

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-36, AS AMENDED**

**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**

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**MONITOR'S FOURTH REPORT TO COURT**

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**October 24, 2024**

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## I. INTRODUCTION AND PURPOSE OF THE REPORT

### Introduction

1. On July 17, 2023, the Joseph Richard Hospitality Group Ltd. and the other petitioners listed on **Appendix A** (the “**Petitioners**”) and the non-petitioner entities listed in **Appendix B** were granted protection under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) pursuant to an order granted by the Supreme Court of British Columbia (the “**Court**”). Ernst & Young Inc. was originally appointed as the court-appointed monitor of the Petitioners.
2. The background to these CCAA proceedings, including the various orders granted, is attached as **Appendix C**.
3. On May 9, 2024, the Court granted orders that, among other things:
  - i. substituted MNP Ltd. as the court-appointed monitor of the Petitioners (the “**Monitor**”) in place of Ernst & Young Inc.;
  - ii. granted the Monitor enhanced powers;
  - iii. extended the stay of proceedings to August 30, 2024;
  - iv. granted a new administration charge in the amount of \$250,000 to secure the fees of the Monitor and its legal counsel (the “**New Administration Charge**”);
  - v. increased the interim financing facility from Canadian Western Bank (“**CWB**”) and corresponding interim finance charge from \$500,000 to \$750,000; and,
  - vi. authorized and directed the Monitor to implement a sales process for the sale of substantially all of the Petitioners’ assets (the “**Sales Process**”).
4. On June 7, 2024, the Court granted an order that approved the engagement of MNP Corporate Finance Inc. (“**MNPCF**”) to assist with the Sales Process and inclusion of MNPCF’s fees in the New Administration Charge.
5. The Monitor, with the assistance of MNPCF, commenced the Sales Process in accordance with the Order granted on May 9, 2024 and June 7, 2024, respectively. MNPCF commenced marketing on June 20, 2024 through a targeted marketing campaign and contacted 131 parties deemed capable of making an offer. The marketing campaign resulted in three bids from prospective buyers. Two of the bids were unacceptable

because they were not compliant with the requirements of the Sales Process or were otherwise unacceptable.

The Monitor negotiated the offer from the remaining bidder—1174869 B.C. Ltd. and its related entities (collectively “**117 BC**”). On August 26, 2024, the Monitor sought and obtained an extension of the stay of proceedings to November 1, 2024, as additional time was required to finalize a purchase agreement with 117 BC. The Monitor and 117 BC finalized a purchase agreement on October 23, 2024, subject to Court approval. If approved, the sale is expected to close on the October 31, 2024, subject to approval from this Court.

### **Purpose of Report**

6. The purpose of this Fourth Report to Court (the “**Fourth Report**”) is to provide the Court with:
  - i. an update on the Monitor’s activities;
  - ii. information with respect to the Sales Process;
  - iii. the Monitor’s recommendations to the Court for approval of the sale of:
    - a. JRG’s operating businesses; and,
    - b. real estate property located at 5708 176 Street and 5747 176A Street, Surrey, British Columbia (the “**Clover Building**”);
  - iv. a comparison of the actual cash flow to the forecast cash flow for the period August 12, 2024 to October 6, 2024;
  - v. the cash flow forecast for the period October 7, 2024 to December 1, 2024; and,
  - vi. information and the Monitor’s recommendation in respect of its application for an extension of the Stay Period to December 1, 2024.

### **Terms of Reference**

7. In preparing this Fourth Report, the Monitor has been provided with and relied upon information received from the Petitioners including financial information prepared by the Petitioners, none of which has been audited. The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information and, accordingly, the Monitor expresses no opinion or other form of assurance in respect of such information contained in this Fourth Report.

8. Certain information referred to in this Fourth Report consists of forecasts and projections. The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance in respect of the information.
9. This Fourth Report has been prepared for the use of this Court and the Petitioners' stakeholders as general information relating to the restructuring proceedings. Accordingly, this Fourth Report may not be appropriate for any other purpose. The Monitor assumes no responsibility or liability for losses incurred by the reader as a result of the circulation, publication, reproduction or use of this Fourth Report contrary to the provisions of this paragraph.
10. For the purposes of this Fourth Report, "**Management**" refers to Mr. Andre Bourque, Mr. Ryan Moreno, Mr. Alfred Zagloul and Mr. George Tachejian.
11. This Fourth Report should be read in conjunction with the previous reports of Ernst & Young Inc. and the Monitor filed in these CCAA proceedings.

## **II. UPDATE ON MONITOR'S ACTIVITIES SINCE ITS PREVIOUS REPORT**

12. Since the Monitor's Third Report to Court, dated August 21, 2024, the Monitor has performed the following:
  - i. corresponded and liaised with various stakeholders, including:
    - a. Management;
    - b. CWB;
    - c. BMO Bank of Montreal;
    - d. Canada Revenue Agency;
    - e. other creditors; and
    - f. landlords;
  - ii. coordinated the sale of 5708 176 Street, Surrey, BC, a property owned by the Petitioners, with the assistance of Colliers Macaulay Nicolls Inc. ("**Colliers**") as realtor for the property;
  - iii. managed the Sales Process;
  - iv. negotiated and accepted a bid for the sale of the Petitioners' businesses;

- v. corresponded with landlords for the businesses to obtain their consent for the sale;
- vi. reviewed and approved the disclaimer of:
  - a. the lease agreement between S&L Kitchen & Bar Holdings South Surrey Ltd. and the landlord RioCan Management Inc. for the location at 16051 24 Avenue, Surrey, BC ("**S&L South Surrey**");
  - b. the management agreement between Townhall Holdings (Abbotsford) Ltd. and Wong JRG Ventures (Abbotsford) Ltd. with respect to the operations at 33720 South Fraser Way, Abbotsford, BC ("**Townhall Abbotsford**"); and
  - c. the lease agreement between JRG Clover Station LRS Ltd. and the landlord BRP Investments Ltd. for the location at 5858 176 Street, Surrey, BC to be effective November 10, 2024 subject to the 15-day appeal period ("**Clover Station**");
- vii. held discussion with the landlord for JRG Glass House Estates Winery Ltd. ("**Glass House Winery**") regarding winddown of operations and sale of inventory;
- viii. monitored the Petitioners' operations;
- ix. reviewed the weekly cash flow; and,
- x. prepared this Fourth Report.

### III. SALES PROCESS

#### Sales and Marketing

- 13. The Monitor, with the assistance of MNPCF, conducted the Sales Process.
- 14. The timeline for conducting the Sales Process was as follows:
  - i. Deadline to finalize marketing package – June 20, 2024;
  - ii. Due Diligence – June 24 to July 25, 2024;
  - iii. Bid submission deadline – August 1, 2024; and,
  - iv. Outside Closing Date – October 4, 2024.
- 15. As part of preparing the marketing package, MNPCF requested and obtained information from the Petitioners to prepare a confidential information memorandum (the "**CIM**") and a data room.

16. During the marketing period, MNPCF contacted 131 parties that may be interested in purchasing the business and were financially capable of purchasing or investing in JRG's operating locations. Given the nature of the business, the pool of potential purchasers were limited.
17. Of the parties contacted:
  - i. 28 signed non-disclosure agreements, received the CIM, and gained access to the data room;
  - ii. 4 entered into discussions with MNPCF and the Monitor;
  - iii. 3 submitted bids, of which:
    - a. 2 were received on August 1, 2024 (the "**Bid Submission Deadline**"); and
    - b. 1 was received on August 6, 2024.

#### **Bids Received**

18. The three bids received by the Monitor can be summarized as follows:
  - i. **Bid Party A** - \$500,000 for only the S & L Kitchen & Bar Langley Ltd. location;
  - ii. **Bid Party B** - \$2.6 million for substantially all of the Petitioners' business; and
  - iii. **Bid Party C** - \$3.7 million for substantially all of the Petitioners' business.
19. The Monitor has worked with MNPCF and CWB, as the interim lender, to review the bids received.
20. Bid Party A and Bid Party B's offers were not compliant with the Sales Process for the following reasons:
  - i. Bid Party A's bid was not accompanied by the required deposit of 10% of the purchase price; and
  - ii. Bid Party B's bid was:
    - a. not accompanied by the required deposit of 10% of the purchase price;
    - b. was received after the Bid Submission Deadline, on August 6, 2024; and
    - c. included the purchase of locations that were not subject to the Sales Process.

21. Bid Party C was 117 BC, who submitted the highest offer at \$3.7 million and contemplated an *en bloc* sale of JRG's operating locations. The bid was compliant with the Sales Process and included a deposit of \$370,000, which satisfied the 10% threshold and is currently held by the Monitor in trust.

#### IV. ACCEPTED OFFER

22. The Monitor negotiated with 117 BC regarding various aspects of their offer and ultimately on August 16, 2024, the Monitor accepted a revised bid from 117 BC at \$4.15 million, subject to approval of this Court.

23. Once 117 BC's offer was accepted, the Monitor negotiated an asset purchase agreement with 117 BC and the numbered companies created for the purchase of purchasing the business (the "**Purchasers**"). The Monitor also negotiated with various landlords of the Petitioners to obtain their consent for the assignment of their applicable leases to the Purchasers.

24. These negotiations have taken several weeks and accordingly, the Monitor extended the outside date to complete the transaction to October 31, 2024, or such date as mutually agreed to by the parties (the "**Outside Date**").

25. The Monitor, the Purchasers 117 BC have settled and executed a final asset purchase agreement (the "**APA**") on October 23, 2024, subject to this Court's approval, which is attached as **Appendix D**.

#### **Asset Purchase Agreement**

26. The key terms of the APA are as follows:

- i. Purchase price of \$4.15 million plus an adjustment with respect to the reimbursement of revenues received and operating expenses paid by the Petitioners for the benefit of 117 BC prior to closing;
- ii. Closing date of one business day following Court approval, or at such other date mutually agreed upon following Court approval;
- iii. Purchase of the following operating locations:
  - a. Italian Osteria & Cheesebar;
  - b. Townhall Langley;
  - c. Oak & Thorne Public House;



- d. S&L Kitchen & Bar Langley;
- e. S&L Abbotsford;
- f. Queens Liquor Store;
- g. Townhall Maple Ridge;
- h. Townhall Chilliwack;
- i. Whiskey Charlie Café;
- j. Steveston Hospitality Services;
- k. Hillside Events and Tavern on the Green (Ledgeview);

including but not limited to the inventory, equipment, books and records, lease agreements, third-party contracts, licenses and permits (collectively referred to as the “**Operating Businesses**”); and,

- iv. Retention of all employees of the Operating Businesses.
27. The Monitor is of the view that the Sales Process was robust and fully canvassed the market. The businesses offered for sale, including the Operating Businesses, have a number of challenges, such that a limited pool of purchasers would be interested in them. The offer from 117 BC is the best offer resulting from the Sales Process and provides the greatest realization to all of the Petitioners’ stakeholders and will allow for the continuation of the Operating Businesses, which will benefit approximately 600 employees who will be offered continued employment and landlords who will continue to have a tenant on the go forward. In addition, there will be continued go forward business for the suppliers of the Operating Businesses.
28. The Monitor believes that the 117 BC offer is the best offer available after the market was fully canvased, and accordingly, the Monitor recommends that the Court approve the APA to complete the sale of the Operating Businesses to 117 BC.

### **Assignment of Leases**

29. The Monitor has obtained consent from various landlords to assign eight leases from the Petitioners to the 117 BC. These landlords have provided their consent either by email confirmation or a signed lease assignment agreement to be held in escrow subject to Court’s approval of the sale of the Operating Businesses.

30. The Monitor could not obtain consent from the landlords of the following three remaining leases:

- i. **Townhall Chilliwack:** Lease Agreement dated March 29, 2017 between 6640 Vedder Road Holdings Ltd. (Landlord), Townhall Holdings (Chilliwack) Ltd. (Tenant), and Joseph Richard Investments Ltd. (Indemnifier) for Building L at Vedder Pointe, 6640 Vedder Road, Chilliwack, British Columbia.
- ii. **S & L Abbotsford:** Lease Agreement dated May 6, 2016 between Abbotsford Village Shopping Centre Ltd. and Robert Lee Ltd. (Landlord) and S & L Kitchen & Bar Holdings Abbotsford Ltd. (Tenant) for unit 200, 2070 Sumas Way, Abbotsford, British Columbia.
- iii. **Queens Liquor Store:** Lease Agreement dated April 1, 2017 between Queens Plaza Ltd. (Landlord), JRG Queens LRS Ventures Ltd. (Tenant), and Joseph Richard Investments Ltd. (Indemnifier) for unit 110, 1110 Ewen Avenue, New Westminster, British Columbia.

(the “**Remaining Lease Agreements**”).

31. A summary of the lease assignments and estimated cost to pay arrears owing under the leases for assignment (the “**Cure Costs**”) is summarized below:

#	Location	Estimated Cure Costs (\$'s)	Status of Lease Assignment
1	Italian Osteria & Cheesebar	-	Parties agreed on terms of assignment via email.
2	Townhall Langley	35,000	Assignment Signed
3	Oak & Thorne Public House Ltd.	46,000	Assignment Signed
4	S+L Kitchen & Bar Langley	2,000	Assignment Signed
5	S+L Abbotsford	35,000	Assignment via Court Order requested.
6	Queens Liquor Store	11,000	Assignment via Court Order requested.
7	Townhall Maple Ridge	25,000	Parties agreed on terms of assignment via email.
8	Townhall Chilliwack	-	Assignment via Court Order requested.
9	Whiskey Charlie Café	-	Assignment Signed
10	Steveston Hospitality Services Ltd.	55,000	Assignment Signed
11	JRG Ledgeview Holdings Ltd.	10,000	Parties agreed on terms of assignment via email.

**Total** 219,000

32. The Cure Costs consist of rental arrears for October 2024, rental arrears for periods prior these CCAA proceedings, interest and other monetary defaults that total approximately

\$219,000. The Cure Costs have been confirmed by the respective landlords with the Monitor.

33. The Cure Costs will be paid from proceeds of the sale of the Operating Businesses to effect the assignments.
34. The Monitor believes that an assignment of the Remaining Lease Agreements through an order of this Court is appropriate based on the following:
  - i. The proposed assignments are necessary to complete the sale of the Operating Businesses, which will result in the best recovery for creditors; and
  - ii. 117 BC will be able to perform the obligations of the leases because 117 BC is retaining the management team and all employees to continue operating the Purchased Operations. In addition, the parent company of 117 BC, RDM Enterprises Ltd. ("**RDM**") has agreed to provide a corporate guarantee of the obligations of 117 BC pursuant to the various leases.
35. The Monitor has reviewed an information package detailing operations and financial information provided by RDM and understands that RDM is a large operating company with material operations and assets.
36. Accordingly, the Monitor recommends that the Court approve of the assignment of the Remaining Lease Agreements and the payment of Cure Costs from the proceeds of the sale of the operating businesses to allow the sale of the businesses to occur.

#### **Assignment of Contracts**

37. In addition, the APA contemplates (among others) the following agreements to be assigned ("**Assigned Contracts**") to the 117 BC:
  - i. National Merchant Agreement dated February 1, 2022 until February 1, 2027 between Townhall Holdings (Langley) Ltd., JRG Cloverdale Ventures Ltd., Townhall Holdings (South Surrey) Ltd., and Public House Ltd., and Moneris Solutions Corporation ("**Moneris**") on its own behalf and on behalf of RBC and BMO concerning credit and debit card acquiring and processing services.
  - ii. Third Party Use Agreement dated April 5, 2017 until April 5, 2027 between Queens Plaza Ltd., as licensee, and JRG Queens LRS
  - iii. The Maintenance and Support Agreements between Squirrel Systems of Canada Ltd. ("**Squirrel**") and i) Italian Osteria, ii) Oak & Thorne, iii) S + L Kitchen and Bar Langley, iv) S+ L Abbotsford, v) Townhall Public House - Chilliwack

38. Moneris is the Petitioners payments processor and all fees associated with Moneris are deducted at source. Accordingly, the Monitor does not believe there to be any arrears. The Monitor has attempted to contact Moneris to confirm their consent and that there are no Cure Costs, but has not received a response at the time of this report.
39. Squirrel is the Petitioner's hospitality software and Management has confirmed that the licences for this software are pre-paid and therefore there are no Cure Costs. The Monitor notes that Squirrel was listed as creditor in the amount of \$20,016 on the list of creditors in the original CCAA proceedings materials, but it is unclear where this amount came from or what it relates to. There is the potential that it may be a necessary Cure Cost. The Monitor has attempted to contact to confirm their consent and Cure Costs, if any, but has not received a response at the time of this report. Both of these contracts are necessary for the continued operation of the businesses uninterrupted.
40. The Third Party Use Agreement with Queens Plaza Ltd. is an agreement tied to the lease of the same premises, and relates to the use of the landlord's liquor licence by the tenant. The Monitor understands from Management that there are no Cure Costs in relation to this agreement beyond those relating to the associated lease set out above.
41. The Monitor recommends that the Court approve of the assignment of the Assigned Contracts and the payment of Cure Costs, if any, from the proceeds of the sale of the operating businesses to allow the sale to occur.

## **V. SALE OF THE CLOVER BUILDING**

42. On August 8, 2023, the Petitioners engaged Shaun Shangha of Sutton 1st West Realty Inc. ("**Sutton**") and Rob Visnjak of Homelife Benchmark Realty Corp. ("**Homelife**") to market and sell the Clover Building. The property was listed on the Multiple Listing Service ("**MLS**") with a list price of \$17 million. While the realtors reported receiving some interest in the property, no tours of the property were requested and no offers were received. The listing with Sutton and Homelife was terminated in December 2023.
43. On January 10, 2024, the Petitioners engaged Colliers Macaulay Nicolls Inc. ("**Colliers**") to market and sell the Clover Building at a list price of \$13 million. The Clover Building was again listed on MLS. The list price was subsequently reduced to \$11.5 million on February 8, 2024 and then to \$10.5 million on July 3, 2024 based on Colliers' recommendations.

44. Attached as **Appendix E** is Colliers' marketing report. Colliers conducted the following marketing activities:
  - i. Prepared brochures;
  - ii. Advertised on the Colliers website;
  - iii. Sent email blasts to 212 retail/office agents in the Greater Vancouver Area;
  - iv. Sent email blasts to 712 investment agents/clients in the Greater Vancouver Area;
  - v. Sent two commercial broadcasts to over 5,000 people;
  - vi. Sent two investor eblasts to over 4,000 people; and
  - vii. Toured the property with 13 interested parties.
  
45. Colliers received the following offers:
  - i. Offer 1 dated July 23, 2024, for \$7.2 million; and
  - ii. Offer 2 dated August 21, 2024, for \$7 million.
  
46. The Monitor did not accept Offer 1 as the offer had a 90-day conditional period and completion date of March 31, 2025.
  
47. Offer 2 was submitted by 117 BC with the intention to purchase the real estate and the operating business at the Clover Building. The Monitor countered Offer 2 on Colliers' recommendation, which resulted in an accepted offer at \$7.25 million. The offer is subject to this Court's approval and 117 BC purchasing the Operating Businesses (the "**Accepted Offer**"). A copy of the Accepted Offer to purchase is attached as **Appendix F**.
  
48. Colliers recommended acceptance of Offer 2 on the basis that the Clover Building has been listed for over 9 months marketing period and, accordingly, has been sufficiently exposed to the market.
  
49. CWB, the secured creditor with mortgage against the Clover Building, supports the acceptance of Offer 2.
  
50. The Monitor believes that the property has been sufficiently exposed to the market, and accordingly, the Monitor recommends that the Court approve the acceptance of the Offer 2 for \$7.25 million.

## VI. DISTRIBUTION OF SALES PROCEEDS

51. The legal counsel of the former monitor, Ernst & Young Inc., completed an independent review of the security held by Petitioners' secured creditors and opined that the security granted by the Petitioners created a valid and enforceable security interest, subject to the customary assumptions and qualifications.
52. Subject to the Court's approval of the sale of the Operating Businesses and the Clover Building (the "**Sales**"), the Monitor anticipates that it will be able to complete the sales without delay.
53. The Monitor expects that the sales proceeds from the Sales will be paid to the Monitor's trust account to be distributed following a distribution order from this Court. In the interim, the Monitor seeks the Court's approval to repay the interim financing provided by Canadian Western Bank and previously approved by this Court, as well as the Post Filing Obligations.
54. As further described in the section **VII. FORECAST CASH FLOW**, the receipts received by the Petitioners from their business have declined unexpectedly and significantly in the past several weeks, and are materially below the anticipated amounts. Accordingly, the Petitioners do not have sufficient funds to pay all of their post-filing obligations, including some payroll to closing, source deductions, and sales taxes after completion of the sale of the Operating Businesses other than from the proceeds of the Sales (collectively the "**Post-Filing Obligations**").
55. As at the date of this report, post-filing tax arrears consist of:
  - i. Source deductions of approximately \$254,000 for the September 2024 and October 2024 to date; and,
  - ii. Sales taxes of \$6,500 consisting of unpaid GST for August 2024.
56. The amount above does not include post-filing obligations for payroll or taxes for the period up until close of the proposed sale not yet due or interest and penalties on outstanding amounts or any amounts due to trust audits, which will be added to the Post-Filing Obligations.

57. Management took steps to restructure operations such as closing down non-performing locations, however the significant decline in forecasted sales has resulted in the Petitioners falling behind on payment of these Post-Filing Obligations.
58. The closing of the Sales (and in particular the closing of the sale of the Operating Businesses) will permit the payment of all Post-Filing Obligations, and a return to the other creditors that would not be available on a liquidation. It is for this reason that the Monitor supports the closing of the Sales as opposed to the immediate ceasing of operations and liquidation.

