



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

MONITOR'S SECOND REPORT TO COURT

June 4, 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**”) 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 monitor of the Petitioners).
2. The background of these CCAA proceedings is provided in the Seventh Report of Ernst & Young Inc., dated April 30, 2024 (the “**Seventh Report**” – we understand that the Seventh Report was erroneously named the Sixth Report to Court as there are two Sixth Reports to Court, one dated March 7, 2024 and another dated April 30, 2024).
3. On May 9, 2024, the Court granted an order that among other things:
 - i. substituted MNP Ltd. as the court-appointed monitor (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**”); and
 - v. increased the interim financing facility from Canadian Western Bank (“**CWB**”) and corresponding interim finance charge from \$500,000 to \$750,000.
4. The Court also granted an order on May 9, 2024 (the “**Sales Process Order**”) that, among other things, authorized and directed the Monitor to implement to proposed sales process (the “**Sales Process**”).

Terms of Reference

5. This Report has been prepared for the use of this Honourable Court and the Petitioners’ stakeholders as general information relating to the restructuring proceedings. Accordingly, this 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 Report contrary to the provisions of this paragraph.

6. This Report should be read in conjunction with the previous reports of Ernst & Young Inc. and the Monitor to Court in these CCAA proceedings.

II. ENGAGEMENT OF MNP CORPORATE FINANCE

7. The Monitor, subject to Court approval, proposes to engage MNP Corporate Finance Inc. (“**MNPCF**”) to market and sell the Petitioners’ operating businesses (the “**Transaction(s)**”), pursuant to the Sales Process.
8. Attached as **Appendix B** is a copy of the MNPCF’s proposed engagement letter (the “**Engagement Letter**”), which can be summarized as follows:

- i. MNPCF’s compensation is set out in two forms:
 - a. an estimated ‘work fee’ of \$130,000 based on the standard hourly rates (the “**Work Fees**”); and
 - b. a ‘completion fee’ of up to a maximum of \$250,000 for obtaining at least one Qualified Bid (as defined in the Sales Process Order, “**Qualified Bid(s)**”) and a fee for the closing of each transaction (the “**Completion Fees**”).

The Work Fees and Completion Fees are detailed in the sections (iii) and (iv) below.

- ii. MNPCF anticipates that the scope of services will include:
 - a. obtaining and reviewing the Petitioners’ documents and records regarding the assets to be sold in the Sales process;
 - b. performing market research and preparing marketing material;
 - c. marketing the Petitioners’ businesses and soliciting Qualified Bids; and,
 - d. assisting with due diligence and the closing of a transaction or transactions, as applicable (collectively, the “**Services**”).

iii. The Work Fees:

a. The hourly rates for each MNPCF's personnel are as follows:

Position	Rate per hour
Managing Director	\$710
Director	\$528
Vice President	\$451
Senior Associate	\$374
Associate	\$343
Analyst	\$204

b. MNPCF has estimated that their hourly fees will be approximately \$130,000 to complete the Sales Process, broken down as follows:

- \$80,000 to prepare the buyer list, teaser letter, and confidential information memorandum;
- \$30,000 to market and solicit Qualified Bids; and,
- \$20,000 to assist with due diligence and closing matters following the acceptance of a Qualified Bid.

iv. The Completion Fees:

- a. A fee of \$50,000 upon MNPCF receiving at least one Qualified Bid;
- b. The greater of: (i) \$100,000 upon closing of at least one Transaction; and (ii) \$20,000 per Transaction to a maximum of \$200,000 upon the closing of the Transaction; and,
- c. If the purchaser in a specific Transaction is a director of the Petitioners or an entity controlled by one of the directors of the Petitioners, no Completion Fees will be payable in relation to that Transaction.

9. The Services are not exhaustive and some of the steps may be altered or omitted based on the circumstances of the engagement included, but not limited to, market response. If deemed necessary, the scope of Services may be further altered or restricted as required to ensure that MNPCF's performance of the Services does not impair the independence principles of corporate good governance practices, conflicts of interest principles and/or the generally accepted audit or accounting practices applicable in the relevant jurisdiction.

