Plan is approved by the Affected Creditors, the Petitioners intend to bring an application (the "**Sanction Order Application**") to this Court to seek an order approving and sanctioning the Plan (the "**Sanction Order**") as soon thereafter as the matter can be heard.
56. A copy of the Petitioners' notice of application seeking the Sanction Order will be posted on the Monitor's Website as soon as practicable.

Monitor's Comments and Recommendations on the Meeting Order

57. In the Monitor's view, the proposed Meeting Order provides for sufficient notice to the Affected Creditors, provides time for discussions and questions to be asked of the Monitor in advance

of the Voting Record Deadline and is sufficient to achieve the purpose of the Creditors' Meeting. For these reasons, the Monitor recommends that this Court approve the Meeting Order.

THE FIFTH REPORT CASH FLOW FORECAST

58. Management, with the assistance of the Monitor, has prepared the Fifth Report Cash Flow Forecast for the period of December 3, 2023 to March 10, 2024 (the "**Forecast Period**"). A copy of the Fifth Cash Flow Forecast is attached hereto as **Appendix "B"** and is summarized below:

In the matter of the CCAA Proceedings of Joseph Richard Group Fifth Report Cash Flow Forecast For the Period to March 7, 2024 (the "Revised Forecast Period") \$CAD	
	14 - Week Total
Opening Balance	483,930
Receipts	
Restaurants and operations	10,920,000
Other receipts	105,000
Total Receipts	11,025,000
Operating Disbursements	
Cost of Goods Sold - Restaurants and operations	(3,276,000)
Labour - Restaurants	(3,351,751)
Labour - Other Ventures	(723,681)
G&A	(1,750,000)
Rent	(905,000)
Sales Taxes	(250,000)
Contingency	(140,000)
Total Operating Disbursements	(10,396,432)
Restructuring Disbursements	
Professional Fees	(450,000)
Total Restructuring Disbursements	(450,000)
Financing Receipts / (Disbursements)	
DIP Facility - principal draw / (repayment)	(300,000)
Total Financing Receipts / (Disbursements)	(300,000)
Net Cash Flow	(121,432)
Closing Cash Balance	362,498

59. Based on the Monitor's view of the Fifth Cash Flow Forecast and the assumptions set out in the notes thereto, nothing has come to its attention that causes it to believe that, in all material respects:

- a) the probable and hypothetical assumptions set forth therein are not consistent with the purposes of the Fifth Cash Flow Forecast;

- b) as at the date of this Fifth Monitor's Report, the probable and hypothetical assumptions developed by Management are not suitably supported and consistent with the plans of the Petitioners or do not provide a reasonable basis for the Fifth Cash Flow Forecast; and
 - c) the Fourth Cash Flow Forecast does not reflect the probable and hypothetical assumptions.
60. The detailed Fifth Cash Flow Forecast in **Appendix "B"** noted that the Petitioners will re-pay the \$300,000 it has drawn upon from the Interim Financing approved by this Honourable Court; and those borrowings will be repaid out of operation cash flows.
61. As described in the Terms of Reference section above, since the Fifth Report Cash Flow Forecast is based on assumptions regarding future events, actual results will vary from the information presented even if the probable and hypothetical assumptions occur, and the variations may be material. Accordingly, the Monitor expresses no assurance as to whether the Fifth Report Cash Flow Forecast will be achieved.
62. The Fifth Report Cash Flow Forecast has been prepared solely for the purposes described above and readers are cautioned that it may not be appropriate for other purposes.

STAY EXTENSION

63. Under the Initial Order, the Stay is currently set to expire December 22, 2023. Pursuant to the Plan and Meeting Order Application, the Petitioners are seeking the Stay Extension to March 7, 2024. The Stay Extension is sought in order to allow the Petitioners to advance their restructuring, and, in particular, to allow the Claims Process and the Creditors' Meeting to be conducted.

64. The Monitor has considered the onus on the Petitioners to demonstrate that the Stay Extension is appropriate, having regard to:

- a) the circumstances that may justify granting the Stay Extension; and
- b) whether the Petitioners have acted, and are acting, in good faith and with due diligence to advance its restructuring.

65. In the Monitor's view: (a) the Stay Extension is appropriate and is indeed necessary to allow the Petitioners' restructuring to continue as proposed, and to maintain their enterprise value meanwhile; and (b) the Petitioners have acted and continue to act and operate in good faith and with due diligence to advance their restructuring since the date of the Initial Order.

CONCLUSION AND RECOMMENDATIONS

66. For the reasons stated herein, the Monitor supports the relief sought by the Petitioners at the Plan and Meeting Order Application and recommends that this Honourable Court grant the relief sought.

All of which is respectfully submitted this 13th day of December, 2023.

ERNST & YOUNG INC.

in its capacity as Monitor
of Joseph Richard Hospitality Group
and those Petitioners listed in Appendix "A"
and not in its personal or corporate capacity

Per:



Michael Bell, CPA, CA, CIRP, LIT
Senior Vice President

**APPENDIX A –
List of Petitioners**

Schedule "A"
List of Petitioners

1138279 B.C. Ltd.
1164312 B.C. Ltd.
Ad Prolem Capital Investments Ltd.
Clover 67 Private Dining Room Ltd.
Edith & Arthur Public House Ltd.
Joseph Bourque Investments Ltd.
Joseph Richard Hospitality Group Ltd.
Joseph Richard Investments Ltd.
Joseph Richard IP Holdings Ltd.
Joseph Richard Management Ltd.
JRG Canteen Virtual Kitchen Ltd.
JRG Clover Station LRS Ltd.
JRG Cloverdale Holdings Ltd.
JRG Cloverdale Ventures Ltd.
JRG Foodhall (Vancouver) Ventures Ltd.
JRG Glass House Estates Winery Ltd.
JRG Ledgeview Holdings Ltd.
JRG Steveston Hotels Ltd.
JRG Systems Ltd.
JRG Whiskey Charlie Cafe, Pitt Meadows Ltd.
Livelihood Public House Ltd.
Lowercase Capital Consulting Ltd.
Micky's Investments (Coquitlam) Ltd.
Monkey See Tiki Bar Ltd.
Oak & Thorne Public House Ltd.
Oceanside Yacht Club And Public House Ltd.
S & L Kitchen & Bar Holdings Abbotsford Ltd.
S & L Kitchen & Bar Holdings Langley Ltd.
S & L Kitchen & Bar Holdings South Surrey Ltd.
Steveston Hospitality Services Ltd.
Sudo Asian Kitchen Holdings (Langley) Ltd.
The Italian Osteria and Cheese Bar Ltd.
The Phat Bird Public House Ltd.
The Study Public House Ltd.
Townhall Holdings (Abbotsford) Ltd.
Townhall Holdings (Chilliwack) Ltd.
Townhall Holdings (Coquitlam) Ltd.
Townhall Holdings (Maple Ridge) Ltd.
Townhall Holdings (South Surrey) Ltd.
Townhall Holdings Ltd.

Whiskey Charlie Holdings Ltd.

Non-Petitioner Entities:

Blank Canvas Catering Ltd.
JRG Queens LRS Ventures Ltd.
JRG Chilliwack Holdings Ltd.
JRG Growth Ventures Ltd.
JRG Published Holdings Ltd.
JRG Whip Holdings Ltd.

**APPENDIX “B” –
Fifth Report Cash Flow Forecast**

In the matter of the CCAA Proceedings of Joseph Richard Group
Fifth Report Cash Flow Forecast
For the Period to March 7, 2024 (the "Revised Forecast Period")
\$CAD

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	14 - Week Total
	10-Dec-23	17-Dec-23	24-Dec-23	31-Dec-23	07-Jan-24	14-Jan-24	21-Jan-24	28-Jan-24	04-Feb-24	11-Feb-24	18-Feb-24	25-Feb-24	03-Mar-24	10-Mar-24	
Opening Balance	483,930	507,935	561,940	934,440	424,951	454,451	131,961	436,461	477,466	274,972	347,477	419,982	492,487	289,993	483,930
Receipts															
Restaurants and operations	1	825,000	825,000	825,000	825,000	735,000	735,000	735,000	735,000	780,000	780,000	780,000	780,000	780,000	10,920,000
Other receipts	2	-	25,000	80,000	-	-	-	-	-	-	-	-	-	-	105,000
Total Receipts		825,000	850,000	905,000	825,000	735,000	735,000	735,000	735,000	780,000	780,000	780,000	780,000	780,000	11,025,000
Operating Disbursements															
Cost of Goods Sold - Restaurants and operations	3	(247,500)	(247,500)	(247,500)	(247,500)	(220,500)	(220,500)	(220,500)	(220,500)	(234,000)	(234,000)	(234,000)	(234,000)	(234,000)	(3,276,000)
Labour - Restaurants	4	(257,827)	(257,827)	-	(515,654)	-	(515,654)	-	(257,827)	(257,827)	(257,827)	(257,827)	(257,827)	(257,827)	(3,351,751)
Labour - Other Ventures	4	(55,668)	(55,668)	-	(111,336)	-	(111,336)	-	(55,668)	(55,668)	(55,668)	(55,668)	(55,668)	(55,668)	(723,681)
G&A	5	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)	(1,750,000)
Rent	6	(30,000)	(50,000)	-	-	(275,000)	-	-	(275,000)	-	-	-	(275,000)	-	(905,000)
Sales Taxes		-	-	-	(250,000)	-	-	-	-	-	-	-	-	-	(250,000)
Contingency	7	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(140,000)
Total Operating Disbursements		(725,995)	(745,995)	(382,500)	(1,259,490)	(630,500)	(982,490)	(355,500)	(668,995)	(957,495)	(682,495)	(682,495)	(682,495)	(957,495)	(10,396,432)
Restructuring Disbursements															
Professional Fees	8	(75,000)	(50,000)	(50,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(450,000)
Total Restructuring Disbursements		(75,000)	(50,000)	(50,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(450,000)
Financing Receipts / (Disbursements)															
DIP Facility - principal draw / (repayment)		-	-	(100,000)	(50,000)	(50,000)	(50,000)	(50,000)	-	-	-	-	-	-	(300,000)
Total Financing Receipts / (Disbursements)		-	-	(100,000)	(50,000)	(50,000)	(50,000)	(50,000)	-	-	-	-	-	-	(300,000)
Net Cash Flow		24,005	54,005	372,500	(509,490)	29,500	(322,490)	304,500	41,005	(202,495)	72,505	72,505	72,505	(202,495)	72,505
Closing Cash Balance		507,935	561,940	934,440	424,951	454,451	131,961	436,461	477,466	274,972	347,477	419,982	492,487	289,993	362,498

Notes:

- JRG is forecasting revenues consistent with same periods in 2023.
- Miscellaneous receipts and supplier rebates.
- Cost of Goods Sold calculated as 30% of revenues.
- Labour consists of all Joseph Richard Group salaries and wages, including insurance and benefits.
- G&A consists of administrative and operational costs.
- Rent consists of operating location rent and lease payments.
- The Cash Flow Forecast incorporates a contingency in the amount of \$10K per week.
- Professional Fees are estimates of the cost of the Monitor, the Monitor's Counsel, and the Debtor Companies Counsel.