## VII. FORECAST CASH FLOW

### Actual vs. Forecast Cash Flow

59. The table below is a summary of actual versus forecast cash flows for the period August 12, 2024 to October 6, 2024:

	\$000's		
	Actual	Forecast	Variance
<b>Receipts</b>			
Restaurants and operations	3,965	4,800	(835)
Sales Taxes	397	480	(83)
Interim Financing	135	-	135
	4,497	5,280	(783)
<b>Disbursements</b>			
Labour	(1,496)	(1,687)	191
Cost of Goods Sold	(1,276)	(1,440)	164
G&A	(941)	(960)	19
Rent	(555)	(696)	141
Sales Tax	(239)	(591)	352
Professional Fees	(120)	(170)	50
Contingency	-	(40)	40
	(4,627)	(5,584)	957
<b>Net Cash Flow</b>	(130)	(304)	174
<b>Opening Cash Position</b>	433	433	-
<b>Forecast Closing Position</b>	303	129	174

60. The Petitioners have experienced significant decline in sales which is affecting their cash flow and have ultimately resulted in falling behind on the Post-Filing Obligations and the payment of professional fees (discussed below).
61. The following are key variances for the period August 12, 2024 to October 6, 2024:
- i. The actual receipts were lower than the forecast by \$835,000 due to significant decline in sales for the period versus the forecast. The decline in sales is attributed by Management to a general decline in hospitality sales due to prevailing economic conditions resulting in fewer restaurant and bar visits;
  - ii. The actual labour costs paid are lower than forecast by \$191,000 due to unpaid source deductions. As at October 6, 2024 there were unpaid source deductions of \$148,000, which have increased as noted above;
  - iii. The actual rent costs paid are lower than forecast by \$141,000 due to unpaid rent. As at October 6, 2024 there were unpaid rents of \$150,000; and,
  - iv. The actual sales taxes paid are lower than forecast by \$352,000 due to unpaid sales taxes. As at October 6, 2024 there were unpaid sales taxes of \$360,000.
62. The Petitioners have made efforts to restructure including:
- i. disclaimer of leases for S&L South Surrey and Townhall Abbotsford locations which collectively lost \$139,000 over the past three months; and,
  - ii. implementation cost-cutting measures including further reduction of staff and adjusting operating hours on slow days.

However, these efforts were not sufficient to offset the significant decline in sales.

63. The Petitioners have also drawn on the full amount of the approved interim financing facility.
64. The Petitioners have made progress in settling the unpaid tax arrears reported above as at October 6, 2024 and however they have not been able to settle the full balance. As at the date of this report, October 24, 2024, the following Post-Filing Obligations are outstanding:
- i. October 2024 rent payments of \$87,000;
  - ii. Source deductions of \$254,000; and,



iii. Sales taxes of \$6,500.

65. In addition, the amounts currently owing to restructuring professionals, excluding the completion fees of MNPCF of \$250,000 (which will become due upon closing of sale of the Operating Businesses), are approaching the administrative charge amount of \$250,000.

**Forecast Cash Flow**

66. Management, with the assistance of the Monitor, has prepared forecast cash flow on a weekly basis for the period October 7, 2024 to December 1, 2024 (the “**Forecast Cash Flow**”), which is summarized below:

	<b>\$000's</b>
<b>Receipts</b>	
Estimated Net Proceeds from Proposed Sale of Clover Building	6,560
Estimated Net Proceeds from Proposed Sale of the Businesses	4,050
Estimated Proceeds from Sale of Inventory	300
Restaurants and operations	2,003
Sales Taxes	200
	<u>13,113</u>
<b>Operating Disbursements</b>	
Labour	(1,395)
Cost of Goods Sold	(600)
G&A	(438)
Rent	(350)
Sales Tax	(655)
Professional Fees	(150)
Contingency	(15)
	<u>(3,603)</u>
Repayment of Interim Financing	(435)
<b>Net Cash Flow</b>	9,075
<b>Opening Cash Position</b>	<u>303</u>
<b>Forecast Closing Position</b>	<u><b>9,378</b></u>

67. A copy of the weekly Forecast Cash Flow including notes and assumptions is attached hereto as **Appendix G**.
68. The Forecast Cash Flow includes the estimated net proceeds to be received from the proposed sale of the Clover Building and the Operating Businesses, and the estimated proceeds from the sale of the remaining inventory at the Clover Station and Glass House locations.
69. The Monitor will be seeking a separate application for the distribution of the proceeds from the sale of the Businesses, the sale of the Clover Building and the inventory sales at Clover Station and Glass House as these will require an allocation of proceeds for the various locations.
70. With the closing of the sale of the Operating Businesses, the Petitioners will have sufficient funds to pay the outstanding Post-Filing Obligations which are anticipated to be paid immediately after closing.
71. Based on the Monitor's view of the Forecast Cash Flow and the assumptions set out in the notes thereto, the Monitor believes that in all material respects:
- i. the probable and hypothetical assumptions set forth therein are consistent with the purposes of the Forecast Cash Flow;
  - ii. the probable and hypothetical assumptions developed by Management are suitably supported and consistent with the plans of the Petitioners or provide a reasonable basis for the Forecast Cash Flow; and
  - iii. the Forecast Cash Flow reflects the probable and hypothetical assumptions.
72. Since the Forecast Cash Flow is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, the Monitor expresses no assurance as to the accuracy of the Forecast Cash Flow. The Monitor expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this Fourth Report, or relied upon by us in preparing this Fourth Report.
73. The Forecast Cash Flow has been prepared solely for the purpose described above and may not be appropriate for other purposes.

## **VIII. ADMINISTRATION CHARGE**

74. Due to the decline in sales, the Petitioners have unable to keep current on payments to professionals including the Monitor and its legal counsel. The amount of current arrears for professional is currently approaching limit of the New Administration Charge, and the Petitioners will not be able to pay those amounts until the Sales close. The professionals are required in order to close the Sales and complete these proceedings.
75. The Monitor recommends that the Court authorize an increase in the New Administration Charge in the amount of \$200,000 to \$450,000 to allow for the transaction to complete. It is anticipated that professional fees will be brought current following the closing of those transactions.
76. The Monitor is of the view that the proposed increase to the Administrative Charge is reasonable, appropriate, and required in the circumstances to allow the Monitor and its counsel to complete the Sales, which the Monitor believes is in the best interests of all of the Petitioners' stakeholders.

## **IX. EXTENSION OF STAY OF PROCEEDINGS**

77. The stay of proceedings currently expires on November 1, 2024. A stay extension is being sought to December 1, 2024 (the "**Stay Extension**").
78. The Monitor supports the Stay Extension to allow the Petitioners sufficient time to complete the sale of the Operating Businesses and the Clover Building, to complete the payment of the interim financing and Post-Filing Obligations set out above, and to apply for a distribution of the remaining proceed. The Monitor does not believe any of the Petitioners' creditors will be materially prejudiced by the Stay Extension, and that these proceedings can be brought to a quick completion once the Sales have completed.
79. The Monitor believes that the Petitioners have continued to act in good faith and with due diligence during the course of these CCAA proceedings. The Petitioners' Management have continued to assist the Monitor with the Sales Process.
80. Despite their efforts, the material decrease in revenues has resulted in a number of Post-Filing obligations being owing. However, these can be satisfied from the Sales proceeds,

and the result is superior to an immediate liquidation, which is the alternative. The Monitor believes that completing the Sales as expeditiously as possible offers the best opportunity for the stakeholders to obtain a recovery. Ceasing the business operations would lead to a dramatically lower recovery to many of the stakeholders.

## **X. RECOMMENDATIONS**

81. The Monitor recommends that the Court approve:

- i. the sale of the Operating Businesses to 117 BC;
- ii. assignment of the Remaining Leases to 117 BC;
- iii. assignment of the Assigned Contracts to 117 BC;
- iv. the payment of any Cure Costs from the proceeds of the sale of the Operating Businesses;
- v. the payment of the Post-Filing Obligations from the proceeds of the sale of the Operating Businesses ;
- vi. the sale of the Clover Building to 117 BC;
- vii. the repayment of the interim financing previously approved by this Court from the Sales proceeds;
- viii. an increase in the Administration Charge of \$200,000 to \$450,000; and,
- ix. approve the Stay Extension to December 1, 2024.

All of which is respectfully submitted to this Court this 24th day of October, 2024.

### **MNP Ltd.**

in its capacity as Monitor of the Joseph Richard Hospitality Group  
and those Petitioners listed on **Appendix A** and not in its personal capacity.

Per:



Mario Mainella, CPA, CA, CIRP, LIT

**Appendix A**  
**List of Petitioners**

## 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.
Livelyhood Public House 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.

**Appendix B**  
**Non – Petitioner Entities**

**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 C**  
**Background to these CCAA Proceedings**

**IN THE MATTER OF THE CCAA PROCEEDINGS OF  
JOSEPH RICHARD HOSPITALITY GROUP LTD.**

**MONITOR'S FOURTH REPORT TO COURT – APPENDIX B**

1. On July 17, 2023 (the “**Filing Date**”), this Honourable Court made an order (the “**Initial Order**”) under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985 c. C-36, as amended (the “**CCAA**”) granting the Joseph Richard Hospitality Group Ltd. and the 38 other petitioners listed at **Appendix A** (each a “**Petitioner**”, and collectively, the “**Petitioners**” or “**JRG**”) protection under the CCAA. The Initial Order appointed Ernst & Young Inc. (“**EYI**”) as monitor of JRG.
2. On July 27, 2023, the Court granted:
  - i. A Claims Process Order to approve a claims process; and
  - ii. An Amended and Restated Initial Order (“**ARIO**”) that:
    - a. Extended the Stay period to September 29, 2023 (the “**Stay Period**”);
    - b. Increased the Administration Charge to \$400,000 to secure the fees of the Petitioners’ legal counsel, EYI, and EYI’s legal counsel;
    - c. Increased the Directors’ Charge to \$1,000,000 to secure against potential claims against the Petitioners’ directors and officers;
    - d. Created an Intercompany Charge to secure against payments or obligations incurred between Petitioners; and,
    - e. Included Townhall Holdings (South Surrey) Ltd., Townhall Holdings (Coquitlam) Ltd., and Micky’s Investments (Coquitlam) Ltd. as Petitioners in the proceeding.

3. On August 30, 2023, the Court granted an order that:
  - i. Approved an interim financing facility and a correspondence Interim Financing Charge to a maximum of \$500,000 to be provided by Canadian Western Bank (“**CWB**”);
  - ii. Amended ARIO to limit the Administration Charge to a maximum amount of \$250,000; and,
  - iii. Stated the priority of charges granted as follows:
    - a. First: Administration Charge (to a maximum of \$250,000);
    - b. Second: Interim Financing Charge;
    - c. Third: Intercompany Charge; and
    - d. Fourth: Directors’ Charge (to a maximum of \$1,000,000).
4. On September 28, 2023, the Court granted an order extending the Stay Period to November 30, 2023.
5. On November 30, 2023, the Court granted an order extending the Stay Period to December 22, 2023.
6. On December 14, 2023, the Court pronounced several Orders, including a “**Creditors’ Meeting Order**”, establishing a process for a meeting of creditors to vote on a Plan of Compromise and Arrangement (the “**Plan**”). The meeting was originally set for February 29, 2024, but was postponed on two occasions. On April 26, 2024, the meeting was postponed indefinitely as it was unlikely that the Petitioners would be able to file a Plan that would be approved by its creditors. The Court also granted an order extending the Stay Period to March 8, 2024.
7. On March 8, 2024, the Court granted an order that:
  - i. approved the sale of the strata property located at 19040 Lougheed Highway, Pitt Meadows (the “**Roosters Building**”). This sale closed on April 12, 2024. After deducting conveyancing fees, commissions, and property taxes, the net sales proceeds of \$2,927,924.57 were transferred to EYI’s trust account; and,
  - ii. extended the Stay Period to May 8, 2024.
8. On May 9, 2024, the Court granted orders that among other things:
  - i. substituted MNP Ltd. as the court-appointed monitor of the Petitioners (the “**Monitor**”) in place of EYI;

- ii. granted the Monitor enhanced powers;
  - iii. extended the stay of proceedings to August 30, 2024;
  - iv. granted a new administration charge in the amount of \$250,000 to secure the fees of the Monitor and its legal counsel (the “**New Administration Charge**”);
  - v. increased the interim financing facility from CWB and corresponding interim finance charge from \$500,000 to \$750,000; and,
  - vi. authorized and directed the Monitor to implement a sales process (the “**Sales Process**”).
9. On May 9, 2024, the Court also granted an order that approved the distribution of those net sales proceeds from the sale of the Roosters Building (the “Distribution Order”) as follows:
  - i. Payment to Farris LLP, EYI, and Bennett Jones LLP (collectively the “**Administration Charge Beneficiaries**”) in the amount of \$250,000 in respect of the Administration Charge;
  - ii. Payment to the Administration Charge Beneficiaries in the amount of \$75,000 for final satisfaction of amounts owed to the Administration Charge Beneficiaries;
  - iii. Payment to the Administration Charge Beneficiaries for costs incurred in relation to the application for the Distribution Order; and
  - iv. Payment of the remaining balance to CWB for their secured debt against the Roosters Building.
10. On June 7, 2024, the Court granted an order that approved the engagement of MNP Corporate Finance Inc. (“**MNPCF**”) to assist with the Sales Process and inclusion of MNPCF’s fees in the New Administration Charge.
11. On August 26, 2024, the Monitor sought and obtained an extension of the stay of proceedings to November 1, 2024 as additional time was required to finalize the purchase agreement.

**Appendix D**  
**Asset Purchase Agreement Dated October 23, 2024**

## ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement (“**Agreement**”), dated as of October 23, 2024, is entered into between MNP Ltd., solely in its capacity as court-appointed monitor of Joseph Richard Hospitality Group Ltd. (“**Company**”) and the parties listed on Schedule “A” of the ARIO (as defined herein) (together with Company, the “**CCAA Parties**”), and not in its personal capacity (“**Vendor**”) and those Persons listed as Purchasers in Schedule A hereto (each individually, a “**Purchaser**” and collectively, the “**Purchasers**”) and 1174869 B.C. Ltd., as the Purchasers’ representative (“**Purchaser’s Representative**”).

### WHEREAS:

- A. Pursuant to an initial order made July 17, 2023 and the amended and restated initial order made July 27, 2023 (the “**ARIO**”), the Supreme Court of British Columbia (the “**Court**”) granted protection to the CCAA Parties under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985 c. C-36 (the “**CCAA**” and the proceedings under the CCAA, the “**CCAA Proceedings**”);
- B. Pursuant to an order made May 9, 2024, MNP Ltd. was substituted as monitor in the CCAA Proceedings and granted additional powers, including the ability to execute agreements on behalf of the CCAA Parties; and
- C. Vendor, in its capacity as court-appointed monitor of the CCAA Parties, wishes to sell and assign to Purchasers, and the Purchasers wish to purchase and assume from Vendor, all of companies’ set out in Annex A to Schedule B hereto (individually a “**JRG Party**” and collectively, the “**JRG Parties**”) right, title and interest in and to the Purchased Assets (as defined herein), as allocated to each Purchaser in such manner set forth in Schedule A hereto and subject to the terms and conditions set forth herein.

**IN CONSIDERATION** of the mutual covenants and agreements contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

### **ARTICLE 1** **DEFINITIONS**

#### 1.01 **Definitions.**

The following terms have the meanings specified or referred to in this Article:

- (a) “**Accounts Receivable**” means all trade and other receivables of the JRG Parties as of the Closing Date, determined on a gross basis in accordance with GAAP consistently applied, excluding: (a) Related Party Receivables; and (b) receivables due or unpaid more than sixty (60) days after the original due date or ninety (90) days after the original invoice date.
- (b) “**Agreement**” has the meaning set forth in the preamble.
- (c) “**ARIO**” has the meaning set forth in the preamble.

- (d) **“Assigned Contracts”** means the contracts, agreements and other instruments more particularly described in Annex D to Schedule B.
- (e) **“Assignment and Assumption Agreement”** has the meaning set forth in Section 3.02(a)(iv).
- (f) **“Assignment and Assumption of Lease”** has the meaning set forth in Section 3.02(a)(v).
- (g) **“Assumed Liabilities”** means those liabilities and obligations set forth in Schedule C.
- (h) **“Bill of Sale”** has the meaning set forth in Section 3.02(a).
- (i) **“Business”** means the restaurant and hospitality business of the JRG Parties, including the restaurant and pubs set out on Annex B to Schedule B.
- (j) **“Business Day”** means any day other than a Saturday, Sunday or statutory holiday in British Columbia.
- (k) **“CCAA”** has the meaning set forth in the recitals.
- (l) **“CCAA Parties”** has the meaning set forth in the recitals.
- (m) **“CCAA Proceedings”** has the meaning set forth in the recitals.
- (n) **“Closing”** means the consummation of the transactions contemplated by this Agreement.
- (o) **“Closing Amount”** has the meaning set forth in Section 2.06(d).
- (p) **“Closing Date”** means the next Business Day following the Sale Order becoming a Final Order, or at such other time or date as Vendor and Purchaser may mutually agree upon in writing.
- (q) **“Company”** has the meaning set forth in the preamble.
- (r) **“Court”** has the meaning set forth in the preamble.
- (s) **“Deposit”** means the deposit previously paid by Purchaser to Vendor in the amount of three hundred and seventy thousand dollars (\$370,000.00).
- (t) **“Encumbrance”** means any security interest (whether contractual, statutory, or otherwise, hypothec, mortgage, trust or deemed trust (whether contractual, statutory, or otherwise), lien, execution, levy, charge or other financial or monetary claim, whether or not it has attached or been perfected, registered or filed and whether secured, unsecured or otherwise.
- (u) **“ETA”** means the *Excise Tax Act*, R.S.C. 1985, c. E-15.

- (v) **“Estimated Reimbursable Expenses”** means the Vendor’s good faith estimation of the Reimbursable Expenses, of which a sample calculation as of October 31, 2024 is set out on Schedule E hereto.
- (w) **“Excluded Assets”** means all rights, interests and assets of the JRG Parties, other than the Purchased Assets, including, without limiting the generality of the foregoing: (a) all contracts of the JRG Parties that are not Assigned Contracts; (b) all cash, amounts on deposit or in possession of any bank or other depository institution, term deposits, and similar cash property of the JRG Parties; (c) amounts due to the JRG Parties; (d) all financial and corporate books and records of the JRG Parties; (e) all of the JRG Parties’ correspondence and file material, including, without limitation, correspondence to and from the Vendor’s and the JRG Parties’ legal counsel; (f) accounts, valuations and any other records or reports generated by the Vendor as a result or in the context of its role as monitor of the CCAA Parties.
- (x) **“Final Order”** means an order that has been granted and is in full force and effect, unamended, and is not subject to a stay or order restraining Closing.
- (y) **“GAAP”** means generally accepted accounting principles as set forth in the *CPA Canada Handbook – Accounting* for an entity that prepares its financial statements in accordance with Accounting Standards for Private Enterprises/International Financial Reporting Standards, at the relevant time, applied on a consistent basis.
- (z) **“Governmental Authority”** means any federal, provincial, territorial, municipal, state or foreign government or political subdivision thereof, or any agency or instrumentality of such government or political subdivision, or any arbitrator, court, or tribunal of competent jurisdiction.
- (aa) **“Governmental Order”** means any order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Authority.
- (bb) **“GST”** means all taxes levied under the ETA.
- (cc) **“Inventory”** means all inventories and other supplies and consumables wherever located, and whether on consignment or not as at the Closing Date, including all liquor inventory.
- (dd) **“ITA”** means the *Income Tax Act*, R.S.C. 1985, c. 1 (5th Supp.).
- (ee) **“JRG Parties”** has the meaning set forth in the recitals and **“JRG Party”** means any one of them.
- (ff) **“Law”** means any statute, law, regulation, rule, ordinance, code, order, constitution, treaty, common law, judgment, decree, other requirement or rule of law of any Governmental Authority.
- (gg) **“Marketing Group”** has the meaning set forth in Section 7.01(h).



- (hh) **“Monitor’s Certificate”** means a certificate of Vendor confirming the payment of the Purchase Price, the satisfaction or waiver of the conditions to Closing the completion of the transaction contemplated by this Agreement to the satisfaction of Vendor, in the form appended to the Sale Order.
- (ii) **“Outside Date”** means November 1, 2024, or such date as mutually agreed to in writing by the Parties.
- (jj) **“Operating Expenses”** means all utility expenses and garbage and recycling removal expenses, in each case incurred in the operations by the Business.
- (kk) **“Payment Transaction Fees”** means any and all fees, including but not limited to per-transaction charges, percentage-based fees, monthly service fees, and chargeback fees, incurred by the Business as a result of processing payment transactions through payment service providers, such as credit card processors, debit networks, or other financial transaction facilitators.
- (ll) **“Parties”** means, together, the Vendor, the Purchasers and the Purchasers’ Representative, and a **“Party”** means either of them.
- (mm) **“Permitted Encumbrances”** means the Encumbrances set out in Schedule D.
- (nn) **“Person”** means an individual, corporation, company, unlimited liability company, body corporate, partnership, joint venture, Governmental Authority, unincorporated organization, trust, association or other entity.
- (oo) **“Purchase Price”** has the meaning set forth in Section 2.05.
- (pp) **“Purchased Assets”** means the assets set forth in Schedule B.
- (qq) **“Purchaser”** or **“Purchasers”** has the meaning set forth in the preamble.
- (rr) **“Purchaser’s Representative”** has the meaning set forth in the preamble.
- (ss) **“Purchasers’ Closing Certificate”** has the meaning set forth in Section 8.03(d).
- (tt) **“Reimbursable Expenses”** means the Reimbursable Rent *plus* the Reimbursable Operating Expenses *plus* Reimbursable Inventory *plus* Reimbursable Payment Transaction Fees *plus* the Reimbursable Revenues.
- (uu) **“Reimbursable Inventory”** means 50% of the aggregate amount of Inventory that that was procured by the JRG Parties prior to the Closing Date, but was not consumed in the ordinary course of the Business prior to the Closing Date, provided, however, that the aggregate amount of such Inventory will not exceed \$141,000.00 and the Purchasers’ 50% share shall not exceed \$70,500.00.
- (vv) **“Reimbursable Payment Transaction Fees”** means an amount equal to the sum of those Payment Transaction Fees pertaining to the operation of the Business following the Closing Date that were incurred by the Vendor prior to the Closing Date.