10. MNPCF will perform the Services on a “reasonable commercial efforts” basis meaning the efforts that a corporate finance company of similar scope and size to MNPCF would use to achieve the purpose of the Engagement Letter as expeditiously as possible but does not include taking any actions that would, individually or in the aggregate, cause MNPCF to incur costs or suffer any other detriment, out of reasonable proportion to the benefits to MNPCF under the Engagement Letter.
11. Any additional services not contemplated in the above Services (such as taxation, accounting, or tax planning), but that are required as part of the Sales Process, will be agreed upon by the Petitioners and the Monitor and will be subject to a separate engagement.
12. The Monitor believes that it would be beneficial to engage corporate finance professionals to assist with the sale of the Petitioners businesses, and that such an engagement should increase the value obtained. In particular, corporate finance professionals with experience in the hospitality sector has the necessary expertise and contacts to maximize competition and value and will promote continuity, stability, and credibility in the Sales Process.
13. The proposed fee structure is consistent with most reputable corporate finance firms’ fee structure. The Completion Fees were a condition of MNPCF agreeing to assist with the Sales Process. MNPCF was unwilling to assist without the inclusion of the Completion Fees.
14. MNPCF, which is affiliated with the Monitor, was identified as a logical corporate finance group to engage because:
 - i. MNPCF has led numerous sales processes for distressed businesses. It is a team that is specialized in mergers, acquisitions and divestitures with significant experience that will assist in performing the required services to complete the Sales Process.
 - ii. MNPCF has extensive experience in the hospitality industry, and has a database of potential purchasers and relationships with parties.
 - iii. It is affiliated with the Monitor, so it is possible to customise the use of MNPCF and the Monitor’s resources to eliminate duplication and most efficiently run the sales process in a way that does not occur with an external corporate finance firm.

MNPCF is able to leverage off the Monitor's existing knowledge of these proceedings.

- iv. In the Monitor's experience with similar sales processes, the estimated Work Fees and the proposed Completion Fees are market standard costs for similar services by a comparable reputable corporate finance firm of similar size and experience to MNPCF undertaking a transaction of this size. The combination of a Completion Fees, with the appropriate carve-out for related parties, reduces the Work Fees component of the cost and ties a portion to the successful closing of Transactions.
 - v. The payment of the Completion Fees is appropriately conditioned upon the receipt of a successful transaction under the Sales Process.
15. The two primary economic stakeholders are CWB and Bank of Montreal. Both have agreed to the terms and the engagement of MNPCF.
16. To secure payment of the fees of MNPCF, it is proposed that they be added as a beneficiary to the New Administration Charge previously granted in these proceedings. The Monitor believes that this relief is both appropriate and necessary in the circumstances to ensure that payment of the fees, including the Completion Fees, of MNPCF and so that MNPCF may have the same protections as the other professionals assisting the Petitioners in these proceedings.
17. Providing MNPCF the benefit of the New Administration Charge will not require an increase in the quantum of the charge. The primary secured creditors have consented to the proposed amendment.

III. RELIEF

18. The Monitor accordingly requests that the Court approve the engagement of MNPCF on the terms set out in the Engagement Letter, and the addition of MNPCF as a beneficiary under the New Administration Charge.

All of which is respectfully submitted to this Honourable Court this 4th day of June, 2024.

MNP Ltd.

in its capacity as proposed 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

Per: 

Kevin Koo, CPA, CIRP

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.

Non-Petitioner Entities:

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

Appendix B

Draft Engagement Letter for MNP Corporate Finance

June 4, 2024

PRIVATE & CONFIDENTIAL

Attn: Mario Mainella
MNP Ltd. in its capacity as the Court appointed monitor of the Joseph Richard Hospitality Group Ltd.
Suite 1630 – 609 Granville Street
Vancouver, BC V7Y 1E7

Dear Mario Mainella:

RE: Proposed Divestiture of the Joseph Richard Hospitality Group Ltd.

Thank you for requesting the services of MNP Corporate Finance Inc. (“**MNPCF**”, “**we**”, “**us**” or “**our**”). This letter confirms MNPCF’s exclusive engagement with MNP Ltd. as the Court appointed monitor (the “**Monitor**”) in the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36 proceedings of Joseph Richard Hospitality Group Ltd. and the companies outlined in Appendix B (collectively, “**JRG**” or the “**Company**”) in connection with the proposed divestiture of JRG (the “**Transaction(s)**”).

This engagement letter (“**Engagement Letter**”) sets forth the scope and terms of MNPCF’s exclusive engagement as financial advisor to the Monitor and the professional services that we will provide in connection with the proposed Transaction.

Purpose of the Engagement

It is our understanding that the Monitor will conduct a sales process to sell JRG’s operating locations and to consummate a Transaction. The contemplated divestiture may be completed through a single Transaction or a series of Transactions and may involve a sale of shares, a sale of assets, a merger, a consolidation or other business combination in exchange for consideration which may include, but not be limited to, cash, shares, vendor take back financing, earn-outs, other consideration, or any combination thereof. The Monitor, through its execution of this Engagement Letter, is engaging MNPCF as its exclusive financial advisor to assist with the divestiture process, and the specific services described herein.

Scope of Our Services – The Divestiture Process

MNPCF's approach to the Transaction(s) will be adaptive and flexible to fit the situation as it evolves. However, based on our current understanding of the anticipated sales process, we anticipate that the scope of our services will include the following (collectively, the "Services"):

PHASE I – Understand the Background.

