



FORCE FILED

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**

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

**NOTICE OF APPLICATION
re Interim Financing**

Name of applicants: The Joseph Richard Hospitality Group Ltd. and those other parties listed on Schedule "A" (the "**Petitioners**")

To: the Service List

TAKE NOTICE that an application will be made by the Petitioners to the presiding Judge at the courthouse at 800 Smithe Street, Vancouver on 30/Aug/2023 at 9:45 a.m. for the order set out in Part 1 below.

Part 1: ORDER SOUGHT

1. An Interim Financing Order substantially in the form attached hereto as Schedule "A", which grants Canadian Western Bank ("**CWB**", in such capacity the "**Interim Lender**") a charge (the "**Interim Financing Charge**") under the *Companies' Creditors Arrangement Act*, R.S.C. 1985 c. C-36, as amended (the "**CCAA**") over the assets property, and undertakings of the Petitioners in priority to all other creditors of the Petitioners other than the Administration Charge as defined in the amended and restated initial order of the Supreme Court of British Columbia (the "**Court**") made on July 27, 2023 (the "**ARIO**").

Part 2: FACTUAL BASIS

2. Pursuant to an order of the Supreme Court of British Columbia (the "**Court**") made on July 17, 2023 (the "**Initial Order**"), the Petitioners were granted protection under the

CCAA and Ernst & Young Inc. (“EY”) was appointed monitor of the Petitioners (in such capacity, the “Monitor”).

3. Pursuant to the terms of the Initial Order, the Court, among other things:
 - (a) granted a stay of proceedings until July 27, 2023, and set July 27, 2023, as the date for the comeback hearing in these proceedings; and
 - (b) granted the following charges over the property of the Petitioners as security for the obligations of the Petitioners to the beneficiaries of such charges:
 - (i) the Administration Charge, up to a maximum of \$200,000, to secure the fees and disbursements of counsel for the Petitioners, the Monitor, and counsel for the Monitor; and
 - (ii) the D&O Charge, up to a maximum of \$300,000 in favour of the directors and officers of the Petitioners.
4. On July 27, 2023, this Court granted the ARIIO, which, among other things:
 - (a) granted a stay of proceedings until September 29, 2023;
 - (b) increased the amount of the Administration Charge to a maximum of \$400,000 and elevated the priority of the charge over all secured creditors;
 - (c) increased the amount of the Directors’ Charge to a maximum of \$1,000,000 and elevated the priority of the charge over all secured creditors; and
 - (d) granted an Intercompany Charge in priority over all secured creditors, ranking second to the Administration Charge.
5. At the comeback hearing, this Court also granted a claims process order.
6. The cash flow forecast shown to the Court at the initial order hearing and the comeback hearing showed that the Petitioners could satisfy their obligations during the stay extension period. Notwithstanding that the stay period is overall cash positive, the cash flow shows that certain weeks—specifically those weeks when rent is paid—are tight.
7. The Petitioners did not, prior to the commencement of these proceedings, have an operating line to assist in any cash flow challenges to the business. Given the cash flow forecasts prepared for these proceedings, the Petitioners are of the view that interim financing is required to ensure that the Petitioners’ restructuring is not derailed by uneven cash flow.
8. The Petitioners are also vulnerable to unforeseen impacts on cash flow. For example, on or about July 25, 2023, the British Columbia Hydro and Power Authority (“BC Hydro”) demanded payment of pre-filing liabilities related to the Oak & Thorne pub restaurant in Langley.

9. Due to these unpaid amounts, and despite the orders made in these proceedings, BC Hydro shut off power to the Oak & Thorne, and power was not restored until mid-day on July 26, 2023. The Petitioners therefore lost revenue for lunch and dinner service, causing an impact on cash flow for the month of July.

Interim Financing

10. In discussing these proceedings with CWB, and the need for an interim facility, CWB has agreed to provide the Petitioners with \$500,000 in interim financing on certain conditions (the “**Interim Financing**”).
11. CWB and the Petitioners agreed to a term sheet for the Interim Financing (the “**Interim Financing Credit Agreement**”), which is subject to court approval. At the time of filing, the Interim Financing Credit Agreement was also subject to internal credit approval at CWB and had not yet been entered into by the parties.
12. The key terms of the Interim Financing Credit Agreement are:
- (a) the Interim Lender will provide to the Petitioners the Interim Financing as a non-revolving facility up to a maximum of \$500,000 (the “**Loan**”);
 - (b) the Loan will be secured by a super-priority charge in favour of the Interim Lender over the assets of all the Petitioners (the “**Interim Financing Charge**”) in priority to existing security and charges other than the Administration Charge, which is to be reduced to \$250,000;
 - (c) the Loan may be drawn in minimum increments of \$100,000;
 - (d) the Loan will be fully due and payable on the earlier of:
 - (i) after an event of default, on the date on which the Interim Lender demands repayment;
 - (ii) the implementation of a plan of arrangement and compromise, within these proceedings, which has been approved by the requisite majority of creditors and this Court;
 - (iii) the sale of all or substantially all of the Petitioners’ assets;
 - (iv) the termination of these CCAA proceedings;
 - (v) the complete or partial lifting of the stay of proceedings in these CCAA proceedings; or
 - (vi) December 31, 2023, or such other later date as may be communicated by the Interim Lender.
 - (e) the Events of Default are either of:

- (i) the Interim Financing Order being vacated, stayed or otherwise caused to be ineffective or otherwise amended in a manner not approved by the Interim Lender; and
 - (ii) any steps being taken by the Petitioners or any other person to challenge the Interim Financing Order;
 - (f) the Loan will bear interest at a rate of prime plus 5%, with a default rate of prime plus 10%.
13. The Petitioners and their advisors have considered different financing options and determined that it would be very difficult to obtain the requisite financing for these CCAA proceedings with another third-party lender, as opposed to the Interim Lender. Any such financing would likely have to involve a priming of the senior secured lenders' security position over their objections.
14. The Petitioners have consulted with BMO and BMO has not indicated any opposition to the Interim Financing.
15. The Petitioners believe the amount and the terms of the Interim Financing Credit Agreement are reasonable, given what is required to operate and preserve their businesses in the ordinary course, and to fund the various costs of the restructuring during that period.
16. The Petitioners will use the Interim Financing to:
- (a) smooth out cash flow variances, including in response to unexpected impacts on revenue, such as The Italian being without power;
 - (b) pay the costs associated with these proceedings, including of the Monitor, Monitor's counsel, and Petitioners' counsel; and
 - (c) pay for additional financial oversight at this time.
17. As mentioned above, it is a condition to the Interim Financing Facility that the Petitioners obtain a charge in favour of the Interim Lender over the assets of all the Petitioners in priority to existing security and charges other than the Administration Charge.
18. Without the Interim Financing and the cooperation of the Interim Lender, the Petitioners risk not having sufficient cash on hand to satisfy their post-filing obligations in a timely manner. Without such funding, the Petitioners' restructuring is at risk and the Petitioners may become unable to continue these CCAA proceedings for the benefit of all stakeholders.
19. The Petitioners are seeking approval of the Interim Financing Credit Agreement, and the Interim Financing provided for therein. The Petitioners are also seeking approval of the Interim Financing Charge, being a second priority charge on the assets, property and

undertakings of the Petitioners, in priority to all other charges other than the Administration Charge, up to a maximum amount of \$500,000.

Part 3: LEGAL BASIS

20. The Petitioners rely on:

- (a) the CCAA and, in particular, ss. 11, 18.6, 19, 20, 21, 22, and 22.1;
- (b) the *Supreme Court Civil Rules*, BC Reg 168/2009;
- (c) the inherent and equitable jurisdiction of this Honourable Court; and
- (d) such further and other legal bases and authorities as counsel may advise and this Honourable Court may permit.

21. The Petitioners are seeking to have the Interim Financing Charge granted over the assets of the Petitioners in priority to all other claims, charges, and encumbrances, other than the Administration Charge.

22. The Interim Lender has agreed to provide the Petitioners with the Interim Financing to continue their operations during these CCAA proceedings and to finance the cost of the restructuring.

23. While the Interim Lender is CWB which holds a prior secured interest as against certain of the Petitioners, the Interim Lender is advancing the Interim Financing Facility as a new loan. The proposed Interim Financing Charge will not secure any pre-filing obligations. The proposed Interim Financing Charge will also be secured against the assets of all of the Petitioners, even those that are not currently obligors on CWB's pre-filing facilities.

24. The CCAA authorizes a court to grant approval of an interim financing and also order a charge with respect to the same, over the assets of a debtor company, in priority to any secured creditor of the debtor. The application must be on notice to the secured creditors who are likely to be affected by such security or charge. The interim financing must be in an amount that the court considers appropriate having regard to the debtor company's cash flow statement. The security or charge may not secure an obligation that exists before the order granting the charge is made.

25. As recently stated by the Supreme Court of Canada, interim financing protects the going-concern value of the debtor company while it develops a workable solution to its insolvency issues, enabling the preservation and realization of the value of a debtor's assets.

9354-9186 Quebec Inc. v. Callidus Capital Corp., 2020 SCC 10 at para. 85.