- (ww) **“Reimbursable Operating Expenses”** means an amount equal to the sum of those Operating Expenses pertaining to the operation of the Business following the Closing Date that were incurred by the Vendor prior to the Closing Date.
- (xx) **“Reimbursable Rent”** means an amount equal to the sum of the rent for the period following the Closing Date until the last day of the month in which the Closing occurred, made by the Vendor under the real property leases more particularly described in Annex C to this Schedule B.
- (yy) **“Reimbursable Revenues”** means any revenue that was generated by the Business prior to the Closing Date, but was not recognized and recorded until after the Closing Date. Accounting of Reimbursable Revenues shall be in accordance with GAAP consistently applied during the relevant period.
- (zz) **“Related Party”** means any affiliate of the referent Person and any other Person that manages or directs, to any substantial degree, the affairs or operations of the referent Person under an agreement, arrangement or understanding between the Person and such referent Person (excluding any other Person acting pursuant to the CCAA or other bankruptcy and insolvency Law, which includes Vendor in the case of the CCAA Parties).
- (aaa) **“Related Party Receivables”** means any receivable owing to any JRG Party by Company or any other Related Party of any JRG Party.
- (bbb) **“Representative”** means, with respect to any Person, any, and all, directors, officers, employees, consultants, financial advisors, counsel, accountants and other agents of such Person.
- (ccc) **“Sale Order”** means a sale approval and vesting order granted by the Court, in a form substantially approved by Vendor and Purchasers’ Representative, acting reasonably and based off the model form approved for use in the Supreme Court of British Columbia, approving this Agreement and vesting title to the Purchased Assets in the Purchaser free and clear of all Encumbrances, except the Permitted Encumbrances.
- (ddd) **“Schedules”** means the Schedules attached to this Agreement:
  - (i) Schedule A Purchasers
  - (ii) Schedule B Purchased Assets
  - (iii) Schedule C Assumed Liabilities
  - (iv) Schedule D Permitted Encumbrances
  - (v) Schedule E Estimated Reimbursable Expenses
  - (vi) Schedule F Allocation of Purchase Price
  - (vii) Schedule G Bill of Sale

- (viii) Schedule H Assignment and Assumption Agreement
- (ix) Schedule I Assignment and Assumption of Lease Agreement
- (eee) **“Tax”** or **“Taxes”** means all taxes, surtaxes, duties, levies, imposts, fees, assessments, reassessments, withholdings, dues and other charges of any nature, imposed or collected by any Governmental Authority, whether disputed or not, including federal, provincial, territorial, state, municipal and local, foreign and other income, franchise, capital, real property, personal property, withholding, payroll, health, transfer, value added, alternative, or add on minimum tax including GST, sales, use, consumption, excise, customs, anti-dumping, countervail, net worth, stamp, registration, franchise, payroll, employment, education, business, school, local improvement, development and occupation taxes, duties, levies, imposts, fees, assessments and withholdings and Canada Pension Plan contributions, employment insurance premiums and all other taxes and similar governmental charges, levies or assessments of any kind whatsoever imposed by any Governmental Authority, including any installment payments, interest, penalties or other additions associated therewith, whether or not disputed.
- (fff) **“Trademarks”** means all trade marks, design marks, logos, service marks, certification marks, official marks, trade names, business names, corporate names, trade dress, distinguishing guises, slogans, meta tags, and other characters, brand elements or other distinguishing features used in association with wares or services, whether or not registered or the subject of an application for registration and whether or not registrable, and the goodwill associated therewith, as more particularly described in Annex E to Schedule B.
- (ggg) **“Transfer Taxes”** means all applicable Taxes, including where applicable, all GST payable upon or in connection with the transactions contemplated by this Agreement and any filing, registration, recording or transfer fees payable in connection with the instruments of transfer provided for in this Agreement.
- (hhh) **“Transaction Documents”** means this Agreement, a certified copy of the Sale Order, the Monitor’s Certificate, the Bill of Sale, the Assignment and Assumption Agreement, the Assignment and Assumption of Leases and the other agreements, instruments and documents required to be delivered at the Closing.
- (iii) **“Vendor”** has the meaning set forth in the preamble.
- (jjj) **“Vendor Closing Certificate”** has the meaning set forth in Section 8.02(c).
- (kkk) **“Vendor’s Solicitor”** means McCarthy Tétrault LLP.

## **ARTICLE 2** **PURCHASE AND SALE**

### 2.01 **Purchase and Sale of Assets.**

Subject to the terms and conditions of this Agreement, and pursuant to the Sale Order, Vendor, solely in its capacity as court-appointed monitor for the CCAA Parties, for and on behalf of the

JRG Parties, shall sell, assign, transfer and convey to each of the Purchasers, and the Purchasers shall purchase from Vendor, all of the right, title and interest of the JRG Parties in and to the Purchased Assets, as so allocated in the manner set forth in Schedule A hereto, free and clear of all Encumbrances other than the Permitted Encumbrances.

2.02            **Excluded Assets.**

Each of the Purchasers expressly acknowledges and agrees that it is not purchasing or acquiring, and Vendor is not selling or assigning, the Excluded Assets.

2.03            **Assumption of Liabilities.**

Subject to the terms and conditions of this Agreement, each Purchaser shall assume and agree to pay, perform and discharge when due, the Assumed Liabilities belonging to the JRG Party to which it is acquiring Purchased Assets from in the manner prescribed by Schedule A, if any. The Purchasers shall not assume or be responsible for any liability or obligation of the applicable JRG Party other than the Assumed Liabilities and any other liability or obligation expressly assumed by the applicable Purchaser.

2.04            **Estimated Reimbursable Expenses.**

At least two Business Days prior to the Closing Date, the Vendor will deliver to the Purchasers' Representative its calculation of the Estimated Reimbursable Expenses, which calculation will be in the same form as the calculation set out on Schedule E hereto.

2.05            **Purchase Price.**

The aggregate purchase price payable by the Purchasers' Representative on behalf of the Purchasers for the Purchased Assets is four million one hundred and fifty thousand dollars (\$4,150,000) *plus* the assumption of the Assumed Liabilities *plus* the Reimbursable Expenses (the "**Purchase Price**").

2.06            **Payment of Purchase Price.**

The Purchase Price shall be paid and satisfied by Purchasers' Representative on behalf of the Purchasers as follows:

- (a) as to three hundred and seventy thousand dollars (\$370,000.00), by payment of the Deposit to Vendor or Vendor's Solicitor in trust, which has been paid in full as of the date hereof;
- (b) as to the Assumed Liabilities, by execution and delivery of the Assignment and Assumption Agreement;
- (c) as to the Estimated Reimbursable Expenses, by payment of the amount of the Estimated Reimbursable Expenses to Vendor on the Closing Date; and
- (d) as to the balance of three million seven hundred and eighty thousand dollars (\$3,780,000) (together with the Estimated Reimbursable Expenses, the "**Closing Amount**"), by payment to Vendor on the Closing Date.

The Closing Amount shall be paid by wire transfer of immediately available funds to an account designated in writing by Vendor to the Purchasers' Representative at the Closing.

2.07 **Post-Closing Adjustment**

- (a) Within five (5) days after the Vendor receives confirmation from the payment services providers regarding the total Payment Transaction Fees owing for the period covered by the Estimated Reimbursable Expenses, Vendor shall prepare and deliver to Purchasers' Representative a statement setting forth its good faith calculation of the Reimbursable Expenses (such figure, the "**Closing Reimbursable Expenses**") including reasonable supporting documentation in respect of same.
- (b) In the event the Closing Reimbursable Expenses are greater than the Estimated Reimbursable Expenses, the Purchasers' Representative, on behalf of the Purchasers, shall pay to Vendor an amount equal to such difference by wire transfer of immediately available funds no later than two (2) days of receipt of such statement. For clarity, if the Estimated Reimbursable Expenses are greater than the Closing Reimbursable Expenses, then there will be no adjustment to the Closing Amount and the Closing Reimbursable Expenses will be deemed to be the Reimbursable Expenses.

2.08 **Allocation of Purchase Price.**

Vendor and Purchasers agree to allocate the Purchase Price among the Purchased Assets for all purposes (including tax and financial accounting) in accordance with Schedule F and Vendor and Purchasers shall file all tax returns (including amended returns and claims for refunds) and elections required or desirable in a manner consistent with such allocation.

2.09 **Deposit.**

The Deposit shall continue to be held Vendor or the Vendor's Solicitor in a non-interest-bearing trust account trust and shall be:

- (a) released on Closing, in partial satisfaction of the Purchase Price in accordance with Section 2.06(a);
- (b) forfeited to Vendor, as a genuine pre-estimate of liquidated damages, if Closing does not occur by reason of Purchasers' or Purchasers' Representative's breach of any of their obligations hereunder; or
- (c) returned to Purchasers' Representative, to hold for and on behalf of the Purchasers, in full and final satisfaction of any and all claims it may have against any of Vendor or the JRG Parties as a result of Closing not occurring, in the event that Closing does not occur by any reason other than Purchasers' or Purchasers' Representative's breach of any of their obligations hereunder.

2.10 **Non-Assignable and Non-Transferable Purchased Assets.**

Nothing in this Agreement shall be construed as an agreement to sell, assign, transfer or deliver any Purchased Asset that, by its terms or pursuant to applicable Law, result in a violation of

applicable law or require the consent or waiver of a third party or Governmental Authority, unless and until such consent or waiver shall be given. Closing shall occur notwithstanding the foregoing without any adjustment to the Purchase Price on account thereof.

### **ARTICLE 3** **CLOSING**

#### 3.01 **Closing.**

Upon the terms and subject to the conditions of this Agreement, the Closing shall take place at the offices of McCarthy Tétrault LLP, 745 Thurlow Street, Suite 2400, Vancouver, British Columbia, Canada, or by electronic exchange of documents, instruments and funds, as applicable, between the parties or their respective counsel at 10:00 A.M. PT, on the Closing Date.

#### 3.02 **Closing Deliverables.**

- (a) At the Closing, Vendor shall deliver to Purchasers' Representative the following:
  - (i) a Court-certified copy of the Sale Order;
  - (ii) a duly executed copy of the Monitor's Certificate;
  - (iii) if the Purchasers' Representative requests that an instrument be executed to evidence the conveyance of the Purchased Assets of a particular JRG Party to the Purchaser set opposite such JRG Party's name in Schedule A, a bill of sale in the form of Schedule G hereto (the "**Bill of Sale**"), duly executed by Vendor for and on behalf of the JRG Party so requested, transferring the tangible personal property included in the Purchased Assets of such JRG Party to such Purchaser;
  - (iv) if the Purchasers' Representative requests that an instrument be executed to evidence the conveyance of the Purchased Assets of a particular JRG Party to the Purchaser set opposite such JRG Party's name in Schedule A, an assignment and assumption agreement in the form of Schedule H (the "**Assignment and Assumption Agreement**"), duly executed by Vendor for and on behalf of the applicable JRG Party, effecting the assignment to and assumption by the applicable Purchaser of the Assumed Liabilities associated with such JRG Party;
  - (v) with respect to each real property lease included in the Purchased Assets, except to the extent that such real property lease is unilaterally assigned pursuant to the Sale Order or other order made by the Court, an Assignment and Assumption of Lease substantially in the form of Schedule I (each, an "**Assignment and Assumption of Lease**"), duly executed by Vendor for and on behalf of the JRG Parties;
  - (vi) if the Purchasers' Representative requests that an instrument be executed to evidence the conveyance of the Purchased Assets of a particular JRG Party to the Purchaser set opposite such JRG Party's name in Schedule A, with respect to each Trademark, an assignment and

assumption agreement (the “**Assignment and Assumption of Trademark**”), duly executed by the Vendor for and on behalf of the JRG Parties, effecting the assignment to and assumption by the Purchasers of the applicable Trademarks associated with such JRG Party; and

- (vii) the Vendor Closing Certificate.
- (b) At the Closing, Purchasers’ Representative shall deliver to Vendor the following:
  - (i) the Closing Amount;
  - (ii) to the extent applicable, each Bill of Sale duly executed by the relevant Purchaser;
  - (iii) to the extent applicable, each Assignment and Assumption Agreement duly executed by the relevant Purchaser;
  - (iv) with respect to each real property lease included in the Purchased Assets, each Assignment and Assumption of Lease duly executed by the relevant Purchaser;
  - (v) to the extent applicable, the Assignment duly executed by the Purchasers’ Representative for and on behalf of the Purchasers, effecting the assignment to and assumption by the Purchasers of the Trademarks; and
  - (vi) the Purchasers’ Closing Certificate.

**ARTICLE 4**  
**REPRESENTATIONS AND WARRANTIES OF VENDOR**

4.01 **Vendor Representations and Warranties.**

Vendor represents and warrants to the Purchasers and the Purchasers’ Representative as follows:

- (a) subject to obtaining and pursuant to the Sale Order, Vendor has the power, authority and capacity to enter into this Agreement, subject to its terms, and the Transaction Documents and the authority to execute all instruments required by this Agreement to be delivered by it, and to perform its obligations hereunder and thereunder; and
- (b) Each of the JRG Parties are not a non-resident of Canada within the meaning of section 116 of the ITA.

4.02 **No Other Representations and Warranties.**

Except for the representations and warranties set out in this Article 4, neither Vendor nor any JRG Party nor any of their respective Representatives have made and are making no representations, warranties, conditions, statements or promises whatsoever, express or implied, statutory or otherwise, with respect to the Purchased Assets.

**ARTICLE 5**  
**REPRESENTATIONS AND WARRANTIES OF PURCHASER**

**5.01 Purchaser Representations and Warranties.**

Each of the Purchasers and Purchasers' Representative, jointly and severally, represents and warrants to Vendor as follows:

- (a) each Purchaser and the Purchasers' Representative is a corporation incorporated and existing under the Laws of British Columbia and has not been discontinued or dissolved under such Laws;
- (b) each Purchaser and the Purchasers' Representative has the corporate power and capacity to enter into this Agreement and the other Transaction Documents to which Purchaser is a party, to carry out its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby;
- (c) the execution and delivery by each Purchaser and the Purchasers' Representative of this Agreement and any other Transaction Document to which each Purchaser or the Purchasers' Representative is a party, the performance by each Purchaser and the Purchasers' Representative of its obligations hereunder and thereunder and the consummation by each Purchaser and the Purchasers' Representative of the transactions contemplated hereby and thereby have been duly authorized by all requisite corporate action on the part of each Purchaser or the Purchasers' Representative, as applicable. This Agreement has been duly executed and delivered by each Purchaser and the Purchasers' Representative;
- (d) this Agreement constitutes a legal, valid and binding obligation of each Purchaser and the Purchasers' Representative, enforceable against each Purchaser and the Purchasers' Representative in accordance with its terms. When each other Transaction Document to which each Purchaser and the Purchasers' Representative is or will be a party has been duly executed and delivered by each Purchaser and the Purchasers' Representative, such Transaction Document will constitute a legal, valid and binding obligation of each Purchaser and the Purchasers' Representative enforceable against it in accordance with its terms;
- (e) the execution, delivery and performance by each Purchaser and the Purchasers' Representative of this Agreement and the other Transaction Documents to which it is a party, and the consummation of the transactions contemplated hereby and thereby, do not and will not: (a) result in a violation or breach of any provision of the articles of incorporation or by-laws of, or unanimous shareholder agreement relating to, each Purchaser or the Purchasers' Representative; (b) result in a violation or breach of any provision of any Law or Governmental Order applicable to each Purchaser and the Purchasers' Representative; or (c) require the consent, notice or other action by any Person under, conflict with, result in a violation or breach of, constitute a default under or result in the acceleration of any agreement to which each Purchaser or the Purchasers' Representative is a party;



- (f) no consent, approval, permit, order, declaration or filing with, or notice to, any Governmental Authority is required by or with respect to each Purchaser or the Purchasers' Representative in connection with the execution and delivery of this Agreement and the other Transaction Documents and the consummation of the transactions contemplated hereby and thereby;
- (g) no broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement or any other Transaction Document based upon arrangements made by or on behalf of the Purchasers or the Purchasers' Representative;
- (h) the Purchasers' Representative has sufficient cash on hand or other sources of immediately available funds to enable it to make payment of the Purchase Price and consummate the transactions contemplated by this Agreement;
- (i) each Purchaser and the Purchasers' Representative are not a "non-Canadian" within the meaning of the *Investment Canada Act*, R.S.C. 1985, c. 28 (1st Supp.);
- (j) each Purchaser has irrevocably appointed the Purchasers' Representative as its true and lawful attorney-in-fact and agent, with full power of substitution or re-substitution to act on behalf of each Purchaser with respect to all matters relating to this Agreement; and
- (k) the Purchasers' Representative has accepted such appointment to act as each Purchasers' true and lawful attorney-in-fact and agent, with full power of substitution or re-substitution to act on behalf of each Purchaser with respect to all matters relating to this Agreement.

## **ARTICLE 6** **COVENANTS**

### **6.01 Court Approval.**

In respect of the Sale Order:

- (a) as soon as reasonably practical, but in any event on or before October 31, 2024, subject to Court availability, Vendor shall cause Vendor's Solicitor to file and serve an application seeking the issuance of the Sale Order;
- (b) Purchasers' Representative shall use commercially reasonable efforts to support the application for the Sale Order;
- (c) if the Sale Order is issued, Vendor shall use commercially reasonable efforts to enter the Sale Order promptly;
- (d) each Purchaser and the Purchasers' Representative acknowledge that Vendor's sole obligation with respect to obtaining the Sale Order is bringing the application before the Court and acknowledge that Vendor is subject to the direction of the Court with respect to the Purchased Assets; and

- (e) Vendor shall promptly notify Purchasers' Representative on receipt of any notice seeking appeal, leave to appeal, stay, amendment or variation of the Sale Order.

6.02 **Third Party Consents.**

Where required, Vendor and Purchasers' Representative shall use commercially reasonable efforts to obtain the consents and waivers needed from third parties in order for Vendor, on behalf of the JRG Parties, to sell, assign, transfer and deliver the Purchased Assets, including the Assigned Contracts, to each Purchaser, provided that Vendor shall not be obligated to pay any consideration therefor to any third party from whom consent or approval is sought.

6.03 **Closing Conditions.**

From the date hereof until the Closing, each party hereto shall use commercially reasonable efforts to take such actions as are necessary to expeditiously satisfy the closing conditions set forth in Article 8.

6.04 **Employees.**

The Purchasers and the Purchasers' Representative agree to cause one or more of the Purchasers to offer employment, effective the opening of business on the Closing Date, to all employees who are employed by the JRG Parties immediately prior to the Closing Date, on substantially similar terms as the employees' existing agreements. The Purchaser's offers of employment (which shall be conditional on completion of the transactions contemplated herein) will be made promptly following the date of this Agreement or such other time prior to the Closing Date that is mutually agreeable to the Purchasers' Representative and the Vendor, both acting reasonably.

The JRG Parties shall remain responsible for all amounts due and owing for all employee compensation, including salary, wages, overtime, bonuses, commissions, vacation pay, sick days, other incentive payments, pension benefits or benefits up to the Closing Date.

6.05 **Inventory.**

From the date hereof until the Closing, the Vendor will use commercially reasonable efforts to cause the JRG Parties to maintain levels of Inventory in respect of the Business as are consistent with the levels required to operate in the ordinary course of business.

6.06 **The Henry Public House.**

Following the Closing, in the event that a Purchaser or the Purchasers' Representative, or a Related Party of Purchaser or a Purchasers' Representative, is not the successful purchaser of the real estate civically located at 5708 175 Street, Surrey, BC (being the location of The Henry Public House), the applicable Purchaser or the Purchasers' Representative will be entitled to sell the Purchased Assets related to The Henry Public House and retain all net proceeds of such sale.

6.07 **Liquor Licenses.**

Following the Closing, the Vendor will use commercially reasonable efforts to cause the applicable JRG Parties, or authorized Persons of the applicable JRG Parties, as the case may

be, to initiate the transfer the liquor licenses granted by the Liquor and Cannabis Regulation Branch (“**LCRB**”) of British Columbia that are held by the JRG Parties (the “**Liquor Licenses**”), to the Purchaser set opposite such JRG Party’s name in Schedule A in accordance with the LCRB's regulations and policies.

6.08            **Change of Name.**

To the extent necessary, following the Closing, the Vendor will use commercially reasonable efforts to cause the authorized Persons of the JRG Parties to change the names of each of the JRG Parties described in Annex A to Schedule B to a name dissimilar to the name of the JRG Party and any other business names included in Annex A to Schedule B and will provide confirmation of same to the Purchasers’ Representative within a reasonable time period after filing the change of name.

6.09            **Further Assurances.**

Following the Closing, each of the Parties hereto shall execute and deliver such additional documents, instruments, conveyances and assurances and take such further actions as may be reasonably required to carry out the provisions hereof and give effect to the transactions contemplated by this Agreement and the other Transaction Documents.