- Review information related to the business, operations and financial condition of JRG;
- Review market and industry information relevant to JRG and perform such other research and analysis as MNPCF deems appropriate; and
- Assess the value of JRG from strategic and financial perspectives including identification of key value drivers and relevant industry factors (a formal valuation will not be performed).

PHASE 2 – Marketing Preparation.

- Develop strategies with a view to maximizing the value of JRG;
- Collaborate with JRG and the Monitor to prepare appropriate marketing documents including a Confidential Information Memorandum or similar document (the "**CIM**"), designed to provide prospective purchasers with the information they need to evaluate the opportunity; and
- Research and identify prospective purchasers (which may or may not include MNPCF or MNP LLP clients).

PHASE 3 – Marketing the Company.

- Present the CIM and other relevant marketing documents to prospective purchasers who have signed a confidentiality agreement;
- Present written offers from prospective purchasers to the Monitor and evaluate and respond to offers received; and
- Assist the Monitor with the negotiation of the business terms of a letter of intent for the proposed Transaction on terms satisfactory to you.

PHASE 4 – Due Diligence and Closing.

- Assist JRG and the Monitor to gather relevant Company information to be held in a physical or virtual data room;
- Manage the due diligence process;
- With the Monitor's assistance, respond to due diligence inquiries from prospective purchasers and/or their financing sources; and
- Assist the Monitor with the negotiation of the business terms of a definitive purchase agreement for the proposed Transaction (the "Definitive Purchase Agreement"), including any ancillary documents related to the closing of the Transaction.

The above Services are not exhaustive and some of the steps outlined above may be altered or omitted based on the circumstances of the engagement including, but not limited to, market response. If deemed necessary, the scope of Services may be further altered or restricted as required to ensure that MNPCF's performance of the Services does not impair the independence principles of corporate good governance practices, conflicts of interest principles and/or the generally accepted audit or accounting practices applicable in the relevant jurisdiction.

As we proceed with this divestiture process, we ask that you promptly notify us of any relevant information that you are or become aware of including, but not limited to, any information about prospective purchasers or the condition of the Company.

Any additional services not contemplated in the above Services (such as taxation, accounting, or tax planning), but that are required as part of the Transaction(s), will need to be agreed upon by the Company and the Monitor and will be subject to a separate engagement. Our Fees assume that information is provided by the Company in a timely manner and is accurate and reliable, therefore, such additional services would also include providing the Company with any accounting support that is incremental to our Services. Such additional services, if any, would be qualified and quantified for you with fees to be mutually agreed upon.

It is acknowledged by the Company and the Monitor that MNPCF will perform the Services on a Reasonable Commercial Efforts (as defined herein) basis. Further, MNPCF provides no guarantee or warranty that the Transaction will be completed under the original terms and conditions contemplated by MNPCF and the Company, or at all.

"Reasonable Commercial Efforts" means the efforts that a corporate finance company of similar scope and size to MNPCF would use to achieve the purpose of this Engagement Letter as expeditiously as possible but does not include taking any actions that would, individually or in the aggregate, cause MNPCF to incur costs or suffer any other detriment, out of reasonable proportion to the benefits to MNPCF under this Engagement Letter.

Staffing

We will bring together a team of corporate finance specialists experienced in mergers, acquisitions and divestitures to perform the Services and assist with the Transaction. We will select our team and internal staff as we deem necessary or appropriate.

CIM Release Letter

Following execution of this Engagement Letter and upon finalization of the CIM, the Monitor and MNPCF will work together to draft and execute a CIM release letter evidencing the Company's and Monitor's approval of the CIM (the **"CIM Release Letter"**).

The CIM Release Letter will confirm that the information contained in the CIM presents a fair and accurate portrayal of the Company's situation and business. The parties acknowledge that the CIM Release Letter is not intended to and cannot address every possible transaction parameter or issue.

Fees

We acknowledge and agree that our fees are subject to court approval.

You agree to pay MNPCF the following fees:

Work Fees.

MNPCF hourly rates, as applicable to the corporate finance specialists that assist with the Services outlined above shall accrue and be, invoiced and payable every two weeks, for services rendered. Our rates are provided as follows:

Position	Rate per hour
Managing Director	\$710
Director	\$528
Vice President	\$451
Senior Associate	\$374
Associate	\$343
Analyst	\$204

Our estimated work fees (the “Work Fees”) are as follows:

- \$80,000 for the CIM, buyer list, and teaser (marketing materials to be completed by mid-June)
- \$30,000 to go-to-market and solicit for Qualified Bids as defined in the *Re Joseph Richard Hospitality Group Ltd et al* (May 9, 2023), Vancouver, BCSC S235026 (Order Made After Application (Sales Process)) (the “Sales Process Order”) (go-to-market launch on June 24)
- \$20,000 to assist with closing matters following acceptance of a Qualified Bid (as defined in the Sales Process Order)

Our total Work Fees estimate is \$130,000.