26. This Court has jurisdiction to approve the Interim Financing Term Sheet and the Interim Financing Charge pursuant to section 11.2 of the CCAA, which sets out a list of non-

exhaustive factors to be considered by courts in deciding whether to approve interim financing and grant an interim lenders' charge, including:

- (a) the period during which the company is expected to be subject to CCAA proceedings;
 - (b) how the company's business and financial affairs are to be managed during the proceedings;
 - (c) whether the company's management has the confidence of its major creditors;
 - (d) whether the loan would enhance the prospects of a viable compromise or arrangement being made in respect of the company;
 - (e) the nature and value of the company's property;
 - (f) whether any creditor would be materially prejudiced as a result of the security or the charge; and
 - (g) the views of the Monitor.
27. No one factor set out in s. 11.2(4) governs or limits the Court's consideration. The exercise is necessarily one of balancing the respective interests of the debtors and its stakeholders towards ensuring, if appropriate, that the financing will assist the debtor company to obtain the "breathing room" said to be needed to hopefully achieve a restructuring acceptable to the creditors and the court.

1057863 B.C. Ltd. (Re), 2020 BCSC 1369 at para. 35

28. The Petitioners clearly meet the statutory factors, as:

- (a) the Petitioners expect to be subject to CCAA proceedings for a number of months, as they implement their claims process, and propose a plan of arrangement to creditors based in part on the outcome of that claims process;
- (b) the Petitioners are taking care to ensure effective management of their finances, in particular through engaging with Monitor;
- (c) the Petitioners' management has the confidence of both CWB and BMO, and both support the Petitioners in seeking the Interim Financing;
- (d) the Interim Financing will enhance the prospects of a viable compromise or arrangement being made by providing sufficient time for the Petitioners to negotiate the terms of a Plan with their creditors and effect a meeting and sanction hearing for same;
- (e) the Petitioners have real property that is valued well in excess of the proposed Interim Financing. While the Petitioners' overall secured debt may exceed the

value of the Petitioners' hard assets, the secured creditor impacted most directly by this is the very party offering the Interim Financing;

- (f) given the above, and as discussed below, no creditor will be materially prejudiced as a result of the Interim Financing or the Interim Financing Charge; and
- (g) the Monitor supports the granting of the Interim Financing.

29. In addition to the statutory factors set out above, courts have determined that several additional factors are relevant to an application under section 11.2. These include whether:

- (a) the petitioner would be forced to stop operating without interim financing and whether bankruptcy would be in the interest of the petitioner's stakeholders;
- (b) the proposed interim financing will support the petitioner's restructuring plans, including implementation of a sales process; and
- (c) the proposed facility has been approved by the petitioner's management.

North American Tungsten Corp. (Re), 2015 BCSC 1376 at paras. 33-35; 8440522
Canada Inc. (Re), 2013 ONSC 6167 at para. 32.

30. These factors also militate in favour of granting the Interim Financing Charge and approving the Interim Financing Term Sheet, specifically:

- (a) bankruptcy is not in the interest of the Petitioners' stakeholders, as much of the value in the Petitioners' enterprise is in the continued operation of the businesses. Without the Interim Financing, relatively small deviations from projected cash flow could derail the Petitioners' restructuring, resulting in liquidation and little recovery for creditors;
- (b) the proposed interim financing supports the Petitioners' restructuring as the liquidity significantly increases the likelihood that the Petitioners will be able to navigate cash flow challenges while negotiating the terms of a Plan with their creditors; and
- (c) management for the Petitioners has approved the proposed facility.

31. In summary, the factors set out in the CCAA and in case law militate in favour of approving the Interim Financing. The terms of the Interim Financing Term Sheet are the best terms available to the Petitioners in the circumstances. Because the amount the Petitioners need to ensure sufficient cash during tight weeks is a relatively small amount, finding such a small amount from a third-party lender would likely involve more onerous terms and be opposed by CWB and other stakeholders. Approval of the Interim Financing supports the Petitioners' restructuring efforts, including the completion of the Claims Process, proposal of a Plan, and voting, sanction, and implementation of said Plan.

32. No creditor will be materially prejudiced because of the approval of the Interim Financing or the granting of the Interim Financing Charge. Indeed, it is in the interest of all creditors that the Petitioners continue to operate and negotiate a plan of compromise or arrangement. As CWB and BMO are unlikely to be made whole on a liquidation, there would be no recovery for other creditors in such a situation either.

Part 4: MATERIAL TO BE RELIED ON

- 33. Affidavit #1 of André Joseph Bourque, made on July 16, 2023;
- 34. Affidavit #2 of André Joseph Bourque, made on July 24, 2023;
- 35. Affidavit #3 of André Joseph Bourque, made on August 23, 2023;
- 36. First Report of the Monitor, dated July 26, 2023; and
- 37. Such further and other material as counsel may advise and this Honourable Court may allow.

The applicants estimate that the application will take 30 minutes.

This matter is not within the jurisdiction of a master. Justice Fitzpatrick is seized of these CCAA proceedings but granted leave for applications to be made before another presider in her absence.