**ARTICLE 7**  
**AS-IS TRANSACTION AND MONITOR LIABILITY**

7.01            **As-Is Transaction.**

Except as expressly provided in Article 4 herein, notwithstanding any other provision of this Agreement or any Transaction Document, each Purchaser and the Purchasers’ Representative hereby acknowledges and agrees:

- (a) the Purchased Assets are being purchased on an “as is, where is” basis as they exist at the Closing and each Purchaser will accept the applicable Purchased Assets conveyed to it in such state, condition and location at the Closing, understanding that the sale of the Purchased Assets is at the risk of the Purchasers as of the date of this Agreement/and, on Closing, each Purchaser will accept the applicable Purchased Assets conveyed to it in the state, condition and location existing as of the date of this Agreement, reasonable wear, tear and use of, and difference in inventory excepted;
- (b) it has undertaken to its satisfaction such searches, independent investigations, inspections and other due diligence in connection with entering into this Agreement and based solely thereon, has determined to proceed with the transactions contemplated by this Agreement;
- (c) all written and oral information provided by Vendor, MNP Corporate Finance Inc. (“**MNPCF**”), any JRG Party and their respective Representatives to Purchasers and the Purchasers’ Representative, including in any court document, teaser letter, asset listing, confidential information memorandum, tender package, data room, management presentation, site visit, meetings, telephone calls and any other information made available to Purchaser and the Purchasers’ Representative, in connection with the Purchased Assets has been provided for

the convenience of Purchaser and the Purchasers' Representative only and none of Vendor, MNPCF, the JRG Parties and their respective Representatives have made or are making any representation or warranty, express or implied, statutory or otherwise, as to the accuracy or completeness of any such information;

- (d) any information regarding or describing the Purchased Assets in this Agreement or in any Transaction Document is for identification purposes and the convenience of Purchaser and the Purchasers' Representative only and Vendor is making no representation or warranty, express or implied, statutory or otherwise, as to the accuracy or completeness of any such information;
- (e) Vendor, MNPCF, the JRG Parties and their respective Representatives have made and are making no representations, warranties, conditions, statements or promises whatsoever, express or implied, statutory or otherwise, with respect to the Purchased Assets, including without limitation with respect to: (i) Vendor and the right, title and interest of the JRG Parties in or to the Purchased Assets; (ii) the merchantability, marketability, location, condition, description, fitness for a particular purpose of the Purchased Assets; (iii) compliance or non-compliance with laws, regulations, including environmental rules; (iv) existence of any parts or components, latent defects, quality, quantity, encumbrances, liens or charges or any other thing affecting the Purchased Assets; and (v) any infringement of intellectual property rights of a third party, whether arising by law, course of dealing, course of performance, usage of trade, or otherwise connected to the Purchased Assets;
- (f) With respect to environmental matters, and without limiting the generality of the foregoing, Purchasers and the Purchasers' Representative are responsible for investigating the environmental condition of the Purchased Assets to its satisfaction and that it is responsible to satisfy itself, and is relying on its own investigations to verify that the level of Contaminants (as defined below) on or migrating to or from the Purchased Assets is satisfactory to the Purchaser and the Purchasers' Representative and the environmental condition of the Purchased Assets is otherwise acceptable. "**Contaminants**" includes, without limitation, any contaminant, pollutant, underground or aboveground tank, asbestos materials, urea formaldehyde, deleterious substance, dangerous substance or good, hazardous, corrosive or toxic substance, special waste, waste or any other substance which is now or hereafter regulated under any laws, regulations, bylaws, orders or other lawful requirements of any governmental authority having jurisdiction over the Purchased Assets.
- (g) that Vendor is authorized to sell the assets in accordance with a court order pronounced by the Court. Any offer made herein in respect of the Purchased Assets is being made to Vendor under that order, and is subject to any requirements as may exist in that order. Despite anything to the contrary herein contained, Vendor's obligation to complete the sale of the Purchased Assets in accordance with the terms and conditions of this Agreement is subject to Vendor being precluded from completing the sale of the Purchased Assets by the Court or the filing or registration of any document preventing the provision of good title to Purchasers by court order; and

- (h) that this Agreement is being entered into within the context of ongoing proceedings under the CCAA, and other prospective purchasers may be submitting other confidential bids for consideration by the Vendor and MNPCF (together with Vendor, the “**Marketing Group**”). The Marketing Group is required to consider any such offers and advise the court of them. The Marketing Group, or any one of them, may be compelled to advocate that the Court consider other offers in order to obtain the best offer, which may not be the highest offer, but one that in the Marketing Group’s view is better for the stakeholders as a whole in comparison to this Agreement. The Marketing Group gives no undertaking to advocate the acceptance of this offer. To protect its interest in purchasing the Purchased Assets, Purchaser and the Purchasers’ Representative acknowledge and agree that it should attend the hearing before the Court in person or by agent and be prepared to address any possibilities that may arise in respect of this Agreement and/or process under which it is being made, as the Court may permit or direct.

7.02 **Monitor Liability.**

The Purchasers and the Purchasers’ Representative hereby expressly acknowledge and agree that Vendor is acting only in its representative capacity as court-appointed monitor of the Purchased Assets and shall have no personal liability under or as a result of entering into or carrying out the transaction which is the subject of this Agreement.

**ARTICLE 8**  
**CONDITIONS TO CLOSING**

8.01 **Conditions to Obligations of All Parties.**

The obligations of each party to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment, at or before the Closing, of each of the following conditions:

- (a) the Sale Order being issued and entered;
- (b) the Sale Order being a Final Order; and
- (c) no Governmental Authority shall have enacted, issued, promulgated, enforced or entered any Governmental Order that is in effect and has the effect of making the transactions contemplated by this Agreement illegal, otherwise restraining or prohibiting consummation of such transactions or causing any of the transactions contemplated hereunder to be rescinded following completion thereof.

8.02 **Conditions to Obligations of Purchasers and Purchasers’ Representative.**

The obligations of Purchasers and Purchasers’ Representative to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment or Purchasers’ or Purchasers’ Representative’s waiver, at or before the Closing, of each of the following conditions:

- (a) the representations and warranties of Vendor set out in Article 4 shall be true and correct in all respects as of the Closing Date with the same effect as though made at and as of such date (except those representations and warranties that

address matters only as of a specified date, which shall be true and correct in all respects as of that specified date);

- (b) Vendor shall have duly performed and complied in all material respects with all agreements, covenants and conditions required by this Agreement and each of the other Transaction Documents to be performed or complied with by it on or before the Closing Date;
- (c) Purchasers' Representative shall have received a certificate, dated the Closing Date and signed by a duly authorized officer of Vendor, that each of the conditions set forth in Section 8.02(a) and Section 8.02(b) have been satisfied (the "**Vendor Closing Certificate**"); and
- (d) Vendor shall have delivered to Purchasers' Representative duly executed counterparts to the Transaction Documents (other than this Agreement) and such other documents and deliveries set forth in Section 3.02.

### 8.03 **Conditions to Obligations of Vendor.**

The obligations of Vendor to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment or Vendor's waiver, at or before the Closing, of each of the following conditions:

- (a) the representations and warranties of Purchasers and Purchasers' Representative set out in Article 5 shall be true and correct in all respects as of the Closing Date with the same effect as though made at and as of such date (except those representations and warranties that address matters only as of a specified date, which shall be true and correct in all respects as of that specified date);
- (b) Purchasers and Purchasers' Representative shall have duly performed and complied in all material respects with all agreements, covenants and conditions required by this Agreement and each of the other Transaction Documents to be performed or complied with by it on or before the Closing Date;
- (c) Purchasers and Purchasers' Representative shall have delivered to Vendor the Closing Amount, duly executed counterparts to the Transaction Documents (other than this Agreement) and such other documents and deliveries set forth in Section 3.02(b); and
- (d) Vendor shall have received a certificate, dated the Closing Date and signed by a duly authorized officer of Purchasers' Representative and duly authorized officer of each of the Purchasers, that each of the conditions set forth in Section 8.03(a) and Section 8.03(b) have been satisfied (the "**Purchasers' Closing Certificate**").

**ARTICLE 9**  
**TRANSFER TAXES**

9.01 **Transfer Taxes.**

The Purchase Price is exclusive of any applicable Transfer Taxes. Purchasers' Representative shall pay to the Vendor upon Closing or, where permitted by applicable Law, directly to the appropriate Governmental Authorities, all Transfer Taxes payable by it in respect of the purchase and sale of the Purchased Assets under this Agreement, and, on request of Vendor, Purchaser shall furnish to Vendor proof of direct payment to a Governmental Authority.

9.02 **GST Certificate and Indemnity.**

In respect of any GST to be self-assessed by Purchasers or Purchasers' Representative, Purchasers' Representative shall deliver to the Vendor a GST certificate and indemnity in form agreeable to Vendor.

9.03 **GST Gross-Up.**

If any payment made by Vendor or Purchasers' Representative or any Purchaser as the result of a breach, modification or termination of this Agreement is deemed by the ETA to include GST or is deemed by any applicable provincial or territorial legislation to include a similar value-added or multi-staged tax, the amount of such payment shall be increased accordingly.

9.04 **Indemnification.**

Purchasers and Purchasers' Representative shall indemnify and save harmless Vendor from any amounts, including interest and penalties, that may be assessed against Vendor arising out of the failure any Purchaser or the Purchasers' Representative to pay, when due, any Taxes described in this Article 9.

**ARTICLE 10**  
**TERMINATION**

10.01 **Termination.**

This Agreement may be terminated at any time before the Closing:

- (a) by the mutual written consent of Vendor and Purchasers' Representative;
- (b) by Purchasers' Representative by written notice to Vendor if:
  - (i) Any Purchaser or Purchasers' Representative is not then in material breach of any provision of this Agreement and there has been a material breach, inaccuracy in or failure to perform any representation, warranty, covenant or agreement made by Vendor under this Agreement that would give rise to the failure of any of the conditions specified in Article 8, and such breach, inaccuracy or failure cannot be cured by Vendor by the Closing Date;

- (ii) any of the conditions set forth in Section 8.01 or Section 8.02 shall not have been fulfilled by the Closing Date, unless such failure shall be due to the failure of any Purchaser or Purchasers' Representative to perform or comply with any of the covenants, agreements or conditions hereof to be performed or complied with by it before the Closing; or
  - (iii) the Sale Order is not a Final Order by the Outside Date, unless such failure is due to the failure of any Purchaser or Purchasers' Representative to perform or comply with any of the covenants, agreements or conditions hereof to be performed or complied with by it before Closing;
- (c) by Vendor by written notice to Purchasers' Representative if:
- (i) Vendor is not then in material breach of any provision of this Agreement and there has been a material breach, inaccuracy in or failure to perform any representation, warranty, covenant or agreement made by Purchasers or Purchasers' Representative under this Agreement that would give rise to the failure of any of the conditions specified in Article 8, and such breach, inaccuracy or failure cannot be cured by Purchasers or Purchasers' Representative by the Closing Date;
  - (ii) any of the conditions set forth in Section 8.01 or Section 8.03 shall not have been fulfilled by the Closing Date, unless such failure shall be due to the failure of Vendor to perform or comply with any of the covenants, agreements or conditions hereof to be performed or complied with by it before the Closing; or
  - (iii) the Sale Order is not a Final Order by the Outside Date, unless such failure is due to the failure of the Vendor to perform or comply with any of the covenants, agreements or conditions hereof to be performed or complied with by it before Closing;
- (d) by Purchasers' Representative or Vendor if:
- (i) there shall be any Law that makes consummation of the transactions contemplated by this Agreement illegal or otherwise prohibited; or
  - (ii) any Governmental Authority shall have issued a Governmental Order restraining or enjoining the transactions contemplated by this Agreement, and such Governmental Order shall have become final and non-appealable.

#### 10.02 **Effect of Termination.**

In the event of the termination of this Agreement in accordance with this Article 10, and except as expressly set forth in this Agreement, this Agreement shall forthwith become terminated and of no further force and effect and there shall be no liability on the part of any party hereto except that nothing herein shall relieve any party hereto from liability for any intentional breach of any provision hereof.



**ARTICLE 11**  
**MISCELLANEOUS**

11.01           **Expenses.**

Except as otherwise expressly provided herein, all costs and expenses, including fees, charges and disbursements of counsel, financial advisors and accountants, incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such costs and expenses, whether or not the Closing shall have occurred.

11.02           **Notices.**

All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); or (c) on the date sent by email of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient. Such communications must be sent to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 11.02):

If to Vendor:

MNP Ltd.  
609 Granville St #1630,  
Vancouver, British Columbia  
V7Y 1E7

Email:           [Kevin.Koo@mnp.ca](mailto:Kevin.Koo@mnp.ca); [Gordon.Brown@mnp.ca](mailto:Gordon.Brown@mnp.ca)  
Attention:       Kevin Koo, Gordon Brown

with copy to:

McCarthy Tétrault LLP  
745 Thurlow Street, Suite 2400,  
Vancouver, British Columbia,  
Email:           [lwilliams@mccarthy.ca](mailto:lwilliams@mccarthy.ca); [abowron@mccarthy.ca](mailto:abowron@mccarthy.ca); and  
                    [jfurness@mccarthy.ca](mailto:jfurness@mccarthy.ca)  
Attention:       Lance Williams, Ashley Bowron and Joe Furness

If to Purchasers' Representative:

RDM Enterprises Ltd. & 1174869 B.C. Ltd.

Email:           shelley@rdmenterprises.com  
Attention:       Shelley Garries

with a copy to:

Buckley Hogan LLP  
8120 128<sup>th</sup> Street, Suite 200,  
Surrey, British Columbia  
V3W 1R1]

Email: [RandBuckley@buckleyhogan.com](mailto:RandBuckley@buckleyhogan.com)  
Attention: Rand Buckley

11.03 **Interpretation.**

For purposes of this Agreement, (a) the words “include”, “includes” and “including” shall be deemed to be followed by the words “without limitation”; (b) the word “or” is not exclusive; and (c) the words “herein”, “hereof,” “hereby”, “hereto” and “hereunder” refer to this Agreement as a whole. Unless the context otherwise requires, references herein: (x) to Articles, Sections, and Schedules mean the Articles and Sections of, and Schedules attached to, this Agreement; (y) to an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof and (z) to a statute means such statute as amended from time to time and includes any successor legislation thereto and any regulations promulgated thereunder. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted. The Schedules referred to herein shall be construed with, and as an integral part of, this Agreement to the same extent as if they were set forth verbatim herein. Except as otherwise expressly provided in this Agreement, all dollar amounts referred to in this Agreement are stated in Canadian dollars.

11.04 **Headings.**

The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

11.05 **Severability.**

If any term or provision of this Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction.

11.06 **Entire Agreement.**

This Agreement and the other Transaction Documents constitute the sole and entire agreement of the parties to this Agreement with respect to the subject matter contained herein and therein, and supersede all prior and contemporaneous representations, warranties, understandings and agreements, both written and oral, with respect to such subject matter. In the event of any inconsistency between the statements in the body of this Agreement and those in the other Transaction Documents, the Schedules, the statements in the body of this Agreement will control.

11.07 **Successors and Assigns.**

This Agreement shall be binding upon and shall enure to the benefit of the parties hereto and their respective successors and permitted assigns. Neither party may assign its rights or obligations hereunder without the prior written consent of the other party, which consent shall not be unreasonably withheld or delayed. No assignment shall relieve the assigning party of any of its obligations hereunder.

11.08 **No Third-Party Beneficiaries.**

This Agreement is for the sole benefit of the parties hereto, their Representatives and their respective successors and permitted assigns and nothing herein, express or implied, is intended to, or shall, confer upon any other Person or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

11.09 **Amendment and Modification; Waiver.**

This Agreement may only be amended, modified or supplemented by an agreement in writing signed by each party hereto. No waiver by any party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. No waiver by any party shall operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

11.10 **Governing Law; Forum Selection; Choice of Language.**

- (a) This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.
- (b) Any action or proceeding arising out of or based upon this Agreement, the other Transaction Documents or the transactions contemplated hereby or thereby may be brought in the courts of the Province of British Columbia, and each party irrevocably submits and agrees to attorn to the exclusive jurisdiction of such courts in any such action or proceeding. The parties irrevocably and unconditionally waive any objection to the venue of any action or proceeding in such courts and irrevocably waive and agree not to plead in any such court that any such action or proceeding brought in any such court has been brought in an inconvenient forum.

11.11 **Counterparts.**

This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, email or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

11.12 **Paramountcy.**

In the event of any conflict or inconsistency between the terms of this Agreement and those of the Offer and Contract for Purchase and Sale dated August 1, 2024, between the Vendor and the Purchasers' Representative, the terms of this Agreement shall prevail and be of paramount force and effect.

11.13 **Non-Recourse.**

This Agreement may only be enforced against, and any claim, action, suit or other legal proceeding based upon, arising out of, or related to this Agreement, or the negotiation, execution or performance of this Agreement, may only be brought against the entities that are expressly named as parties hereto and then only with respect to the specific obligations set forth herein with respect to such party. No past, present or future director, officer, employee, incorporator, partner, shareholder, affiliate, agent, attorney or other Representative of any party hereto or of any affiliate of any party hereto, or any of their successors or permitted assigns, shall have any liability for any obligations or liabilities of any party hereto under this Agreement or for any claim, action, suit or other legal proceeding based on, in respect of or by reason of the transactions contemplated hereby.

*[signature page to follow]*

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

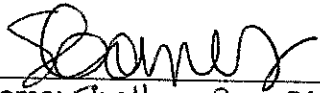
**Vendor:**

**MNP LTD**, solely in its capacity as court-appointed monitor of **JOSEPH RICHARD HOSPITALITY GROUPS LTD.** and the parties listed on Schedule "A" of the ARIO, and not in its personal capacity.

Signed by:  
Per: Gordon Brown  
007DB4535750472...  
Name: Gordon Brown  
Title: vice President

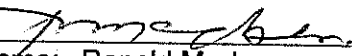
**Purchasers' Representative:**

1174869 B.C. LTD., in its capacity as the  
Purchasers' Representative.

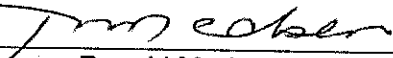
Per:   
Name: Shelley Garrau  
Title: Director of Real Estate.

**Purchasers:**


1507141 B.C. LTD.

Per:   
Name: Ronald Madsen  
Title: Director

1507146 B.C. LTD.

Per:   
Name: Ronald Madsen  
Title: Director


1507165 B.C. LTD.

Per:   
Name: Ronald Madsen  
Title: Director

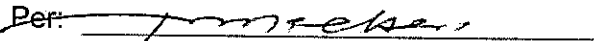
1507167 B.C. LTD.

Per:   
Name: Ronald Madsen  
Title: Director


1507143 B.C. LTD..

Per:   
Name: Ronald Madsen  
Title: Director


1507144 B.C. LTD..

Per:   
Name: Ronald Madsen  
Title: Director

1507148 B.C. LTD..

Per:   
Name: Ronald Madsen  
Title: Director

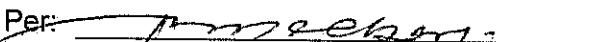
1507150 B.C. LTD..

Per:   
Name: Ronald Madsen  
Title: Director

1507137 B.C. LTD..

Per:   
Name: Ronald Madsen  
Title: Director

1507142 B.C. LTD..

Per:   
Name: Ronald Madsen  
Title: Director

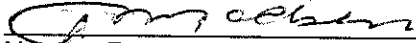
1507147 B.C. LTD..

Per:   
Name: Ronald Madsen  
Title: Director

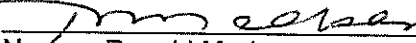
1507151 B.C. LTD..

Per:   
Name: Ronald Madsen  
Title: Director

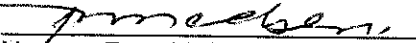
1507135 B.C. LTD..

Per:   
Name: Ronald Madsen  
Title: Director

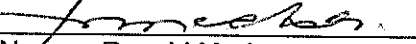
1507136 B.C. LTD..

Per:   
Name: Ronald Madsen  
Title: Director

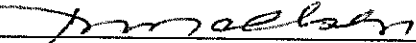
1507138 B.C. LTD..

Per:   
Name: Ronald Madsen  
Title: Director

1507139 B.C. LTD..

Per:   
Name: Ronald Madsen  
Title: Director

1507157 B.C. LTD.

Per:   
Name: Ronald Madsen  
Title: Director



**SCHEDULE A  
PURCHASERS**

<b>Purchaser</b>	<b>Vendor Entity</b>
1507141 B.C. Ltd	JRG Cloverdale Ventures Ltd.
1507146 B.C. Ltd	JRG Ledgeview Holdings Ltd.
1507165 B.C. Ltd	Oak & Thorne Public House Ltd.
1507167 B.C. Ltd	S & L Kitchen & Bar Holdings Abbotsford Ltd.
1507143 B.C. Ltd	S & L Kitchen & Bar Holdings Langley Ltd.
1507144 B.C. Ltd	Steveston Hospitality Services Ltd.
1507148 B.C. Ltd	The Italian Osteria and Cheese Bar Ltd.
1507150 B.C. Ltd	Townhall Holdings (Chilliwack) Ltd.
1507137 B.C. Ltd	Townhall Holdings (Maple Ridge) Ltd.
1507142 B.C. Ltd	Townhall Holdings Ltd.
1507147 B.C. Ltd	Whiskey Charlie Holdings Ltd.
1507151 B.C. Ltd	JRG Queens LRS Ventures Ltd.
1507135 B.C. Ltd	Clover Private 67 Dining Room Ltd.
1507136 B.C. Ltd	Joseph Richard Hospitality Group Ltd.
1507138 B.C. Ltd	Blank Canvas Catering Ltd.
1507139 B.C. Ltd	JRG Systems Ltd.
1507157 B.C. Ltd	Joseph Richard IP Holdings Ltd.