Completion Fees.

The completion fees will include (collectively, the “Completion Fees”):

- \$50,000 upon MNPCF receiving at least one Qualified Bid (as defined in the Sales Process Order); and
- The greater of:
 - \$100,000 upon closing of at least one Transaction; and,
 - \$20,000 per Transaction to a maximum of \$200,000 upon the closing of the Transaction,

unless the purchaser in a specific Transaction is a director of the Company or is an entity controlled by a director of the Company in which case there will be no Completion Fees payable.

Administrative Fees.

A non-reimbursable, administrative fee (the "**Administrative Fee**") equal to 5% of the Work Fees will be levied for administrative expenses. The Administrative Fee will be added to any invoice for Fees and will be payable at the same time each invoice is due and payable.

Out of Pocket Expenses.

The Company will reimburse MNPCF for all out-of-pocket expenses reasonably incurred in performing the Services, including accommodation, travel and other disbursements. For all expenses which exceed \$3,000 in any billing period, MNPCF will obtain the Monitor's approval and consent in writing prior to incurring such expense. Expenses will be invoiced on a regular basis and such invoices shall be due upon receipt.

Taxes.

Goods and Services Taxes (GST), Provincial Sales Tax (PST), Harmonized Sales Tax (HST) and any other value added or sales tax, if applicable, will be added to amounts payable under this Engagement Letter.

Term of Engagement

Subject to any orders granted in the CCAA proceeding, MNP Ltd. agrees to provide MNPCF an exclusive engagement for an initial term of 12 months (the "**Initial Term**") commencing on the date this Engagement Letter is executed by the Company. If the Company is in meaningful Transaction discussions with a potential purchaser at the expiry of the Initial Term, the Initial Term shall be automatically extended to the earlier of the completion of a Transaction with the potential purchaser or the termination of Transaction discussions with the potential purchaser. Upon expiration of the Initial Term, the Engagement Letter will automatically renew on a month-to-month basis (each a "**Renewal Term**"), until terminated by MNPCF or the Monitor, as set out below. The Initial Term and any Renewal Term(s) are collectively referred to herein as the "Term".

Termination

This Engagement Letter may be terminated at any time with or without Cause (as defined herein) by either the Monitor or MNPCF upon fifteen (15) days written notice to the other party.

If the Monitor terminates this Engagement Letter for any reason during the Initial Term or if MNPCF terminates this Engagement Letter with Cause (as defined herein) during the Initial Term or any Renewal Term, the Monitor agrees to compensate MNPCF for any Work Fees, Administrative Fees, or out-of-pocket expenses incurred during its time expended on this engagement. Provided, however, that if MNPCF has Cause (as defined here) to terminate this Engagement Letter after the Monitor has accepted

a Bona Fide Offer (as defined herein), whether evidenced by a letter of intent or otherwise, MNPCF will be entitled to its Completion Fees.

If MNPCF terminates this Engagement Letter during the Initial Term or any Renewal Term without Cause (as defined herein), MNPCF's compensation shall be limited to the sum of the Work Fees paid or payable at or prior to the date of Termination.

MNPCF shall be deemed to have "**Cause**" to terminate this Engagement if, at any time during the Initial Term or any Renewal Term, the Company: (i) engages in any activity or conduct that impedes MNPCF's ability to perform the Services, (ii) gives false or misleading information to MNPCF, (iii) fails to cooperate with and/or support MNPCF in the performance of the Services, (iv) otherwise misleads MNPCF in any material way, or (v) materially breaches the terms of this Engagement Letter and fails to cure such breach within ten (10) days of notice to cure.

Survival on Termination

The above termination provisions will survive termination of the Engagement Letter.

Limitation of Liability

MNPCF acknowledges that JRF is subject to proceedings under the *Companies' Creditors Arrangement Act*, and the Monitor is appointed in those proceedings and remains subject to direction and oversight by the court in those proceedings. All obligations hereunder are obligations of JRG, and in no event shall the Monitor be liable for the payment of any amounts owing hereunder, including without limitation any claim for fees or damages.

Standard Terms and Conditions

The standard terms and conditions attached hereto are an integral part of this Engagement Letter. This Engagement Letter should be read in conjunction with the attached standard terms and conditions. This Engagement Letter and the standard terms and conditions are collectively referred to hereinafter as the "**Agreement**". In the event of any conflict or inconsistency between this Engagement Letter and the standard terms and conditions attached hereto, the terms of this Engagement Letter shall prevail.