## **SCHEDULE B PURCHASED ASSETS**

All the assets used by the JRG Parties to operate the Business other than the Excluded Assets, including:

- **Real Property Leases.** The leases more particularly described in Annex C to this Schedule B;
- **Inventories.** All Inventory;
- **Accounts Receivables.** All Accounts Receivable;
- **Prepaid Expenses.** All prepaid expenses or assets of the Business;
- **Equipment and Supplies.** All equipment, technology and communications hardware and infrastructure, personal property, software, furniture, furnishings and accessories, parts and supplies of all kinds including office supplies, employee equipment owned or leased by the JRG Parties in connection with or relating to, used in or necessary for the Business;
- **Assigned Contracts.** The full benefits, rights and interests in all Assigned Contracts and all underlying relationships with customers, suppliers, agents and other counterparties;
- **Government Authorizations.** All government authorizations owned, held or used by the JRG Parties in connection with the Business but only to the extent they are transferrable; and
- **Goodwill.** The goodwill and intangibles of the Business, including: (i) the exclusive right of the Purchaser to represent itself as carrying on the Business in continuation of and in succession to each of the JRG Parties and (ii) the right to use any words indicating that the Business is so carried on, including all goodwill associated with and symbolized by any trademarks owned and used by the JRG Parties together with the rights, if any, to telephone and facsimile numbers and internet domain names and other source identifiers used or held for use in connection with the Business; and (iii) all Trademarks.

**ANNEX A TO SCHEDULE B  
JRG PARTIES**

- JRG Cloverdale Ventures Ltd.
- JRG Ledgeview Holdings Ltd.
- Oak & Thorne Public House Ltd.
- S & L Kitchen & Bar Holdings Abbotsford Ltd.
- S & L Kitchen & Bar Holdings Langley Ltd.
- Steveston Hospitality Services Ltd.
- The Italian Osteria and Cheese Bar Ltd.
- Townhall Holdings (Chilliwack) Ltd.
- Townhall Holdings (Maple Ridge) Ltd.
- Townhall Holdings Ltd.
- Whiskey Charlie Holdings Ltd.
- JRG Queens LRS Ventures Ltd.
- Clover Private 67 Dining Room Ltd.
- Joseph Richard Hospitality Group Ltd.
- Joseph Richard IP Holdings Ltd.
- Blank Canvas Catering Ltd.
- JRG Systems Ltd.

**ANNEX B TO SCHEDULE B  
LOCATIONS**

<b>Location</b>	<b>Civic Address</b>	<b>Operating Company</b>
Italian Osteria & Cheesebar	20330 88 <sup>th</sup> Avenue, Langley, BC	The Italian Osteria and Cheese Bar Ltd.
Townhall Langley	19640 64 <sup>th</sup> Avenue, Langley, BC	Townhall Holdings Ltd.
Oak & Thorne Public House	20173 88 <sup>th</sup> Avenue, Langley, BC	Oak & Thorne Public House Ltd.
S+L Kitchen & Bar Langley	8399 200 Street, Langley, BC	S & L Kitchen & Bar Holdings Langley Ltd.
S+L Abbotsford	200 – 2070 Sumas Way, Abbotsford, BC	S & L Kitchen & Bar Holdings Abbotsford Ltd.
Queens Liquor Store	1110 Ewen Avenue, New Westminster, BC	JRG Queens LRS Ventures Ltd.
Townhall Maple Ridge	206 20690 Lougheed Highway, Maple Ridge, BC	Townhall Holdings (Maple Ridge) Ltd.
Townhall Chilliwack	6640 Vedder Road, Chilliwack, BC	Townhall Holdings (Chilliwack) Ltd.
Whiskey Charlie Café	1007 – 18799 Airport Way, Pitt Meadows, BC	Whiskey Charlie Holdings Ltd.
Steveston Hospitality Services	12111 3 <sup>rd</sup> Avenue, Richmond, BC	Steveston Hospitality Services Ltd.
The Henry Public House	5708 176 Street, Surrey, BC	JRG Cloverdale Ventures Ltd
Hillside Events and Tavern on the Green	35977 McKee Road, Abbotsford, BC	JRG Ledgeview Holdings Ltd

**ANNEX C TO SCHEDULE B  
REAL PROPERTY LEASES**



1. **Italian Osteria & Cheesebar:** Lease Agreement dated December 10, 2022 between Attica Properties Ltd. (formerly Belesarius Holdings Ltd.) (Landlord) and Joseph Richards Group (Tenant) for unit 300, 20330 88th Avenue, Langley, British Columbia.
2. **Townhall Langley:** Lease Agreement dated January 1, 2024 between Mikael Feischl, Caroline Feischl and Uniwest Projects Ltd. (Landlord), dba Townhall Public House (Tenant), and Ryan Moreno and Andre Bourque (Covenator) for 19640 - 64th Ave., Langley, British Columbia.
3. **Oak & Thorne Public House:** Lease Agreement dated May 1, 2017 between Rieding Projects Ltd. (Landlord), Oak & Thorne Public House Ltd. (Tenant), Joseph Richard Investments Ltd., Andre Bourque, Ryan Moreno (Indemnifier), and Bing Wong (Special Indemnifier) for 20169, 88th Avenue, Langley, British Columbia.
4. **S+L Kitchen & Bar Langley:** Lease Agreement dated October 5, 2015 between Berezan Management (B.C.) Ltd. as agent for Willoughby Business Centre Ltd. (Landlord) and S & L Kitchen & Bar Holdings Langley Ltd. (Tenant) for Building "B" 8399, 200th Street, Langley, British Columbia.
5. **S & L Abbotsford:** Lease Agreement dated May 6, 2016 between Abbotsford Village Shopping Centre Ltd. and Robert Lee Ltd. (Landlord) and S & L Kitchen & Bar Holdings Abbotsford Ltd. (Tenant) for unit 200, 2070 Sumas Way, Abbotsford, British Columbia.
6. **Queens Liquor Store:** Lease Agreement dated April 1, 2017 between Queens Plaza Ltd. (Landlord), JRG Queens LRS Ventures Ltd. (Tenant), and Joseph Richard Investments Ltd. (Indemnifier) for unit 110, 1110 Ewen Avenue, New Westminster, British Columbia.
7. **Townhall Maple Ridge:** Lease Agreement dated September 22, 2014 between Mandalay Property Corporation (Landlord) and Madison Hospitality Corporation (Tenant) for 200-20690, Lougheed Highway, Maple Ridge, British Columbia, as modified by:
  - a. Sublease Agreement dated September 22, 2014 between Madison Hospitality Corporation (Sublandlord), Townhall Holdings (Maple Ridge) Ltd. (Subtenant), and Ryan Moreno and Adam Bourque (Indemnitor) for 200-20690, Lougheed Highway, Maple Ridge, British Columbia;
  - b. Assignment Agreement between the Mandalay Property Corporation (Landlord), Madison Hospitality Corporation (Sublandlord) and Townhall Holdings (Maple Ridge) Ltd t, whereby the Sublandlord assigned its interest in the Sublease to the Landlord; and
  - c. Lease Amending Agreement dated September 22, 2024 between the Mandalay Property Corporation and Townhall Holdings (Maple Ridge) Ltd. to extend the lease to August 22, 2029.

8. **Townhall Chilliwack:** Lease Agreement dated March 29, 2017 between 6640 Vedder Road Holdings Ltd. (Landlord), Townhall Holdings (Chilliwack) Ltd. (Tenant), and Joseph Richard Investments Ltd. (Indemnifier) for Building L at Vedder Pointe, 6640 Vedder Road, Chilliwack, British Columbia.
9. **Whiskey Charlie Café:** Lease Agreement dated April 3, 2019 between The Pitt Meadows Airport Society (Landlord) and Pacific Aircraft Services Ltd. (tenant) for, among other things, Unit 7, 18799 Airport Way, Pitt Meadows, British Columbia, as subleased by:
  - a. Sublease Agreement dated March 1<sup>st</sup>, 2022 between Pacific Aircraft Services Ltd. (Sublandlord) and Whiskey Charlie Holdings Ltd. (Subtenant) for Unit 7, 18799 Airport Way, Pitt Meadows, British Columbia.
10. **Steveston Hospitality Services:** Lease Agreement dated April 7, 2015 between Titan International Business Inc. (Landlord), 525 W. Georgia Street Ltd. (Owner), Steveston Hospitality Services Ltd. (Tenant) for units 105, 110, 115, and 120, 12111 3<sup>rd</sup> Avenue, Richmond, British Columbia, as modified by:
  - a. Lease Modification and Renewal Agreement dated April 30, 2018 between Titan International Business Inc. (Landlord) and Steveston Hospitality Services Ltd. (Tenant) to extend the lease until April 30, 2021; and
  - b. Lease Modification and Renewal Agreement dated July 6, 2022 between Titan International Business Inc. (Landlord) and Steveston Hospitality Services Ltd. (Tenant) to extend the lease until April 30, 2025.
11. **Ledgeview:** Lease Agreement between dated January 1, 2015 between the City of Abbotsford and Ledgeview Golf & Country Club (Tenant) with respect to 35997 McKee Road, Abbotsford, British Columbia, as modified by:
  - a. Lease Amending Agreement dated September 2, 2019 between City of Abbotsford (Landlord) and Ledgeview Golf & Country Club (Tenant); and
  - b. Sublease Agreement dated February 22, 2021 between Ledgeview Golf & Country Club (Sublandlord) and Joseph Richard Investments Ltd. (Subtenant) for the Lease Premises (as defined therein).

**ANNEX D TO SCHEDULE B  
ASSIGNED CONTRACTS**

1. National Merchant Agreement dated February 1, 2022 until February 1, 2027 between Townhall Holdings (Langley) Ltd., JRG Cloverdale Ventures Ltd., Townhall Holdings (South Surrey) Ltd., and Public House Ltd., and Moneris Solutions Corporation on its own behalf and on behalf of RBC and BMO concerning credit and debit card acquiring and processing services.
2. Third Party Operating Agreement dated October 21, 2021 between Joseph Richard Hospitality Group Ltd. and Joseph Richard Investments Ltd.
3. Third Party Use Agreement dated April 5, 2017 until April 5, 2027 between Queens Plaza Ltd., as licensee, and JRG Queens LRS
4. The Maintenance and Support Agreements between Squirrel Systems of Canada Ltd. and i) Italian Kitchen, ii) Oak & Thorne, iii) S + L Kitchen and Bar Langley, iv) S+ L Abbotsford, v) Townhall Public House - Chilliwack

**ANNEX E TO SCHEDULE B  
TRADEMARKS**

<b>Application Number</b>	<b>Trademark</b>	<b>Type(s)</b>	<b>CIPO Status</b>
2156627	POST BAZAAR	Standard Characters	REGISTERED
2156622	NIGHT SHIFT	Standard Characters	REGISTERED
2090057	JOSEPH RICHARD GROUP & Design  	Design	REGISTERED
2156621	WHISKEY CHARLIE	Standard Characters	REGISTERED
2135091	DONUT JUDGE	Standard Characters	REGISTERED
1937132	CHAPTER ESTATES	Word	REGISTERED
1937122	TOWNHALL	Word	REGISTERED
1937131	TWO PALS	Word	REGISTERED
1937116	JRG & Design  	Design	REGISTERED
2156626	LITTLE REBEL	Standard Characters	ADVERTISED
1937117	S+L KITCHEN & BAR	Word	REGISTERED
2156619	ORIGINS INDIGENOUS BREWING CO.	Standard Characters	REGISTERED



1937120	ITALIAN OSTERIA & CHEESE BAR & Design 	Design	REGISTERED
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**SCHEDULE C  
ASSUMED LIABILITIES**

The obligations under the Assigned Contracts that arise and accrue following the Closing Date.

**SCHEDULE D  
PERMITTED ENCUMBRANCES**

None.

**SCHEDULE E  
ESTIMATED REIMBURSABLE EXPENSES**

Estimated Reimbursable Revenue		\$183,000
Reimbursable Rent		\$ -
<i>Utilities</i>	<i>\$3,370</i>	
<i>Garbage and Recycling Collection</i>	<i>\$ -</i>	
Estimated Reimbursable Operating Expenses		\$3,370
Estimated Reimbursable Inventory		\$70,500
Estimated Reimbursable Payment Transaction Fees		\$ -
<b>Total Estimated Reimbursable Expenses</b>		<b>\$256,870</b>

**SCHEDULE F  
ALLOCATION OF PURCHASE PRICE**

<b>Purchased Asset</b>	<b>Purchase Price</b>
JRG Cloverdale Ventures Ltd.	\$194,000.00
JRG Ledgeview Holdings Ltd.	\$75,000.00
Oak & Thorne Public House Ltd.	\$700,000.00
S & L Kitchen & Bar Holdings Abbotsford Ltd.	\$150,000.00
S & L Kitchen & Bar Holdings Langley Ltd.	\$1,025,216.00
Steveston Hospitality Services Ltd.	\$578,000.00
The Italian Osteria and Cheese Bar Ltd.	\$608,000.00
Townhall Holdings (Chilliwack) Ltd.	\$125,000.00
Townhall Holdings (Maple Ridge) Ltd.	\$220,779.00
Townhall Holdings Ltd.	\$225,000.00
Whiskey Charlie Holdings Ltd.	\$75,000.00
JRG Queens LRS Ventures Ltd.	\$174,000.00
Clover Private Dining Ltd.	\$1.00
Joseph Richard Hospitality Ltd.	\$1.00
Joseph Richard IP Holdings Ltd.	\$1.00
Blank Canvas Catering Ltd.	\$1.00
JRG Systems Ltd.	\$1.00
<b>TOTAL</b>	<b>\$4,150,000.00</b>

## SCHEDULE G BILL OF SALE

This Bill of Sale is entered into as of [●], 2024 by MNP Ltd., solely in its capacity as court-appointed monitor of Joseph Richard Hospitality Group Ltd. (“**Company**”) and the parties listed on Schedule “A” of the ARIO, and not in its personal capacity (“**Vendor**”) in favour of [●], a British Columbia corporation (“**Purchaser**”). This Bill of Sale is made pursuant to the asset purchase agreement (the “**Agreement**”) dated [●], 2024 by and between Vendor and Purchaser, to transfer the Goods, as fully defined herein. Any capitalized terms used but not defined in this Bill of Sale has the meaning set forth in the Agreement.

1. Conveyance. For good and valuable consideration in the amount paid under Article 2 of the Agreement, the receipt and sufficiency of which Vendor hereby acknowledges, Vendor hereby irrevocably sells, assigns, transfers, conveys, grants, bargains, and delivers to Purchaser, all of its right, title, and interest in and to the tangible personal property referred to under Schedule B to the Agreement (the “Goods”).
2. Disclaimer of Warranties. VENDOR MAKES NO REPRESENTATION, CONDITION, OR WARRANTY WHATSOEVER WITH RESPECT TO THE GOODS, INCLUDING ANY CONDITION OR WARRANTY OF: (A) MERCHANTABILITY; (B) FITNESS FOR A PARTICULAR PURPOSE; (C) TITLE; OR (D) AGAINST INFRINGEMENT OF INTELLECTUAL PROPERTY RIGHTS OF A THIRD PARTY; WHETHER ARISING BY LAW, COURSE OF DEALING, COURSE OF PERFORMANCE, USAGE OF TRADE, OR OTHERWISE. BY ACCEPTING THIS BILL OF SALE, PURCHASER ACKNOWLEDGES THAT IT HAS NOT RELIED ON ANY REPRESENTATION, CONDITION OR WARRANTY MADE BY VENDOR, OR ANY OTHER PERSON ON VENDOR’S BEHALF, EXCEPT AS SPECIFICALLY PROVIDED IN THE AGREEMENT.
3. Governing Law. This Bill of Sale is governed by, and construed in accordance with, the laws of the Province of British Columbia, and the federal laws of Canada applicable therein.
4. Currency. All references in this Bill of Sale to “dollars” or “\$” are references to Canadian dollars, unless otherwise stated.
5. Incorporation of Agreement. This Bill of Sale incorporates by reference all of the terms of the Agreement, including but not limited to Vendor’s representations, warranties, covenants and agreements relating to the Goods, as if each term was fully set forth herein. In the event of conflict between the terms of the Agreement and the terms of this Bill of Sale, the terms of the [Agreement/Bill of Sale] govern and control.
6. Counterparts. This Bill of Sale may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Bill of Sale delivered by facsimile[, email, or other means of electronic transmission] shall be deemed to have the same legal effect as delivery of an original signed copy of this Bill of Sale.

**[SIGNATURE PAGE FOLLOWS]**

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

**MNP LTD**, solely in its capacity as court-appointed monitor of **JOSEPH RICHARD HOSPITALITY GROUPS LTD.** and the parties listed on Schedule "A" of the ARIO, and not in its personal capacity.

Per: \_\_\_\_\_  
Name:  
Title:

[•]

Per: \_\_\_\_\_  
Name:  
Title:

*[Signature Page to Bill of Sale]*

## SCHEDULE H ASSIGNMENT AND ASSUMPTION AGREEMENT

This Assignment and Assumption Agreement (the "**Agreement**"), effective as of January [●], 2024 (the "**Effective Date**"), is by and between MNP Ltd., solely in its capacity as court-appointed monitor of Joseph Richard Hospitality Group Ltd. ("**Company**") and the parties listed on Schedule "A" of the ARIO, and not in its personal capacity ("**Assignor**"), and [●], a British Columbia corporation ("**Assignee**").

WHEREAS, Assignor and Assignee have entered into a certain Asset Purchase Agreement, dated as of [●], 2024 (the "**Purchase Agreement**"), under which, among other things, Assignor has agreed to assign all of its rights, title and interests in, and Assignee has agreed to assume all of Assignor's duties and obligations under, the Assigned Contracts (as defined in the Purchase Agreement).

NOW, THEREFORE, in consideration of the mutual covenants, terms and conditions set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Definitions. All capitalized terms used in this Agreement but not otherwise defined herein are given the meanings set forth in the Purchase Agreement.
2. Assignment and Assumption. Assignor hereby sells, assigns, grants, conveys and transfers to Assignee all of Assignor's right, title and interest in and to the Assumed Contracts. Assignee hereby accepts such assignment and assumes all of Assignor's duties and obligations under the Assumed Contracts and agrees to pay, perform and discharge, as and when due, all of the obligations of Assignor under the Assumed Contracts accruing on and after the Effective Date.
3. Terms of the Purchase Agreement. The terms of the Purchase Agreement, including, but not limited to, the representations, warranties, covenants, agreements and indemnities relating to the Assumed Contracts are incorporated herein by this reference. The parties hereto acknowledge and agree that the representations, warranties, covenants, agreements and indemnities contained in the Purchase Agreement shall not be superseded hereby but shall remain in full force and effect to the full extent provided therein. In the event of any conflict or inconsistency between the terms of the Purchase Agreement and the terms hereof, the terms of the Purchase Agreement shall govern.
4. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein, without giving effect to any choice or conflict of law provision or rule (whether of the Province of British Columbia or any other jurisdiction).
5. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, email or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.



6. Further Assurances. Each of the parties hereto shall execute and deliver, at the reasonable request of the other party hereto, such additional documents, instruments, conveyances and assurances and take such further actions as such other party may reasonably request to carry out the provisions hereof and give effect to the transactions contemplated by this Agreement.

**[SIGNATURE PAGE FOLLOWS]**

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

**MNP LTD**, solely in its capacity as court-appointed monitor of **JOSEPH RICHARD HOSPITALITY GROUPS LTD.** and the parties listed on Schedule "A" of the ARIO, and not in its personal capacity.

Per: \_\_\_\_\_  
Name:  
Title:

[•]

Per: \_\_\_\_\_  
Name:  
Title:

*[Signature Page to Assignment and Assumption Agreement]*

**SCHEDULE I**  
**ASSIGNMENT AND ASSUMPTION OF LEASE AND LANDLORD'S CONSENT**

THIS AGREEMENT is dated for reference \_\_\_\_\_, 2024.

BETWEEN:

[●] [name of tenant]

(the "Assignor")

AND:

[●]

(the "Assignee")

AND:

[●]

(the "Landlord")

**WHEREAS:**

- A. By a lease dated [●] (the "Lease") between the Landlord and the Assignor, the Landlord leased to the Assignor the premises (the "Leased Premises") comprising approximately [●] square feet and civically known as [●], British Columbia for a term of [●] ([●]) years commencing on [●] and expiring on [●];
- B. Pursuant to an order made July 17, 2023, the Supreme Court of British Columbia granted protection to Joseph Richard Hospitality Group Ltd. and the companies set out in Schedule B thereto, which include the Assignor under the Companies' Creditors Arrangement Act, R.S.C. 1985 c. C-36 (the "CCAA" and the proceedings under the CCAA, the "CCAA Proceedings");
- C. Pursuant to an order made May 9, 2024, MNP Ltd. was substituted as monitor in the CCAA Proceedings and granted additional powers, including the ability to execute agreements on behalf of the parties to the CCAA Proceedings;
- D. Pursuant to an order made \_\_\_\_\_, the Assignor wishes to assign the Lease and the Leased Premises to the Assignee effective as of \_\_\_\_\_ (the "Effective Date");
- E. The Lease contains a prohibition against any assignment of the Lease or subletting of the Leased Premises by the Assignor without the prior written consent of the Landlord; and

- F. The Assignor has requested that the Landlord consent to the assignment of the Lease and the Landlord has agreed to provide its consent on the terms and conditions set out herein.

NOW THEREFORE in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the parties hereto, the parties agree as follows:

1. **Tenant's Covenants**

In this Agreement, the expression "**Tenant's Covenants**" means all obligations of the Assignor as set out in the Lease or established by law including, without limitation, the obligation to pay rent and all other payments to the Landlord required by the Lease, whether characterized as rent or not, and all other obligations of the Assignor, whether constituting conditions, covenants, provisos, representations, undertakings or warranties pursuant to the Lease.

2. **Assignment**

Effective as of the Effective Date, the Assignor hereby assigns, transfers and sets over to the Assignee all of its right, title and interest in and to the Lease and the Leased Premises (including any security deposit held by the Landlord pursuant to the Lease), to have and to hold unto the Assignee subject to the payment of the rent reserved in the Lease and the observance and performance of all of the other Tenant's Covenants by the Assignee.