Acknowledgement and Acceptance

You hereby acknowledge that MNP Corporate Finance Inc. has not made any warranties or guarantees of any nature in respect of the success or satisfactory conclusion of a Transaction, including, but not limited to, any objectives which may be described in this Engagement Letter, or as to the economic and financial impacts or other results which may be obtained or experienced by the Company as a result of the success or lack of success of the Services in achieving the Company's objectives.

You also acknowledge that MNPCF has permission to publicize the successful completion of a Transaction (including MNPCF's role) on MNPCF's website and in such other materials or publications as MNPCF may choose including, but not limited to, financial and other newspapers, tombstones, or business journals.

A Transaction announcement may include the Company's name(s), logo(s), and a summary of the Transaction; not including Transaction value.

We look forward to working with you on this engagement. Please confirm your acceptance of the terms of this Agreement by signing the attached Agreement and Authorization Form where indicated, and returning it, along with a copy of this Agreement, to us. Once these are received, we will be pleased to commence our Services.

If you have any questions regarding this Engagement Letter, please do not hesitate to contact us.

Yours very truly,

MNP CORPORATE FINANCE INC.

Aleem Bandali

Managing Director
Suite 1630 – 609 Granville Street
Vancouver, BC V7Y 1EY

Agreement and Authorization Form

We have reviewed the above Agreement with MNP Corporate Finance Inc., including the attached Terms and Conditions. The undersigned hereby engages MNP Corporate Finance Inc. according to the terms set out herein.

On Behalf of MNP Ltd. in its capacity as the Court appointed monitor on the CCAA proceedings of the Joseph Richard Hospitality Group Ltd. and those entities listed in Appendix B, and not in its personal capacity

:

Signed:

Position:

Date:

I have authority to bind MNP Ltd.

Appendix A

Standard Terms and Conditions

The following standard terms and conditions set out the terms and conditions upon which MNPCF will provide the Services to the Company and together with the Engagement Letter above form the entire Agreement.

- 1. Gathering and Verification of Information.** MNPCF will perform the Services based on the information the Company provides to MNPCF as well as publicly filed information. MNPCF will rely on that information to be accurate and complete and MNPCF will neither verify the information nor perform any procedures designed to discover errors or other irregularities in the information, although MNPCF may ask the Company to clarify or supplement such information. MNPCF will not independently verify financial statements or data submitted by the Company to allow MNPCF to perform Services, nor will MNPCF review furnished working papers for technical and mathematical accuracy. To the best of the Company's knowledge, all information provided to MNPCF will be true and correct in all material respects and will not contain any material misstatement of fact or omit to state any material fact necessary to make the statements contained therein not misleading. The engagement of MNPCF cannot be relied upon to uncover errors in the underlying information incorporated in the Company's tax returns, financial statements or other information, should any exist. MNPCF will be entitled to assume that financial forecasts and projections the Company makes available to MNPCF have been reasonably prepared on a basis reflecting the best currently available estimates and judgments of the management of the Company. While the engagement may involve an analysis of financial information, and industry financial projections, the engagement does not include an audit and we do not provide any assurance in connection with such financial information.
- 2. Cooperation.** The Company shall cooperate with MNPCF in the performance by MNPCF of its Services hereunder, including, without limitation, by providing MNPCF with reasonable facilities and timely access to data, information and personnel of the Company, including the Company's employees, accountants, and other representatives. The Company shall be responsible for the performance of its personnel and agents and for the accuracy and completeness of all data and information provided to MNPCF for purposes of the performance by MNPCF of its Services hereunder. The Company shall promptly notify MNPCF if the Company learns that the information provided is inaccurate or incomplete or otherwise should not be relied upon. Furthermore, if during the engagement new information arises that is reasonably relevant to MNPCF's Services or which may otherwise impact MNPCF's Engagement, including its entitlement to Fees, the Company shall promptly notify MNPCF and provide MNPCF with all such information including, but not limited to, any information related to a material event or change in the business, affairs, condition (financial or otherwise) or prospects of the Company.
- 3. Additional Company Responsibilities.** It is understood and agreed that MNPCF's role is to assist the Company by providing advice and expertise. The Company retains complete and final control of all key decisions including: (i) approving the Transaction strategy, (ii) approving prospective purchasers before they are contacted; (iii) approving specific information being disclosed to prospective purchasers including the CIM; (iv) selecting the best proposal, after MNPCF's analysis and comparison of offers is completed; (v) approving the commencement of preliminary and formal negotiations; (vi) approving an agreement in principle; and (vii) agreeing to the definitive purchase

and sale agreement. The Company shall appoint a senior employee to oversee, evaluate and accept the Services provided by MNPCF. In no case shall any decision to accept or implement such Services be a decision of MNPCF, and all such decisions shall be the decisions of the Company according to the Company's own internal management rules

4. **False or Misleading Information.** MNPCF's professional standards preclude MNPCF from being associated with false or misleading financial information. Consequently, all financial information must be prepared in accordance with standards established by the Chartered Professional Accountants of Canada. Any unresolved issue relating to the review and reporting of financial information that results in not being able to issue a marketing document, is deemed to be a termination by the Company pursuant to the termination provisions of this Agreement.
5. **Payment of Invoices.** Accounts will be rendered as the engagement progresses. All accounts shall be due and payable when rendered and the Company shall be jointly and severally liable for the payment thereof. Without limiting its rights or remedies, MNPCF shall have the right to halt or terminate its Services entirely if payment is not received within thirty (30) days of the invoice date. Interest shall be charged on accounts unpaid thirty (30) days after the invoice date. Interest shall be calculated and payable at the rate of 19.56% per annum (1.5% per month), compounded monthly. If the Company disagrees with or questions any amount due under an invoice, it shall communicate such disagreement to us in writing within thirty (30) days of the invoice date. The Company is deemed to have accepted as accurate and complete any invoice in respect of which MNPCF does not receive any such notice of dispute, or in respect of which it receives a notice of dispute more than thirty (30) days beyond the date of such invoice.
6. **Taxes.** All fees and other charges do not include any applicable federal, provincial or other sales taxes, or any other taxes or duties whether presently in force or imposed in the future. Any such taxes or duties shall be assumed and paid by the Company without deduction from the fees and charges hereunder.
7. **Grant of License.** All documents created or produced by MNPCF, in any form whatsoever, for delivery to the Company including, but not limited to, the CIM (collectively, the "**Deliverables**") are prepared in contemplation only of the Company's use for the purpose of furthering this engagement and not for any other purpose, or by any other party. MNPCF hereby grants JRG a limited, non-exclusive, perpetual, world-wide license, without payment of any royalty, so that JRG may, solely for its internal business purposes, use, copy and distribute internally the Deliverables, without modification. JRG shall not use the Deliverables directly or indirectly, for any purpose competitive with the business of MNPCF. MNPCF retains all intellectual property rights, title and interest in and to all its existing methodologies, processes, techniques, ideas, concepts, trade secrets, artwork, logos and identifying script and know-how that MNPCF may develop or supply in connection with this Agreement ("**MNPCF Knowledge**") whether or not such is embodied in the Deliverables. Subject to the confidentiality restrictions contained in paragraph 10, MNPCF may use the MNPCF Knowledge for any purpose.
8. **Working Papers.** MNPCF owns all working papers and files, other materials, reports and work created, developed or performed during the course of the engagement, including intellectual property used in the preparation thereof. MNPCF may, but is under no obligation to, agree to provide the Company with a copy of all practitioner-prepared working papers necessary for the Company's records. MNPCF may develop software, including spreadsheets, documents, databases, and other electronic tools, to assist us with this engagement. Where these tools are developed

specifically for MNPCF's purposes and without consideration of any purpose for which the Company might use them, any such tools provided to the Company are made available on an "as is" basis only, and remain the exclusive intellectual property of MNPCF, and are not to be distributed to or shared with any third party and MNPCF shall be entitled to the return of all such property, uncopied, at any time. Additionally, the Company acknowledges that no reliance can be placed on draft reports, conclusions, or advice, whether oral or written, issued by MNPCF as the same may be subject to further work, revision and other factors which may mean that such drafts are substantially different from any final report or advice issued.