3. **Assignor's Representations and Warranties**

The Assignor represents and warrants to the Assignee that:

- (a) the Lease is good, valid and subsisting and the Tenant's Covenants have been and will be, to the Effective Date, duly observed and performed by the Assignor;
- (b) subject to court approval in the CCAA Proceedings, the Assignor now has absolute authority to assign the Lease and the interest of the Assignor in the Leased Premises in the manner aforesaid according to the true intent and meaning of this Agreement; and
- (c) subject to the payment of the rent reserved in the Lease and the observance and performance of all of the other Tenant's Covenants by the Assignee, the Assignee may enter the Leased Premises for the balance of the Term and any renewal or extension thereof for its own use and benefit, without any interruption by the Assignor or any person, firm or corporation claiming under the Assignor.

4. **Assignee's Covenants**

The Assignee covenants with the Landlord and the Assignor as follows:

- (a) that the Assignee will, during the balance of the Term and any renewal or extension thereof, pay the rent reserved at the times and in the manner provided in the Lease and perform all of the other Tenant's Covenants as if the Assignee

were the tenant originally named in the Lease, and indemnify and save harmless the Assignor from all actions, suits, costs, losses, damages, charges and expenses for or in respect thereof; and

- (b) that the Assignee will not assign the Lease or sublet the Leased Premises or any part thereof without the prior written consent of the Landlord in accordance with the Lease.

**5. Landlord's Consent**

The Landlord hereby consents to the assignment of the Lease by the Assignor to the Assignee.

**6. Limitation of Consent**

The parties hereto acknowledge and agree that the Landlord's consent in Section 5 of this Agreement is restricted to the assignment set forth in this Agreement, and that the prohibition against any assignment of the Lease or sublet of the Leased Premises or any part thereof by the Assignor will otherwise remain in full force and effect, and that the Landlord's consent herein will not be deemed to be a consent to or waiver of the requirement for the Landlord's consent to any further assignment of the Lease or sublet of the Leased Premises or any part thereof.

**7. Landlord's Release**

Effective as of the Effective Date, the Landlord releases and forever discharges the Assignor of and from any and all manner and causes of action, suits, debts, contracts, claims, demands, liabilities and damages in respect of any matter which first arises after the Effective Date with respect to the Leased Premises, the Lease or any of the rents, covenants, conditions and agreements contained therein with the intent, that from and after the Effective Date, the Assignor will have no further obligations whatsoever under the Lease or in respect of the Leased Premises.

**8. No Waiver or Modification**

The parties hereby acknowledge and agree that neither the within consent nor the payment of any money or the performance of any of the Tenant's Covenants by the Assignee will waive or modify in any respect any of the rights of the Landlord under the Lease (except as set out in Section 7 above).

**9. Landlord's Acknowledgements**

The Landlord acknowledges and confirms that:

- (a) the Lease represents the entire agreement between the Landlord and the Assignor; and
- (b) to the Landlord's knowledge, without any independent inquiry, the Lease is in good standing as of the date of this Agreement with respect to the performance and observance by the Assignor of the Tenant's Covenants, including the covenant to pay rent.

10. **Survival of Provisions**

The provisions of the Lease will survive the execution and delivery of this Agreement and will not merge in this Agreement.

11. **Further Assurances**

The Assignor will, at all times hereafter at the request and cost of the Assignee, execute such further and other documents as the Assignee may reasonably require in order to evidence or give effect to the terms of this Agreement.

12. **Enurement**

This Agreement will enure to the benefit of, and be binding upon, the Landlord and the Assignor and their respective successors and assigns and the Assignee and its successors and permitted assigns under the Lease.

13. **Capitalized Terms**

Capitalized terms, if any, not otherwise defined herein have the meanings ascribed thereto in the Lease.

*[Remainder of page blank; execution page follows.]*

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first above written.

**by the Assignor:**

**by the Assignee:**

[●] [name of tenant] by **MNP LTD.**, in its capacity as Court appointed Monitor of [●] [name of tenant] and not in its personal capacity

[●].

By: \_\_\_\_\_  
Authorized Signatory

By: \_\_\_\_\_  
Authorized Signatory

By: \_\_\_\_\_  
Authorized Signatory

By: \_\_\_\_\_  
Authorized Signatory

**By the Landlord:**

[●]

By: \_\_\_\_\_  
Authorized Signatory

By: \_\_\_\_\_  
Authorized Signatory

*[Signature Page to Assignment and Assumption of Lease Agreement]*

**Appendix E**  
**Colliers Marketing Report Dated September 9, 2024**



September 9, 2024

Kevin Koo  
MNP Ltd.  
609 Granville Street  
Vancouver, BC  
V7Y 1G5

Re: 5708 176<sup>th</sup> Street & 5747 176A Street, Surrey, BC | Marketing Report & Recommendation

Dear Kevin,

Colliers is pleased to provide this marketing report and offer recommendation for the property located at **5708 176<sup>th</sup> Street & 5747 176A Street, Surrey, BC (the "Property")**.

### **The Property:**

The Property comprises of a 21,000 SF mixed-use building comprised of 10,800 SF of first-floor retail space and 10,200 SF of second-floor office space on a 12,177 SF lot, and an additional 12,401 SF vacant lot property.

### **Overview of Marketing:**

The Property was listed for sale with Colliers on January 10, 2024, at an asking price of \$13,000,000 and was subsequently reduced to \$11,500,000 and then \$10,500,000 following recommendation of such by the Colliers team. Over the course of the ensuing 9-month marketing period the following efforts were undertaken by Colliers in an effort to maximize the sale price;

- Brochure created (Linked [Here](#))
- The property received 758 unique visitors to the Colliers listings website
- Uploaded to MLS on March 3<sup>rd</sup>, 2024 and since then has garnered 727 total hits
- "Teaser, coming soon" Eblast sent out to 706 investment clients and brokers on December 18, 2023
- Property Eblast sent out to 212 retail/office agents in the GVA on March 18<sup>th</sup>, 2024
- Property Eblast sent out to 712 investment agents/clients in the GVA on March 18<sup>th</sup>, 2024
- Two Commercial Broadcasts were sent out, over 5,000 people
- Two investor eblasts were sent out, over 4,000 people
- Advertised on [Colliers listing's webpage](#) and Bill Randall's website
- Held a digital marketing campaign in March that generated 54 quality leads which were subsequently followed up on



### Tours & Interested Parties (Package Sent)

- Gord Robson, Avison Young
- Updesh Grewal, Royal LePage
- Stephen Gammer, Macdonald
- Maureen Mounzer, CBRE
- Shawn Domingo, Oracle Property Group
- Shelley Garries, Royal LePage – Submitted Offer (Current Accepted Offer)
- Devin Gill, Harp Khela Real Estate Group – Submitted Offer
- Pollyco
- Mark Nemish, William Wright
- Eric Walker, Cushman & Wakefield
- Rob Visnjak, Homelife
- Mark Shin, Sutton Group
- Private Buyer, Colliers

### Offers Received:

As a result of Colliers' marketing efforts, the following offers were received:

- 1192528 BC Ltd. Received \$7,000,000 offer on August 21, 2024, subsequently counter-offered and mutually accepted at \$7,250,000
- 1392383 B.C. Ltd Received \$7,200,000 offer on July 23, 2024, 90-day conditional period

### Overview of Recommended Offer:

Details of the accepted offer from 1192528 BC Ltd. are as follows:

- **Purchase Price:** \$7,250,000
- **Purchaser's Conditions:** Removing finance condition, remaining condition is approval of Buyer purchasing the ongoing business
- **Deposit:** \$50,000
- **Closing Date:** 30 days after Court approval

### Driving offers to Court as competing sealed bids:

In preparation for the Court approval of the accepted offer, Colliers will be notifying all previously interested parties and those who signed confidentiality agreements over the course of the marketing period, advising of the opportunity to submit a competing bid. We will update the Colliers website and send out a Commercial Broadcast advising of the pending court approval date and inviting interested parties to inquire about the process of submitting a competing offer.



**Recommendation:**

It is our recommendation that the accepted offer at \$7,250,000 from 1192528 BC Ltd. be accepted by the Court. This offer has a strong structure, within a short closing timeline that will provide the stakeholders with as much certainty as possible, and the Buyer intends to Purchase the ongoing business\*.

Please feel free to contact us with any questions.

Sincerely,

Handwritten signature of Bill Randall in black ink.

Bill Randall

Handwritten signature of Stephen Moscovich in black ink.

Stephen Moscovich

Handwritten signature of Hart Buck in black ink.

Hart Buck

CC.

Mario Mainella, MNP

**Appendix F**  
**Contract of Purchase and Sale for Clover Building Accepted on**  
**August 21, 2024**

## INFORMATION ABOUT THE CONTRACT OF PURCHASE AND SALE COMMERCIAL REAL ESTATE

THIS INFORMATION IS INCLUDED FOR THE ASSISTANCE OF THE PARTIES ONLY. IT DOES NOT FORM PART OF THE CONTRACT AND SHOULD NOT AFFECT THE PROPER INTERPRETATION OF ANY OF ITS TERMS.

1. **CONTRACT:** This document, when signed by both parties, is a legally binding contract. READ IT CAREFULLY. The parties should ensure that everything that is agreed to is in writing.
2. **DEPOSIT(S):** Section 28 of the *Real Estate Services Act* requires that money held by a brokerage in respect of a real estate transaction for which there is an agreement between the parties for the acquisition and disposition of the real estate be held by the brokerage as a stakeholder. The money is held for the real estate transaction and not on behalf of one of the parties. If a party does not remove a subject clause, the brokerage requires the written agreement of both parties in order to release the deposit. If both parties do not sign the agreement to release the deposit, then the parties will have to apply to court for a determination of the deposit issue.
3. **COMPLETION:** (Clauses 6.1 and 17) Unless the parties are prepared to actually meet at the Land Title Office and exchange title documents for the purchase price, it is, in every case, advisable for the completion of the sale to take place in the following sequence:
  - (a) The buyer pays the purchase price or down payment in trust to the buyer's lawyer or notary (who should advise the buyer of the exact amount required) several days before the completion date and the buyer signs the documents.
  - (b) The buyer's lawyer or notary prepares the documents and forwards them for signature to the seller's lawyer or notary who returns the documents to the buyer's lawyer or notary.
  - (c) The buyer's lawyer or notary then attends to the deposit of the signed title documents (and any mortgages) in the appropriate Land Title Office.
  - (d) The buyer's lawyer or notary releases the sale proceeds at the buyer's lawyer's or notary's office.

Since the seller is entitled to the seller's proceeds on the completion date, and since the sequence described above takes a day or more, it is strongly recommended that the buyer deposits the money and the signed documents AT LEAST TWO DAYS before the completion date, or at the request of the conveyancer, and that the seller delivers the signed transfer documents no later than the morning of the day before the completion date.

While it is possible to have a Saturday or Sunday completion date using the Land Title Office's electronic filing system, parties are strongly encouraged NOT to schedule a Saturday completion date as it will restrict their access to fewer lawyers or notaries who operate on Saturdays; lenders will generally not fund new mortgages on Saturdays; lenders with existing mortgages may not accept payouts on Saturdays; and other offices necessary as part of the closing process may not be open.

4. **POSSESSION:** (Clauses 7.1 and 18) The buyer should make arrangements through the REALTORS® for obtaining possession. The seller will not generally let the buyer move in before the seller has received the sale proceeds. Where residential tenants are involved, buyers and sellers should consult the *Residential Tenancy Act*.
5. **ADJUSTMENT:** (Clauses 8.1 and 19) The buyer and seller should consider any additional adjustments that are necessary given the nature of the property and how any costs are payable by tenants and whether the seller holds any of the tenant's funds with respect to such costs.


## INFORMATION ABOUT THE CONTRACT OF PURCHASE AND SALE COMMERCIAL REAL ESTATE (continued)

6. **TITLE:** (Clause 22) It is up to the buyer to satisfy the buyer on matters of zoning or building or use restrictions, toxic or environmental hazards, encroachments on or by the property and any encumbrances which are staying on title before becoming legally bound. It is up to the seller to specify in the contract if there are any encumbrances, other than those listed in clause 22 and Schedule 22, which are staying on title before becoming legally bound. If you as the buyer are taking out a mortgage, make sure that title, zoning and building restrictions are all acceptable to your mortgage company. In certain circumstances, the mortgage company could refuse to advance funds. If you as the seller are allowing the buyer to assume your mortgage, you may still be responsible for payment of the mortgage, unless arrangements are made with your mortgage company.
7. **CUSTOMARY COSTS:** (Clause 31) In particular circumstances there may be additional costs, but the following costs are applicable in most circumstances:

**Costs to be Borne by the Seller**

- Lawyer or Notary Fees and Expenses:
  - attending to execution documents
- Costs of clearing title, including:
  - discharge fees charged by encumbrance holders,
  - prepayment penalties.
- Real Estate Commission (plus GST).
- Goods and Services Tax (if applicable).

**Costs to be Borne by the Buyer**

- Lawyer or Notary Fees and Expenses:
    - searching title,
    - investigating title,
    - drafting documents.
  - Land Title Registration fees.
  - Survey Certificate (if required).
  - Costs of Mortgage, including:
    - mortgage company's lawyer/notary,
    - appraisal (if applicable),
- Authentisign  

- Land Title Registration fees.
  - Fire Insurance Premium.
  - Sales Tax (if applicable).
  - Property Transfer Tax.
  - Goods and Services Tax (if applicable).

In addition to the above costs there maybe financial adjustments between the seller and the buyer pursuant to Clause 19.

8. **RISK:** (Clause 32) The buyer should arrange for insurance to be effective as of 12:01 am on the earlier of the completion date. The seller should maintain the seller's insurance in effect until the later of the date the seller receives the proceeds of sale, or the date the seller vacates the property.
9. **FORM OF CONTRACT:** This Contract of Purchase and Sale is designed primarily for the purchase and sale of freehold commercial real estate. If your transaction involves: a building under construction, an operating business with or without employees being hired, a sale and purchase of shares in the owner of the property, the purchase of a leasehold interest, other special circumstances, additional provisions, not contained in this form, may be needed, and professional advice should be obtained.



# CONTRACT OF PURCHASE AND SALE FOR COMMERCIAL REAL ESTATE

MLS® NO: C8058133

DATE: August 21 2024

## PART 1 – INFORMATION SUMMARY

<b>1. Prepared By</b>			
1.1	Name of Brokerage <u>Royal LePage Wolstencroft</u>		
1.2	Brokerage Address <u>135 19664 Ave</u>	<u>Langley</u>	BC <u>V2Y 3J6</u> Phone No. <u>604-530-0231</u>
1.3	REALTOR®'s Name <u>Shelley Garries</u>		
1.4	Personal Real Estate Corporation		
1.5	REALTOR®'s Email Address <u>Sgarries@royallepage.ca</u>	Fax No.	
1.6	Brokerage Phone No.	Fax No.	
<b>2. Parties to the Contract</b>			
2.1	Seller <u>JRG Cloverdale Holdings Ltd.</u>		
	Seller _____		
	Seller _____		
2.2	Seller's Address <u>5708 176th</u>	<u>Surrey</u>	BC <u>V3S 4C8</u>
2.3	Seller's Phone No.	Fax No.	
2.4	Seller's Email Address		
2.5	Seller's Incorporation No. <u>BC1019465</u>	2.6	Seller's GST No.
2.7	Buyer <u>1192528 BC Ltd.</u>		
	Buyer _____		
	Buyer _____		
2.8	Buyer's Address <u>200 6470 201 st</u>	<u>Langley</u>	BC
2.9	Buyer's Phone No.	Fax No.	
2.10	Buyer's Email Address		
2.11	Buyer's Incorporation No. <u>BC718752488</u>	2.12	Buyer's GST No.
<b>3. Property</b>			
3.1	Civic Address of Property <u>5708 176 St &amp; 5747 176A St</u>	<u>Surrey</u>	BC <u>V3S 4C8</u>
3.2	Legal Description of Property <u>PARCEL G, PLAN NWP53379, SECTION 8, TOWNSHIP 8, NEW WESTMINSTER LAND DISTRICT, EXCEPT PLAN PT SUB'D BY PL BCP27714</u> <u>PARCEL F, PLAN NWP53379, SECTION 8, TOWNSHIP 8, NEW WESTMINSTER LAND DISTRICT</u>		
	PID <u>001-592-602</u>	<u>001-592-599</u>	





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SELLER'S INITIALS

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<b>4. Purchase Price</b>	7,250,000.00	<del>7,750,000.00</del>		<b>Clause</b>
<b>4.1</b>	<del>Eight million Seven hundred and Fifty thousand</del> seven million two hundred fifty thousand Dollars			14
<b>5. Deposit</b>				<b>Clause</b>
<b>5.1</b>	Deposit to be provided by the following date: <input type="checkbox"/> within 48 hours of acceptance of offer or counter-offer <input type="checkbox"/> date _____ <input checked="" type="checkbox"/> other <u>within 3 days of accepted offer</u>			15
<b>5.2</b>	Amount of Deposit \$50,000.00	Fifty Thousand		15
<b>5.3</b>	Deposit to be paid in trust to Buckley Hogan Law Office			15
<b>6. Completion Date</b>				
<b>6.1</b>	Completion Date	<del>15 days after court approval</del> 30 days after court approval		17
<b>7. Possession Date</b>				
<b>7.1</b>	Possession Date	<del>15 days after court approval</del> 30 days after court approval		18
<b>7.2</b>	Vacant Possession	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<b>7.3</b> All Existing Tenancies	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>8. Adjustment Date</b>				
<b>8.1</b>	Adjustment Date	<del>15 days after court approval</del> 30 days after court approval		19
<b>9. Viewing Date</b>				
<b>9.1</b>	Viewing Date	August 14, 2024		21
<b>10. Agency Disclosure</b>				
<b>10.1</b>	Seller's Designated Agent	REALTOR® <u>Bill Randall</u> REALTOR® <u>Hart Buck</u> Brokerage <u>Colliers Vancouver</u>		38A
<b>10.2</b>	Buyer's Designated Agent	REALTOR® <u>Shelley Garries</u> REALTOR® _____ Brokerage <u>Royal LePage Wolstencroft</u>		38B
<b>10.3</b>	Limited Dual Agency Designated Agent	REALTOR® _____ REALTOR® _____ Brokerage _____		38C
<b>10.4</b>	Date of Limited Dual Agency Agreement			38C

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BUYER'S INITIALS

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SELLER'S INITIALS



PROPERTY ADDRESS

<b>11. Acceptance</b>					
11.1 Offer Open Until - Date	<del>August 23 2024</del>		Time	4:00	p.m.
<b>12. Schedules</b>					
15 Deposit	Attached	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No		15
16A Buyer's Conditions	Attached	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No		16
16B Seller's Conditions	Attached	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No		16
18 Accepted Tenancies	Attached	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No		18
20A Additional Included Items	Attached	<input type="checkbox"/> Yes	<input type="checkbox"/> No		20
20B Excluded Items	Attached	<input type="checkbox"/> Yes	<input type="checkbox"/> No		20
22 Additional Permitted Encumbrances	Attached	<input type="checkbox"/> Yes	<input type="checkbox"/> No		22
23 Additional Seller's Warranties and Representations	Attached	<input type="checkbox"/> Yes	<input type="checkbox"/> No		23
24 Additional Buyer's Warranties and Representations	Attached	<input type="checkbox"/> Yes	<input type="checkbox"/> No		24
40 Additional Terms	Attached	<input type="checkbox"/> Yes	<input type="checkbox"/> No		40

**PART 2 – TERMS**

- 13. INFORMATION SUMMARY:** The Information Summary being Part 1 to this Contract of Purchase and Sale for Commercial Real Estate and the Schedules attached to this Contract of Purchase and Sale for Commercial Real Estate, form an integral part of this offer. The Seller and Buyer acknowledge that they have read all of Part 1 and Part 2 and the Schedules to this Contract of Purchase and Sale for Commercial Real Estate.
- 14. PURCHASE PRICE:** The purchase price of the Property will be the amount set out in Clause 4.1 (Purchase Price).
- 15. DEPOSIT:** A deposit in the amount set out in Clause 5.2 which will form part of the Purchase Price, will be paid in accordance with Clause 26 except as otherwise set out in Schedule 15 and on the terms set out in Schedule 15. All monies paid pursuant to this Clause (the "Deposit") will be delivered in trust to the party identified in Clause 5.3 and held in trust in accordance with the provisions of the *Real Estate Services Act*. In the event the Buyer fails to pay the Deposit as required by this Contract, the Seller may, at the Seller's option, terminate this Contract. The party who receives the Deposit is authorized to pay all or any portion of the Deposit to the Buyer's or Seller's conveyancer (the "Conveyancer") without further written direction of the Buyer or Seller, provided that: (a) the Conveyancer is a Lawyer or Notary; (b) such money is to be held in trust by the Conveyancer as stakeholder pursuant to the provisions of the *Real Estate Services Act* pending the completion of the transaction and not on behalf of any of the principals to the transaction; and (c) if the sale does not complete, the money should be returned to such party as stakeholder or paid into Court.
- 16. CONDITIONS:** The obligations of the Buyer described in this Contract are subject to the satisfaction or waiver of the conditions precedent set out in Schedule 16A, if any (the "Buyer's Conditions"). The Buyer's Conditions are inserted for the sole benefit of the Buyer. The satisfaction or waiver of the Buyer's Conditions will be determined in the sole discretion of the Buyer and the Buyer agrees to use reasonable efforts to satisfy the Buyer's Conditions. The Buyer's Conditions may only be satisfied or waived by the Buyer giving written notice (the "Buyer's Notice")



BUYER'S INITIALS



SELLER'S INITIALS

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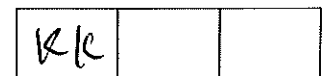
to the Seller on or before the time and date specified for each condition. Unless each Buyer's Condition is waived or declared fulfilled by delivery of the Buyer's Notice to the Seller on or before the time and date specified for each condition, this Contract will be terminated thereupon and the Deposit returnable in accordance with the *Real Estate Services Act*.