9. **Third Parties and Internal Use.** This Agreement is not intended for the express or implied benefit of any third party. No third party is entitled to rely, in any manner or for any purpose, on the advice, opinions, reports, Deliverables or Services of MNPCF contemplated in this Agreement. The Company further agrees that the advice, opinions, reports and Deliverables issued by MNPCF shall not be distributed publicly or to any third party without the prior written consent of MNPCF. MNPCF agrees that such consent will ordinarily be granted provided that the Company makes a specific written request of MNPCF and the third party seeking such materials executes an acknowledgement of non-reliance and a release acceptable to MNPCF. In the event disclosure is required by subpoena or court order, the Company will provide MNPCF reasonable advance notice and permit MNPCF to comment on the form and content of the disclosure. MNPCF does not warrant and is not responsible for any third party products or services obtained independently by the Company notwithstanding any participation or involvement by MNPCF in the procurement of such services. The Company shall have the sole and exclusive rights and remedies with respect to any defect in third party products or Services and any claim shall only be brought against the third party vendor and not against MNPCF.
10. **Confidentiality.** To the extent that, in connection with this Engagement, MNPCF comes into possession of any proprietary or confidential information of the Company, MNPCF will not disclose such information to any third party without the Company's consent, except: (a) when properly acting in the course of providing the Services (including to such of MNP's subcontractors, affiliates and advisors as may have a need to know), (b) as may be required by applicable law, or as may be permitted by applicable professional standards; or (c) to the extent such information: (i) shall have otherwise become publicly available (including, without limitation, any information filed with any governmental agency and available to the public) other than as the result of a disclosure by MNPCF in breach hereof; (ii) is disclosed by the Company to a third party without substantially the same restrictions as set forth herein; (iii) becomes available to MNPCF on a non-confidential basis from a source other than the Company whom MNPCF believes is not prohibited from disclosing such information to MNPCF by obligation to the Company; (iv) is known by MNPCF prior to its receipt from the Company without any obligation of confidentiality with respect thereto; or (v) is developed by MNPCF independently of any disclosures made by the Company to MNPCF of such information. The Company acknowledges that our files may be periodically reviewed by provincial or national practice inspectors as required by law, including for reporting-issuers by the Canadian Public Accountability Board, the Public Company Accounting Board, or other regulators, and by other MNPCF personnel that may be located extra-provincially to ensure we are adhering to professional and MNPCF standards.
11. **Limited Warranty.** MNPCF warrants that the Services shall be performed with reasonable care in a diligent and competent manner. MNPCF agrees to correct any non-conformance with this warranty (subject to the limitations on MNPCF's liability set forth in paragraph 12), provided that the Company gives MNPCF written notice of such non-conformity together with details of any financial loss claimed

and the Company's expectations no later than thirty (30) days following the discovery by the Monitor, of such non-conformity and in any event within the time limitation (18 months) set out in paragraph 12. Except as otherwise contained in this Agreement, MNPCF makes no other warranties, express or implied, and the Company waives application of all other warranties, whether arising by operation of law, course of performance or dealing, custom, usage in the trade or profession or otherwise, including without limitation, implied warranties or conditions of merchantable quality and fitness for a particular purpose.

12. **Limitation on Liability.** The Company and MNPCF agree to the following with respect to MNPCF's liability to the Company:
- (a) MNPCF's liability to the Company is limited to the aggregate of all losses, claims, liabilities, penalties, damages, or expenses and shall not exceed the amount of fees paid by the Company to MNPCF pursuant to this Agreement, except to the extent such loss, claim, liability, penalty or expense suffered by the Company has been finally judicially determined to have resulted from the bad faith or intentional misconduct of MNPCF.
 - (b) In no event shall MNPCF be liable for any consequential, special, indirect, incidental, punitive or exemplary loss, damage, or expense or any loss of revenue or profit or any other commercial or economic loss or failure to realize expected savings.
 - (c) The Company may only claim payment from MNPCF of MNPCF's proportionate share of the total liability based on the degree of fault of MNPCF as finally determined by a court of competent jurisdiction.

Any notice required under paragraph 12 above or this paragraph 13 or any action by way of filed court process against MNPCF by the Company must be brought and served within eighteen (18) months after the cause of action arises and, if not so brought, such notice or action shall be null and void to the same extent as if the right to bring such were statute barred.

13. **Indemnity.** The Company, on a joint and several basis, agrees to indemnify and hold harmless MNPCF from and against any and all fees, costs, expenses (including without limitation legal fees and disbursements), claims, losses, damages, fines, penalties or liabilities of any nature whatsoever, whether arising out of any commenced or threatened action, suit, proceeding, investigation, claim or otherwise, which is brought or threatened against MNPCF by a third party (each, a "**Claim**") under any contract, statute, regulation, common law, rule of equity, or otherwise, including without limiting the generality of the foregoing, preparing for, defending against, providing evidence in, producing documents, or taking any reasonable action in respect of any Claim, insofar as such Claim arises out of or is based directly or indirectly upon the carrying out by MNPCF of this engagement, or the Services and Deliverables provided by MNPCF pursuant to this Agreement.
14. **Non-Solicitation.** The Company agrees that for a period of one year after completion of the services, it shall not, directly or indirectly, for itself or for any third party, solicit the services of, hire, contract for the services of, nor otherwise entice away, any partner, employee or contractor of MNPCF to whom the Company was first introduced as a result of this Engagement. In the event of a breach of this section by the Company, the Company shall be obliged to pay to MNPCF liquidated damages in an amount equal to the individual's compensation from MNPCF for the prior full six-month period to the original employer.
15. **Personal Information.** Except to the extent necessary for the performance of the Services, the Company shall not provide any personal information, as defined in Canadian federal and provincial

privacy legislation, to MNPCF in connection with this Engagement. If personal information is disclosed to or by MNPCF, or is accessed, collected, or used, by MNPCF, the Company consents to the same and represents and warrants that it has or will collect all necessary consents, provide any necessary notices, and do all such other things as are required under applicable law in respect of such personal information. Any collection, use or disclosure of personal information will be subject to our privacy policy (available for review at www.mnp.ca/privacy) and will comply with applicable Canadian federal and provincial laws.