The obligations of the Seller described in this Contract are subject to the satisfaction or waiver of the conditions precedent set out in Schedule 16B, if any (the "Seller's Conditions"). The Seller's Conditions are inserted for the sole benefit of the Seller. The satisfaction or waiver of the Seller's Conditions will be determined in the sole discretion of the Seller and the Seller agrees to use reasonable efforts to satisfy the Seller's Conditions. These conditions may only be satisfied or waived by the Seller giving written notice (the "Seller's Notice") to the Buyer on or before the time and date specified for each condition. Unless each Seller's Condition is waived or declared fulfilled by delivery of the Seller's Notice to the Buyer on or before the time and date specified for each condition, this Contract will be terminated thereupon and the Deposit returnable in accordance with the *Real Estate Services Act*.

- 17. **COMPLETION:** The sale will be completed on the date specified in Clause 6.1 (Completion Date) at the appropriate Land Title Office.
- 18. **POSSESSION:** The Buyer will have possession of the Property at the time and on the date specified in Clause 7.1 (Possession Date) with vacant possession if so indicated in Clause 7.2, or subject to all existing tenancies if so indicated in Clause 7.3; or subject to the specified tenancies set out in Schedule 18, if so indicated in Clause 12 (if Clause 7.3 or 12 is selected, such tenancies shall be the "Accepted Tenancies").
- 19. **ADJUSTMENTS:** The Buyer will assume and pay all taxes, rates, local improvement assessments, fuel, utilities, insurance, rents, tenant deposits including interest, prepaid rents, and other charges from, and including, the date set for adjustments, and all adjustments both incoming and outgoing of whatsoever nature will be made as of the date specified in Clause 8.1 (the "Adjustment Date").
- 20. **INCLUDED ITEMS:** The Purchase Price includes the Accepted Tenancies, any buildings, improvements, fixtures, appurtenances and attachments thereto, and all security systems, security bars, blinds, awnings, curtain rods, tracks and valances, fixed mirrors, fixed carpeting, electric, plumbing, heating and air conditioning fixtures and all appurtenances and attachments thereto as viewed by the Buyer at the date of inspection, together with those items set out in Schedule 20A but excluding those items set out in Schedule 20B.
- 21. **VIEWED:** The Property and all included items will be in substantially the same condition at the Possession Date as when viewed by the Buyer on the date specified in Clause 9.1.
- 22. **TITLE:** Free and clear of all encumbrances except subsisting conditions, provisos, restrictions, exceptions and reservations, including royalties, contained in the original grant or contained in any other grant or disposition from the Crown, registered or pending restrictive covenants and rights-of-way in favour of utilities and public authorities, the Accepted Tenancies and any additional permitted encumbrances set out in Schedule 22.
- 23. **ADDITIONAL SELLER'S WARRANTIES AND REPRESENTATIONS:** In addition to the representations and warranties set out in this Contract, the Seller makes the additional representations and warranties set out in Schedule 23 to the Buyer.
- 24. **ADDITIONAL BUYER'S WARRANTIES AND REPRESENTATIONS:** In addition to the representations and warranties set out in this Contract, the Buyer makes the additional representations and warranties set out in Schedule 24 to the Seller.

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- 25. **GST:** In addition to the Purchase Price, the applicable Goods and Services Tax ("GST") imposed under the *Excise Tax Act* (Canada) (the "Act") will be paid by the Buyer. On or before the Completion Date, the Buyer may confirm to the Seller's Lawyer or Notary that it is registered for the purposes of Part IX of the Act and will provide its registration number. If the Buyer does not confirm that it is a registrant under Part IX of the Act on or before the Completion Date, then the Buyer will pay the applicable GST to the Seller on the Completion Date and the Seller will then remit the GST as required by the Act. All taxes payable pursuant to the *Provincial Sales Tax Act* arising out of the purchase of the Property, will be paid by the Buyer and evidence of such payment will be provided to the Seller.
- 26. **TENDER:** Tender or payment of monies by the Buyer to the Seller will be by bank draft, wire transfer, certified cheque, or Lawyer's/Notary's or real estate brokerage's trust cheque.
- 27. **DOCUMENTS:** All documents required to give effect to this Contract will be delivered in registerable form where necessary and will be lodged for registration in the appropriate Land Title Office by 4 pm on the Completion Date.
- 27A. **SELLER'S PARTICULARS AND RESIDENCY:** The Seller shall deliver to the Buyer on or before the Completion Date a statutory declaration of the Seller containing: (A) particulars regarding the Seller that are required to be included in the Buyer's Property Transfer Tax Return to be filed in connection with the completion of the transaction contemplated by this Contract (and the Seller hereby consents to the Buyer inserting such particulars on such return); and (B) if the Seller is not a non-resident of Canada as described in the non-residency provisions of the *Income Tax Act*, confirmation that the Seller is not then, and on the Completion Date will not be, a non-resident of Canada. If on the Completion Date the Seller is a non-resident of Canada as described in the residency provisions of the *Income Tax Act*, the Buyer shall be entitled to hold back from the Purchase Price the amount provided for under section 116 of the *Income Tax Act*.
- 28. **TIME:** Time will be of the essence hereof, and unless the balance of the payment is paid and such formal agreement to pay the balance as may be necessary is entered into on or before the Completion Date, the Seller may, at the Seller's option, terminate this Contract, and, in such event, the amount paid by the Buyer will be non-refundable and absolutely forfeited to the Seller, subject to the provisions of Section 28 of the *Real Estate Services Act*, on account of damages, without prejudice to the Seller's other remedies.
- 29. **BUYER FINANCING:** If the Buyer is relying upon a new mortgage to finance the Purchase Price, the Buyer, while still required to pay the Purchase Price on the Completion Date, may wait to pay the Purchase Price to the Seller until after the transfer and new mortgage documents have been lodged for registration in the appropriate Land Title Office, but only if, before such lodging, the Buyer has: (a) made available for tender to the Seller that portion of the Purchase Price not secured by the new mortgage, and (b) fulfilled all the new mortgagee's conditions for funding except lodging the mortgage for registration, and (c) made available to the Seller, a Lawyer's or Notary's undertaking to pay the Purchase Price upon the lodging of the transfer and new mortgage documents and the advance by the mortgagee of the mortgage proceeds pursuant to the Canadian Bar Association (BC Branch) (Real Property Section) standard undertakings (the "CBA Standard Undertakings").
- 30. **CLEARING TITLE:** If the Seller has existing financial charges to be cleared from title, the Seller, while still required to clear such charges, may wait to pay and discharge existing financial charges until immediately after receipt of the Purchase Price, but in this event, the Seller agrees that payment of the Purchase Price shall be made by the Buyer's Lawyer or Notary to the Seller's Lawyer or Notary, on the CBA Standard Undertakings to pay out and discharge the financial charges, and remit the balance, if any, to the Seller.
- 31. **COSTS:** The Buyer will bear all costs of the conveyance and, if applicable, any costs related to arranging a mortgage and the Seller will bear all costs of clearing title.

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BUYER'S INITIALS

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SELLER'S INITIALS

PROPERTY ADDRESS

- 32. **RISK:** All buildings on the Property and all other items included in the purchase and sale will be, and remain, at the risk of the Seller until 12:01 am on the Completion Date. After that time, the Property and all included items will be at the risk of the Buyer. If loss or damage to the Property occurs before the Seller is paid the Purchase Price, then any insurance proceeds shall be held in trust for the Buyer and the Seller according to their interests in the Property.
- 33. **GOVERNING LAW:** This Contract will be governed by the laws of the Province of British Columbia. The parties submit to the exclusive jurisdiction of the courts in the Province of British Columbia regarding any dispute that may arise out of this transaction.
- 34. **CONFIDENTIALITY:** Unless the transaction contemplated by this Contract is completed, the Buyer and the Seller will keep all negotiations regarding the Property confidential, and the Buyer will not disclose to any third party the contents or effect of any documents, materials or information provided pursuant to or obtained in relation to this Contract without the prior written consent of the Seller, except that each of the Buyer and the Seller may disclose the same to its employees, inspectors, lenders, agents, advisors, consultants, potential investors and such other persons as may reasonably be required and except that the Buyer and the Seller may disclose the same as required by law or in connection with any regulatory disclosure requirements which must be satisfied in connection with the proposed sale and purchase of the Property.
- 35. **PLURAL:** In this Contract, any reference to a party includes that party's heirs, executors, administrators, successors and assigns; singular includes plural and masculine includes feminine.
- 36. **SURVIVAL OF REPRESENTATIONS AND WARRANTIES:** There are no representations, warranties, guarantees, promises or agreements other than those set out in this Contract and any attached Schedules. All of the warranties contained in this Contract and any attached Schedules are made as of and will be true at the Completion Date, unless otherwise agreed in writing.
- 37. **PERSONAL INFORMATION:** The Buyer and the Seller hereby consent to the collection, use and disclosure by the Brokerages and by the managing broker(s), associate broker(s) and representative(s) of those Brokerages (collectively the "REALTOR®(s)") described in Clause 38, the real estate boards of which those Brokerages and REALTOR®s are members and, if the Property is listed on a Multiple Listing Service®, the real estate board that operates that Multiple Listing Service®, of personal information about the Buyer and the Seller:
  - A. for all purposes consistent with the transaction contemplated herein;
  - B. if the Property is listed on a Multiple Listing Service®, for the purpose of the compilation, retention and publication by the real estate board that operates the Multiple Listing Service® and other real estate boards of any statistics including historical Multiple Listing Service® data for use by persons authorized to use the Multiple Listing Service® of that real estate board and other real estate boards;
  - C. for enforcing codes of professional conduct and ethics for members of real estate boards; and
  - D. for the purposes (and to the recipients) described in the British Columbia Real Estate Association's Privacy Notice and Consent form.

The personal information provided by the Buyer and Seller may be stored on databases outside Canada, in which case it would be subject to the laws of the jurisdiction in which it is located.

- 38. **AGENCY DISCLOSURE:** The Seller and the Buyer acknowledge and confirm as follows (initial appropriate box(es) and complete details as applicable):

Authentisign  


BUYER'S INITIALS



SELLER'S INITIALS

PROPERTY ADDRESS

INITIALS

A. The Seller acknowledges having received, read and understood the BC Financial Services Authority (BCFSA) form entitled "Disclosure of Representation in Trading Services" and hereby confirms that the Seller has an agency relationship with the Designated Agent(s)/REALTOR®s specified in Clause 10.1 who is/are licensed in relation to the brokerage specified in Clause 10.1.

Authentisign RM INITIALS

B. The Buyer acknowledges having received, read and understood the BCFSA form entitled "Disclosure of Representation in Trading Services" and hereby confirms that the Buyer has an agency relationship with the Designated Agent(s)/REALTOR®(s) specified in Clause 10.2 who is/are licensed in relation to the brokerage specified in Clause 10.2.

INITIALS

C. The Seller and the Buyer each acknowledge having received, read and understood the BCFSA form entitled "Disclosure of Risks Associated with Dual Agency" and hereby confirm that they each consent to a dual agency relationship with the Designated Agent(s)/REALTOR®(s) specified in Clause 10.3 who is/are licensed in relation to the brokerage specified in Clause 10.3, having signed a dual agency agreement with such Designated Agent(s)/REALTOR®(s) dated the date set out in Clause 10.4.

INITIALS

D. If only (A) has been completed, the Buyer acknowledges having received, read and understood the BCFSA form "Disclosure of Risks to Unrepresented Parties" from the Seller's agent listed in (A) and hereby confirms that the Buyer has no agency relationship.

INITIALS

E. If only (B) has been completed, the Seller acknowledges having received, read and understood the BCFSA form "Disclosure of Risks to Unrepresented Parties" from the Buyer's agent listed in (B) and hereby confirms that the Seller has no agency relationship.

39. ASSIGNMENT OF REMUNERATION: The Buyer and the Seller agree that the Seller's authorization and instruction set out in clause 45(c) below is a confirmation of the equitable assignment by the Seller in the Listing Contract and is notice of the equitable assignment to anyone acting on behalf of the Buyer or Seller.

39A. RESTRICTION ON ASSIGNMENT OF CONTRACT: The Buyer and the Seller agree that this Contract: (a) must not be assigned without the written consent of the Seller, and (b) the Seller is entitled to any profit resulting from an assignment of the Contract by the Buyer or any subsequent assignee.

RM

40. ADDITIONAL TERMS: The additional terms set out in Schedule 40 are hereby incorporated into and form a part of this Contract.

41. ACCEPTANCE IRREVOCABLE:

Authentisign RM BUYER'S INITIALS



The Seller and the Buyer specifically confirm that this Contract of Purchase and Sale, whether executed and sealed by hand or by digital or electronic signature and seal, or otherwise, is hereby executed under seal, which is evidenced by each of the Buyer and the Seller making the deliberate, intentional and conscious act of inserting their initials (whether by hand or electronically) in the appropriate space provided beside this Section 41. The parties intend that the act of inserting their initials as set out above is to have the same effect as if this Contract of Purchase and Sale had been physically sealed by wax, stamp, embossing, sticker or any other manner. It is agreed and understood that, without limiting the foregoing, the Seller's acceptance is irrevocable including without limitation during the period prior to the date specified for the Buyer to either:

SELLER'S INITIALS



- A. fulfill or waive the terms and conditions herein contained; and/or
B. exercise any option(s) herein contained.

Authentisign RM BUYER'S INITIALS

KK SELLER'S INITIALS


5708 176 St & 5747 176A St

Surrey

BC V3S 4C8 PAGE 8 of 8 PAGES

PROPERTY ADDRESS

- 42. COUNTERPARTS:** The parties agree that this Contract of Purchase and Sale and any amendments or attachments thereto may be executed in counterparts by the parties and delivered originally or by facsimile, email, or other means of electronic transmission. Each such counterpart when so executed and delivered is deemed to be an original and all such counterparts of a relevant document taken together shall constitute one and the same relevant document as though the signatures of all the parties were upon the same document.
- 43. THIS IS A LEGAL DOCUMENT. READ THIS ENTIRE DOCUMENT AND INFORMATION PAGE BEFORE YOU SIGN.**
- 44. OFFER:** This offer, or counter-offer, will be open for acceptance until the time and date specified in Clause 11.1 (unless withdrawn in writing with notification to the other party of such revocation prior to notification of its acceptance), and upon acceptance of the offer, or counter-offer, by accepting in writing and notifying the other party of such acceptance, there will be a binding Contract of Purchase and Sale on the terms and conditions set forth.

Authentisign  
  
 Ron Madsen  
 BUYER  
 1192528 BC Ltd.  
 PRINT NAME  
 \_\_\_\_\_  
 WITNESS

\_\_\_\_\_  
 BUYER  
 \_\_\_\_\_  
 PRINT NAME  
 \_\_\_\_\_  
 WITNESS

\_\_\_\_\_  
 BUYER  
 \_\_\_\_\_  
 PRINT NAME  
 \_\_\_\_\_  
 WITNESS

- 45. ACCEPTANCE:** The Seller (a) hereby accepts the above offer and agrees to complete the sale upon the terms and conditions set out above, (b) agrees to pay a commission as per the Listing Contract, and (c) authorizes and instructs the Buyer and anyone acting on behalf of the Buyer or Seller to pay the commission out of the cash proceeds of sale and forward copies of the Seller's Statement of Adjustments to the Cooperating/Listing Brokerage, as requested, forthwith after completion.

Seller's acceptance is dated this 22nd day of AUGUST yr. 2024.

The Seller declares their residency:


RESIDENT OF CANADA 

Kle		
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 INITIALS NON-RESIDENT OF CANADA 

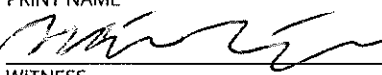
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 INITIALS as defined under the *Income Tax Act*.

  
 SELLER

\_\_\_\_\_  
 SELLER

\_\_\_\_\_  
 SELLER

JRG Cloverdale Holdings Ltd.  
 PRINT NAME  
  
 WITNESS

\_\_\_\_\_  
 PRINT NAME  
 \_\_\_\_\_  
 WITNESS

\_\_\_\_\_  
 PRINT NAME  
 \_\_\_\_\_  
 WITNESS

→ MNP Ltd. in its capacity as Court appointed Monitor of JRG Cloverdale Holding Ltd. and not in its personal capacity

\*PREC represents Personal Real Estate Corporation

Trademarks are owned or controlled by The Canadian Real Estate Association (CREA) and identify real estate professionals who are members of CREA (REALTOR<sup>®</sup>) and/or the quality of services they provide (MLS<sup>®</sup>).

BC 2053 REV. NOV 2023

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# CONTRACT OF PURCHASE AND SALE FOR COMMERCIAL REAL ESTATE SCHEDULE

MLS® NO: C8058133

DATE: August 21 2024

RE: ADDRESS: 5708 176 St & 5747 176A St Surrey BC V3S 4C8

PARCEL G, PLAN NWP53379, SECTION 8, TOWNSHIP 8, NEW WESTMINSTER LAND DISTRICT, EXCEPT  
PLAN PT SUB'D BY PL BCP27714  
PARCEL F, PLAN NWP53379, SECTION 8, TOWNSHIP 8, NEW WESTMINSTER LAND DISTRICT

LEGAL DESCRIPTION

PID: 001-592-602

FURTHER TO THE CONTRACT OF PURCHASE AND SALE DATED August 21 2024

MADE BETWEEN 1192528 BC Ltd. AS BUYER(S), AND

JRG Cloverdale Holdings Ltd. AS SELLER(S) AND COVERING

THE ABOVE-MENTIONED PROPERTY, THE UNDERSIGNED HEREBY AGREE AS FOLLOWS:

1) This Offer to Purchase is subject to the following conditions being satisfied or waived by the Purchaser;

A) financing to the satisfaction of the Purchaser for the Lands

B) confirmation of RDM (or new co) purchasing the assets and businesses of the Joseph Richard Group.

These conditions are for the sole benefit of the Purchaser and shall be waived or removed in writing by 5:00pm September 16th, 2024 or this Contract will be null and void and all deposit.


Authentisign  
RM

2) The Purchaser acknowledges and accepts that on Completion The Purchaser will receive Title free and clear of any financial encumbrances, and a copy of the title search results will for part of this contract.

Ron Madsen   
BUYER  
1192528 BC Ltd.

\_\_\_\_\_  
BUYER  
\_\_\_\_\_  
PRINT NAME

\_\_\_\_\_  
BUYER  
\_\_\_\_\_  
PRINT NAME

WITNESS [Signature]   
SELLER MNP Ltd. in its capacity as Member of JRG Cloverdale Holdings Ltd.  
PRINT NAME

\_\_\_\_\_  
WITNESS  
\_\_\_\_\_  
SELLER  
\_\_\_\_\_  
PRINT NAME

\_\_\_\_\_  
WITNESS  
\_\_\_\_\_  
SELLER  
\_\_\_\_\_  
PRINT NAME

WITNESS [Signature]

\_\_\_\_\_  
WITNESS

\_\_\_\_\_  
WITNESS



# CONTRACT OF PURCHASE AND SALE FOR COMMERCIAL REAL ESTATE SCHEDULE

MLS® NO: C8058133

DATE: August 21 2024

RE: ADDRESS: 5708 176 St & 5747 176A St Surrey BC V3S 4C8

PARCEL G, PLAN NWP53379, SECTION 8, TOWNSHIP 8, NEW WESTMINSTER LAND DISTRICT, EXCEPT  
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LEGAL DESCRIPTION

PID: 001-592-602

FURTHER TO THE CONTRACT OF PURCHASE AND SALE DATED August 21 2024

MADE BETWEEN 1192528 BC Ltd. AS BUYER(S), AND

JRG Cloverdale Holdings Ltd. AS SELLER(S) AND COVERING

THE ABOVE-MENTIONED PROPERTY, THE UNDERSIGNED HEREBY AGREE AS FOLLOWS:

**4. Deposit**

The sum of \$50,000.00 shall be paid to the Purchaser's Solicitor within 3 business days of a duly executed Offer to Purchase, held in a trust account.

5. The Purchaser reserves the right to assign this contract in whole or in part to any third party with written notice to the Seller. The assignment must occur prior to Court Approval. Said assignment does not relieve the Purchaser from their obligation to complete the terms and conditions of this contract.

6. Tenants will stay and remain as tenants and existing Business ( The Henry) will remain and stay as tenant.

Schedule "A & B" forms part of this Contract.



Authentisign  
Ron Madsen

BUYER  
1192528 BC Ltd.  
PRINT NAME

WITNESS

SELLER MNF Ltd. in its capacity as  
Member of JRG Cloverdale Holding Ltd.  
PRINT NAME

WITNESS

\_\_\_\_\_  
BUYER

PRINT NAME

WITNESS

\_\_\_\_\_  
SELLER

PRINT NAME

WITNESS

\_\_\_\_\_  
BUYER

PRINT NAME

WITNESS

\_\_\_\_\_  
SELLER

PRINT NAME

WITNESS



## SCHEDULE "A" TO PURCHASE CONTRACT

The following terms and conditions replace, modify, and where applicable override, the terms of the contract of purchase and sale to which this Schedule "A" is attached, and any modifications, amendments, additions or addenda thereto (collectively, the "Contract"). Where any conflict arises between the terms of this Schedule "A" and the Contract, the terms of this Schedule "A" (the "Agreement") will apply.