16. **Data Analytics.** The Company agrees that MNPCF may use relevant portions of Company information disclosed to MNPCF in the course of the Engagement, which may include Confidential Information and Personal Information (the "Company Data") for the purpose of performing individualized (using your data only, for your eyes only) as well as aggregated benchmarking and industry models and reports (using de-identified data from a variety of sources). Aggregated benchmarking and industry reporting services will be performed to provide valuable insights on financial and other trends either (a) within your specific business organization over time, or (b) on an aggregated basis across an entire industry or sector. MNPCF may use such information to provide services to its clients or for other business purposes. None of the resulting aggregated reporting will contain any information that would allow a third party to identify you. The data will not be re-identified or removed following the aggregation process.
17. **Third Party Products and Services.** In connection with this engagement, MNPCF may use certain third parties to provide professional, administrative, and analytical products, services and other clerical support. As a result, Company Data may transit or be used, stored or accessed in jurisdictions outside your province of residence or outside of Canada, and may be subject to disclosure in accordance with the laws applicable in such jurisdiction, which laws may not provide the same level of protection as Canadian federal and provincial privacy laws. MNPCF will require such third parties to undertake confidentiality obligations that are equivalent to those contained in this Agreement. For clarity, MNPCF does not warrant and is not responsible for any third-party product or service obtained independently by the Company notwithstanding any participation or involvement by MNPCF in the procurement of such services.
18. **Working for Other Clients.** We will not be prevented or restricted from providing services for other clients.
19. **Exclusivity.** In order for us to coordinate the Transaction process effectively, you agree that, excepting legal and accounting advisors retained or to be retained by you in relation to the potential Transaction, we shall act as your sole and exclusive financial advisor in connection with the Transaction. You agree that until termination of this Agreement, neither the Company (including through its directors, employees, shareholders or affiliates) nor other advisors acting on behalf of the Company will contact or participate in any discussions, whether directly or indirectly, with (a) any individual or entity providing services substantially similar to the Services described in the Agreement, or (b) any potential purchaser, without first notifying MNPCF. In the event any of the above persons receives an inquiry from any potential purchaser concerning the divestiture, you shall promptly inform us of such party and its interest in order that MNPCF can effectively render the Services provided for in this Agreement. Should you sell or divest of all or any portion of JRG during the term of this engagement, whether through share sale, asset sale or otherwise, MNPCF will be entitled to the Completion Fees as set out in this Agreement.

20. **Survival and Interpretation.** The agreements and undertakings of the Company contained in this Agreement shall survive the expiration or termination of this Agreement. For the purposes of this Agreement, "MNPCF" shall mean MNPCF and its directors, officers, partners, professional corporations, employees, subsidiaries and affiliates and to the extent providing Services under this Agreement to which these terms are attached, MNPCF, its member firms, and all of their partners, principals, members, owners, directors, staff and agents; and in all cases any successor or assignee.
21. **Governing Law, Severability and Entire Agreement.** This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable in British Columbia. Any action or proceeding relating to this engagement shall be brought in the Province of British Columbia, and the parties submit to the jurisdiction of the courts of the Province of British Columbia and waive any defense of inconvenient forum to the maintenance of such action or proceeding. If any provision of this Agreement is found by a court of competent jurisdiction to be unenforceable, such provision shall not affect the other provisions, but such unenforceable provision shall be deemed modified to the extent necessary to render it enforceable, preserving to the fullest extent permissible the intent of the parties set forth herein. This Agreement is the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements, understandings, proposals, negotiations, representations or warranties of any kind whether oral or written. This Agreement can only be amended by an agreement in writing signed by both parties.
22. **Assignment.** Except as herein provided, neither party may assign, transfer or delegate any of its rights or obligations hereunder (including, without limitation, interests or claims relating to this engagement) without the prior written consent of the other party. MNPCF may, without the consent of the Company, assign or subcontract its rights and obligations hereunder to (a) any affiliate or related entity or (b) any entity which acquires all or a substantial part of the assets or business of MNPCF.
23. **Response to Legal Process.** If MNPCF is requested by subpoena, or other legal process or proceeding to produce documents pertaining to the Company, the Company shall reimburse MNPCF for its professional time, including out-of-pocket expenses and reasonable attorney fees that MNPCF incurs in responding to such request.

Appendix B

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 Investment 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 Hotel Ltd.
JRG Systems Ltd.
JRG Whiskey Charlie Café, 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 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.