Notwithstanding anything in the Contract to the contrary:

1. The Buyer (referred to herein as the "Purchaser") acknowledges that the Seller (referred to herein as the "Vendor") means MNP Ltd. in its capacity as the Court Appointed Monitor of the Joseph Richard Hospitality Group Ltd. and the companies set out in Schedule "B" and not in any personal or corporate capacity.
2. The Contract is subject to the following:
  - a) court approval;
  - b) the rights, if any, of the mortgagor or any other person to redeem, purchase or place the Vendor's mortgage in good standing prior to closing of this transaction;
  - c) the Vendor being restrained or enjoined from completing this sale by a Court of competent jurisdiction or the filing or registration of any document preventing the Vendor from giving good title to the Purchaser; and
  - d) the Vendor being able to complete the sale pursuant to the Court Order.
3. In the event that:
  - a) the mortgagor or any other person shall become entitled to redeem, assign or place the Vendor's mortgage in good standing and does so prior to the completion of this transaction;
  - b) the court does not approve the sale to the Purchaser or the Vendor determines, in its sole discretion, not to seek court approval for any reason whatsoever; or
  - c) the Vendor is otherwise unable to complete the sale pursuant to the Court Order for any reason,then the Vendor shall have the right to terminate the Contract and upon the Vendor giving written notice to the Purchaser that it is so doing, the Contract shall be cancelled, without interest or deduction and the Purchaser will receive back any deposit paid as its sole and exclusive remedy. Written notice shall be deemed to be validly given if received by the agent, solicitor or notary for the Purchaser.
4. The Vendor shall not be required to furnish any title documents and shall only be required to provide such deeds, copies thereof, or evidence of title as are in its possession or control.
5. The Purchaser acknowledges and agrees that there are no representations and/or warranties with respect to the Property and/or any personal property therein, including without limitation the fitness, condition (including environmental condition), zoning or lawful use of the Property and agrees to accept the Property and any personal property remaining therein as of the completion date in an "as is where is" condition and subject to any outstanding work orders or notices of infractions as of the date of closing and subject to the existing municipal or other governmental by-laws, restrictions or orders affecting its use, including sub-division agreements and easements.

6. The Purchaser acknowledges and agrees that the Vendor is making no representations and/or warranties whatsoever with respect to the Property and/or any personal property therein. The Purchaser acknowledges and agrees that it has relied entirely upon its own inspection and investigation with respect to quantity, quality and value of the Property and its suitability for any purpose, including occupancy, development, or derivation of revenue.
7. The Purchaser acknowledges and agrees that the fixtures and personal property on the premises are to be taken by the Purchaser at the Purchaser's own risk completely, without representation or warranty of any kind from the Vendor as to the ownership or state of repair of any such fixtures and personal property. Without limitation, separate arrangements will have to be made by the Purchaser with any owner of any personal property in order for the Purchaser to take title to any personal property (notwithstanding any personal property viewed by the Purchaser at the Property on any given date and any terms of the Contract pertaining thereto).
8. The Purchaser further acknowledges and agrees that it is solely responsible for and shall perform its own due diligence on the Property and/or any personal property therein and that any information supplied, provided or to be provided to the Purchaser by the Vendor or its agents or representatives is and was supplied or provided without any representation or warranty, is and was supplied or provided solely for the Purchaser's convenience, and is, was or will be obtained from a variety of sources, and the Vendor has not made any independent investigation or verification of such information, and makes no representations as to the accuracy or completeness of such information, and that the responsibility for verification of any such information shall be wholly the responsibility of the Purchaser.
9. The Purchaser hereby waives any requirement for the Vendor to provide to the Purchaser a site profile for the Property under the Environmental Management Act of the Province of British Columbia and any regulation in respect thereto.
10. The Purchaser waives any right it may have with respect to confirmation and/or acknowledgement of the residency of the Vendor and/or registered or beneficial owner(s) of the Property and expressly agrees, represents and warrants that it will not withhold any portion of the sale proceeds for any reason pertaining to the residency of the Vendor and/or registered or beneficial owner(s) of the Property. In that regard, the Purchaser agrees, represents and warrants that it has performed its own investigation and due diligence with respect to the residency of the Vendor and/or registered or beneficial owner(s) of the Property and, to the extent necessary, has incorporated any associated risks into its purchase price.
11. The Purchaser expressly acknowledges and agrees that the Purchase Price for the Property does not include Goods and Services Tax ("GST") or Provincial Sales Tax ("PST") or any other tax that may be applicable. The Purchaser will be liable for and shall pay all GST, PST and registration charges and transfer fees properly payable upon and in connection with the sale and transfer of the Property by the Vendor to the Purchaser. On the completion date for the sale, the Purchaser will provide the Vendor with a certificate signed by the Purchaser or its officer confirming the Purchaser's GST and PST registration numbers together with an undertaking to self-assess and remit any GST or PST payable in respect of the transaction Vendor in this Contract and an indemnity in that regard in a form acceptable to the Vendor, and, in any event, the Purchaser shall pay any GST and PST and property transfer tax payable in respect of the purchase of the Property hereunder, and shall fully comply with the provisions of the federal Excise Tax Act, Provincial Sales Tax Act and Property Transfer Tax Act. Purchaser shall obtain its own legal, accounting and other professional advice as to GST and PST and any other applicable taxes.

12. The Vendor shall provide the Purchaser with only those keys to the premises that are in its possession.
13. The Vendor has instructed its listing agent to maximize the proceeds of sale within the Court approval process. This Contract will become public information prior to the Court approval date and competing purchasers will have the ability to submit higher offers. The Purchaser will have the ability (subject to the Court's discretion) to modify the Contract to respond to competing offers and it is recommended that the Purchaser seek independent legal advice to advance its own offer to the Court. So long as it remains in force the Vendor will be complying with The Supreme Court of British Columbia's Practice Direction — 62 "Sealed Bid Process for Foreclosures and Other Matters Involving the Sales of Land" and the Purchaser hereby acknowledges and agrees to that Bid Process and any amendments thereto.
14. If the Property is occupied and the Purchaser requires vacant possession, then the Vendor, while still required to deliver vacant possession to the Purchaser, may wait to deliver vacant possession until after the Vendor has obtained and enforced a court order for vacant possession and any ancillary or related proceedings have concluded. The Purchaser acknowledges and agrees that if vacant possession is unavailable on the Possession Date, then the Purchaser must complete the purchase of the Property in any event. In such event, the Purchaser acknowledges and agrees that the Vendor shall not be liable to the Purchaser for any loss, damage or expense, whether in contract, law or by statute, arising out of or related in any way to the Vendor's failure to deliver vacant possession to the Purchaser on the Possession Date or thereafter provided that the Vendor makes reasonable efforts to deliver vacant possession through a writ of possession or such other lawful enforcement means as the Vendor considers advisable in its sole discretion.
15. The Purchaser acknowledges and agrees to provide the net sales proceeds to the Vendor by way of bank draft or certified cheque.
16. This Agreement may be executed in one or more counterparts, each of which will be an original, and all of which together will constitute a single instrument. This Agreement may be signed and/or transmitted by fax or by electronic mail of a .PDF document or electronic signature (e.g., DocuSign or similar electronic signature technology) and thereafter maintained in electronic form, and such electronic record will be as valid and effective to bind the party so signing as a paper copy bearing such party's handwritten signature. The parties further consent and agree that the electronic signatures appearing on this Agreement will be treated, for the purposes of validity, enforceability, and admissibility, the same as handwritten signatures.
17. The parties to this Agreement acknowledge and agree that the Vendor will not be responsible for paying any commission to a listing agent or any other realtor or agent if the Property is redeemed by the Vendor, or by the mortgagor of the Property or by any other person, such that the foreclosed mortgage is in good standing prior to closing of this transaction, or if the Vendor is restrained or enjoined from completing this sale by a Court of competent jurisdiction, or if the filing or registration of any document prevents the Vendor from giving good and clear title to the Purchaser, or if the Vendor is otherwise not able to complete the sale pursuant to the Court Order, or if the Vendor sells the Property to a company or other person related to the Vendor, or if the Vendor directly introduces the Purchaser to the Property.

Vendor by Court Order



MNP Ltd. in its capacity as the Court Appointed Monitor of the Joseph Richard Hospitality Group Ltd. and the companies set out in Schedule "B" and not in any personal or corporate capacity.

Purchaser

Authentisign  
*Ron Madsen*

Name:

1192528 BC Ltd.

Name:

**Schedule "B"**

**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.
Livelyhood Public House 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.





THE CANADIAN BAR ASSOCIATION  
British Columbia Branch

# CONTRACT OF PURCHASE AND SALE ADDENDUM / AMENDMENT

MLS® NO: C8058133 DATE: September 16 2024

RE: ADDRESS: 5708 176 St & 5747 176A St Surrey BC V3S 4C8

LEGAL DESCRIPTION: PARCEL G, PLAN NWP53379, SECTION 8, TOWNSHIP 8, NEW WESTMINSTER LAND DISTRICT, EXCEPT PLAN PT SUB'D BY PL BCP27714  
PARCEL F, PLAN NWP53379, SECTION 8, TOWNSHIP 8, NEW WESTMINSTER LAND DISTRICT

PID: 001-592-602 OTHER PID(S): \_\_\_\_\_

ADDENDUM TO / AMENDMENT MADE FURTHER TO AND FORMING PART OF THE CONTRACT OF PURCHASE AND SALE DATED August 14 2024 MADE BETWEEN 1192528 BC Ltd.

\_\_\_\_\_ AS BUYER(S), AND  
JRG Cloverdale Holdings Ltd.

AS SELLER(S) AND COVERING THE ABOVE-MENTIONED PROPERTY, THE UNDERSIGNED HEREBY AGREE AS FOLLOWS: IN REFERENCE TO THE CONTRACT MENTIONED ABOVE, THE FOLLOWING SUBJECT CLAUSE IS HEREBY REMOVED AND / OR DECLARED FULFILLED:

A) Subject to financing to the satisfaction of the Purchaser for the Lands, on or before September 16th, 2024

All other terms and conditions remain unchanged, including time remains of the essence.

Authentisign  
  
 BUYER



1192528 BC Ltd.  
 PRINT NAME

WITNESS

  
 SELLER



JRG Cloverdale Holdings Ltd.  
 PRINT NAME

  
 WITNESS

\_\_\_\_\_ BUYER



\_\_\_\_\_ PRINT NAME

\_\_\_\_\_ WITNESS

\_\_\_\_\_ SELLER



\_\_\_\_\_ PRINT NAME

\_\_\_\_\_ WITNESS

\_\_\_\_\_ BUYER



\_\_\_\_\_ PRINT NAME

\_\_\_\_\_ WITNESS

\_\_\_\_\_ SELLER



\_\_\_\_\_ PRINT NAME

\_\_\_\_\_ WITNESS



THE CANADIAN BAR ASSOCIATION  
British Columbia Branch

# CONTRACT OF PURCHASE AND SALE ADDENDUM / AMENDMENT

MLS® NO: C8058133 DATE: September 16 2024

RE: ADDRESS: 5708 176 St & 5747 176A St Surrey BC V3S 4C8

LEGAL DESCRIPTION: PARCEL G, PLAN NWP53379, SECTION 8, TOWNSHIP 8, NEW WESTMINSTER LAND DISTRICT, EXCEPT PLAN PT SUB'D BY PL BCP27714  
PARCEL F, PLAN NWP53379, SECTION 8, TOWNSHIP 8, NEW WESTMINSTER LAND DISTRICT

PID: 001-592-602 OTHER PID(S): \_\_\_\_\_

ADDENDUM TO / AMENDMENT MADE FURTHER TO AND FORMING PART OF THE CONTRACT OF PURCHASE AND SALE  
 DATED August 14 2024 MADE BETWEEN 1192528 BC Ltd.

\_\_\_\_\_ AS BUYER(S), AND  
JRG Cloverdale Holdings Ltd.

AS SELLER(S) AND COVERING THE ABOVE-MENTIONED PROPERTY, THE UNDERSIGNED HEREBY AGREE AS FOLLOWS:  
 IN REFERENCE TO THE CONTRACT MENTIONED ABOVE DATED AUGUST 14, 2024;

Both the Purchaser and Vendor mutually agree to extend the subject removal date, for the subject mentioned below, from September 16th, 2024, to October 10th, 2024, or until court approval, whichever comes first.

Subject to confirmation of RDM (or new co) purchasing the assets and businesses of the Joseph Richard Group.

All other terms and conditions remain unchanged, including time remains of the essence.

Authentisign  
  
 BUYER

\_\_\_\_\_  
 BUYER

\_\_\_\_\_  
 BUYER

1192528 BC Ltd.  
 PRINT NAME

\_\_\_\_\_  
 PRINT NAME

\_\_\_\_\_  
 PRINT NAME

WITNESS  
  
 SELLER

\_\_\_\_\_  
 SELLER

\_\_\_\_\_  
 SELLER

JRG Cloverdale Holdings Ltd.  
 PRINT NAME

\_\_\_\_\_  
 PRINT NAME

\_\_\_\_\_  
 PRINT NAME

WITNESS  
  
 SELLER

\_\_\_\_\_  
 SELLER

\_\_\_\_\_  
 SELLER





BCrea  
British Columbia  
Real Estate Association



THE CANADIAN  
BAR ASSOCIATION  
British Columbia Branch

# CONTRACT OF PURCHASE AND SALE ADDENDUM / AMENDMENT

MLS® NO: C8058133 DATE: October 10 2024

RE: ADDRESS: 5708 176 St & 5747 176A St Surrey BC V3S 4C8

LEGAL DESCRIPTION: PARCEL G, PLAN NWP53379, SECTION 8, TOWNSHIP 8, NEW WESTMINSTER LAND DISTRICT, EXCEPT PLAN PT SUB'D BY PL BCP27714  
PARCEL F, PLAN NWP53379, SECTION 8, TOWNSHIP 8, NEW WESTMINSTER LAND DISTRICT

PID: 001-592-602 OTHER PID(S): 001-592-599

ADDENDUM TO / AMENDMENT MADE FURTHER TO AND FORMING PART OF THE CONTRACT OF PURCHASE AND SALE DATED August 14 2024 MADE BETWEEN 1192528 BC Ltd.

\_\_\_\_\_ AS BUYER(S), AND  
JRG Cloverdale Holdings Ltd.

AS SELLER(S) AND COVERING THE ABOVE-MENTIONED PROPERTY, THE UNDERSIGNED HEREBY AGREE AS FOLLOWS: IN REFERENCE TO THE CONTRACT MENTIONED ABOVE DATED AUGUST 14, 2024;

Both Purchaser and Vendor mutually agree to extend the subject removal date, for the subject mentioned below, from October 10, 2024 to October 31, 2024, or until court approval, whichever comes first.

Subject to confirmation of RDM ( or new co) purchasing the assets and businesses of the Joseph Richard Group.

All other terms and conditions remain unchanged, including time remains of the essence.

Authentisign <u>Ron Madsen</u>	_____	_____
BUYER	BUYER	BUYER
<u>1192528 BC Ltd.</u>	_____	_____
PRINT NAME	PRINT NAME	PRINT NAME
WITNESS <u>[Signature]</u>	WITNESS _____	WITNESS _____
SELLER <u>NWP Ltd. in its capacity as Monitor of.</u>	SELLER _____	SELLER _____
<u>JRG Cloverdale Holdings Ltd.</u>	_____	_____
PRINT NAME	PRINT NAME	PRINT NAME
WITNESS <u>[Signature]</u>	WITNESS _____	WITNESS _____

## **Appendix G**

**Forecast Cash Flow for the Period October 7 to December 1, 2024**

**In the matter of the CCAA Proceedings of Joseph Richard Group**  
**Cash Flow Forecast For the Period from August 12, 2024 to December 1, 2024**  
**\$CAD**

	Actuals		Forecast							Total Forecast	Total Actual plus Forecast	
	Apr 29, 2024 to Oct 6, 2024		13-Oct-24	20-Oct-24	27-Oct-24	03-Nov-24	10-Nov-24	17-Nov-24	24-Nov-24	01-Dec-24	Aug 12, 2024 to Dec 1, 2024	Apr 29, 2024 to Dec 1, 2024
<b>Receipts</b>												
Estimated Net Proceeds from Proposed Sale of Clover Building	1	-	-	-	-	-	-	-	-	6,560,000	6,560,000	6,560,000
Estimated Net Proceeds from Proposed Sale of the Businesses	2	-	-	-	-	4,050,000	-	-	-	-	4,050,000	4,050,000
Estimated Proceeds from Sale of Inventory	3	-	-	-	-	-	300,000	-	-	-	300,000	300,000
Restaurants and operations	4	12,655,794	463,105	540,000	600,000	400,000	-	-	-	-	2,003,105	14,658,899
Sales Taxes		1,265,579	46,310	54,000	60,000	40,000	-	-	-	-	200,310	1,465,890
<b>Total Receipts</b>		<b>13,921,374</b>	<b>509,415</b>	<b>594,000</b>	<b>660,000</b>	<b>4,490,000</b>	<b>300,000</b>	-	-	<b>6,560,000</b>	<b>13,113,415</b>	<b>27,034,789</b>
<b>Operating Disbursements</b>												
Cost of Goods Sold	5	(4,313,991)	(160,974)	(153,900)	(171,000)	(114,000)	-	-	-	-	(599,874)	(4,913,865)
Labour	6	(4,552,580)	(264,589)	(59,000)	(304,000)	(767,300)	-	-	-	-	(1,394,889)	(5,947,469)
G&A	7	(2,842,036)	(117,751)	(120,000)	(120,000)	(80,000)	-	-	-	-	(437,751)	(3,279,787)
Rent	8	(1,693,973)	(43,909)	-	-	(306,000)	-	-	-	-	(349,909)	(2,043,882)
Sales Tax		(568,198)	(95,779)	(27,000)	(146,000)	(386,000)	-	-	-	-	(654,779)	(1,222,977)
Contingency	9	-	-	(5,000)	(5,000)	(5,000)	-	-	-	-	(15,000)	(15,000)
<b>Total Operating Disbursements</b>		<b>(13,970,778)</b>	<b>(683,002)</b>	<b>(364,900)</b>	<b>(746,000)</b>	<b>(1,658,300)</b>	-	-	-	-	<b>(3,452,202)</b>	<b>(17,422,980)</b>
<b>Restructuring Disbursements</b>												
Professional Fees	10	(172,500)	-	(50,000)	(50,000)	(50,000)	-	-	-	-	(150,000)	(322,500)
<b>Total Restructuring Disbursements</b>		<b>(172,500)</b>	-	<b>(50,000)</b>	<b>(50,000)</b>	<b>(50,000)</b>	-	-	-	-	<b>(150,000)</b>	<b>(322,500)</b>
<b>Financing Receipts / (Disbursements)</b>												
DIP Facility - principal draw / (repayment)	11	450,000	-	-	-	-	(435,000)	-	-	-	(435,000)	15,000
DIP Facility - fees		(15,000)	-	-	-	-	-	-	-	-	-	(15,000)
<b>Total Financing Receipts / (Disbursements)</b>		<b>435,000</b>	-	-	-	-	<b>(435,000)</b>	-	-	-	<b>(435,000)</b>	-
<b>Net Cash Flow</b>		<b>213,096</b>	<b>(173,587)</b>	<b>179,100</b>	<b>(136,000)</b>	<b>2,781,700</b>	<b>(135,000)</b>	-	-	<b>6,560,000</b>	<b>9,076,213</b>	<b>9,289,309</b>
<b>Opening Balance</b>		<b>89,507</b>	<b>302,603</b>	<b>129,016</b>	<b>308,116</b>	<b>172,116</b>	<b>2,953,816</b>	<b>2,818,816</b>	<b>2,818,816</b>	<b>2,818,816</b>	<b>302,603</b>	<b>89,507</b>
<b>Closing Cash Balance</b>		<b>302,603</b>	<b>129,016</b>	<b>308,116</b>	<b>172,116</b>	<b>2,953,816</b>	<b>2,818,816</b>	<b>2,818,816</b>	<b>2,818,816</b>	<b>9,378,816</b>	<b>9,378,816</b>	<b>9,378,816</b>

**Notes**

- Sales proceeds from sale of the Clover Building (subject to Court approval) for \$7.25 million, net of realtor commissions of \$228K and property taxes of \$460K.
- Sales proceeds from sale of the Operating Businesses (subject to Court approval) for \$4.15 million plus an estimated post closing adjustment of \$150K. The sales price is net of the completion fees of MNPCF of \$250,000
- Sales proceeds from anticipated inventory sales for the winddown of JRG Clover Station LRS Ltd. and JRG Glass House Estates Winery Ltd.
- JRG is forecasting revenues based on revenues achieved during the period from April 29, 2024 - October 6, 2024. Assumes that the sale of the Operating Businesses close on October 31, 2024.
- Cost of Goods Sold is estimated to be 28.5% of revenues which is lower from the previously forecasted 30% of revenues.
- Labour consists of all Joseph Richard Group salaries and wages, including insurance and benefits and includes anticipated payment of final payroll and post-filing source deductions immediately after close.
- G&A consists of administrative and operational costs.
- Rent consists of operating location rent and lease payments. Assumes that sale completes before the November rents are payable and October rent arrears of \$87,000 and Cure costs of \$219,000 are paid immediately after close.
- The Cash Flow Forecast incorporates a contingency in the amount of \$5K per week.
- Professional Fees are estimated costs of the Monitor, its legal counsel and MNPCF. It does not include any completion fees relating to the sale of the businesses payable to MNPCF. The Forecast Cash Flow does not include the payment of the outstanding fees subject to the Administration Charge which will be sought through a distribution order, or for professional fees past the week of November 3, 2024.
- DIP financing relates to the principal amounts borrowed from CWB during the period April 29, 2024 to August 11, 2024. Prior to April 29, 2024, JRG had borrowed \$300,000. As at the date of this Report, JRG has borrowing the full amount of the DIP financing of \$750,000. The Forecast Cash Flow does not include the repayment of the DIP Financing which will be sought through a distribution order.