TO THE PERSONS RECEIVING THIS NOTICE OF APPLICATION: If you wish to respond to the application, you must, within 5 business days after service of this notice of application or, if this application is brought under Rule 9-7, within 8 business days after service of this notice of application,

- (a) file an application response in Form 33,
- (b) file the original of every affidavit, and of every other document, that
 - (i) you intend to refer to at the hearing of this application, and
 - (ii) has not already been filed in the proceeding, and
- (c) serve on the applicant 2 copies of the following, and on every other party of record one copy of the following:
 - (i) a copy of the filed application response;
 - (ii) a copy of each of the filed affidavits and other documents that you intend to refer to at the hearing of this application and that has not already been served on that person;
 - (iii) if this application is brought under Rule 9-7, any notice that you are required to give under Rule 9-7(9).

Dated: 23/Aug/2023

Signature

Applicant

Lawyer for applicants

Rebecca M. Morse/Tevia R.M. Jeffries

THIS NOTICE OF APPLICATION is prepared and delivered by Tevia R.M. Jeffries of the firm Farris LLP, Barristers & Solicitors, whose place of business and address for service is 2500 – 700 West Georgia Street, Vancouver, British Columbia, V7Y 1B3. Telephone: (604) 684-9151. Facsimile: (604) 661-9349. **Attention: Tevia Jeffries.**

To be completed by the court only:	
Order made	
<input type="checkbox"/>	in the terms requested in paragraphs of Part 1 of this notice of application
<input type="checkbox"/>	with the following variations and additional terms:
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Dated:	Signature of
	<input type="checkbox"/> Judge <input type="checkbox"/> Master

Appendix

[The following information is provided for data collection purposes only and is of no legal effect.]

THIS APPLICATION INVOLVES THE FOLLOWING:

- discovery: comply with demand for documents
- discovery: production of additional documents
- other matters concerning document discovery
- extend oral discovery
- other matter concerning oral discovery
- amend pleadings
- add/change parties
- summary judgment
- summary trial
- service
- mediation
- adjournments
- proceedings at trial
- case plan orders: amend
- case plan orders: other
- experts
- other

Schedule "A"

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.
Lowercase Capital Consulting 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 (Maple Ridge) 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.

Schedule "B"

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

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

ORDER MADE AFTER APPLICATION
(INTERIM FINANCING ORDER)

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BEFORE)	THE HONOURABLE JUSTICE)	August 30, 2023
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ON THE APPLICATION of the Petitioners coming on for hearing at Vancouver, British Columbia on this date and on hearing Tevia Jeffries, counsel for the Petitioners and those other counsel listed on Schedule "A" hereto; AND UPON READING the material filed, including the First Affidavit of André Joseph Bourque made July 16, 2023, the Second Affidavit of André Joseph Bourque made July 24, 2023, the Third Affidavit of André Joseph Bourque made August 23, 2023 (the "**Third Bourque Affidavit**"), and the First Report of Ernst & Young Inc., in its capacity as Monitor of the Petitioners (the "**Monitor**"); AND UPON BEING ADVISED that the secured creditors who are likely to be affected by the charge created herein were given notice; AND pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985 c. C-36, as amended, the British Columbia *Supreme Court Civil Rules*, and the inherent jurisdiction of this Honourable Court;

THIS COURT ORDERS AND DECLARES that:

1. The time for service and filing of the Notice of Application is hereby abridged and validated such that this Notice of Application is properly returnable today and hereby dispenses with further service thereof.

INTERIM FINANCING

2. The Petitioners are hereby authorized and empowered to obtain and borrow under a credit facility from Canadian Western Bank (the “**Interim Lender**”) in order to finance the continuation of the Business and preservation of the Property, provided that borrowings under such credit facility shall not exceed \$500,000 unless permitted by further Order of this Court.
3. Such credit facility shall be on the terms and subject to the conditions set forth in the Interim Financing Term Sheet between the Petitioners and the Interim Lender dated as of _____, 2023 (the “**Interim Financing Credit Agreement**”).
4. The Petitioners are hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the “**Definitive Documents**”), as are contemplated by the Interim Financing Credit Agreement or as may be reasonably required by the Interim Lender pursuant to the terms thereof, and the Petitioners are hereby authorized and directed to pay and perform all of their indebtedness, interest, fees, liabilities and obligations to the Interim Lender under and pursuant to the Interim Financing Credit Agreement and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order or the Amended and Restated Initial Order, granted July 27, 2023 (the “**ARIO**”).
5. The Interim Lender shall be entitled to the benefit of and is hereby granted a charge (the “**Interim Financing Charge**”) on the Property. The Interim Financing Charge shall not secure an obligation that exists before this Order is made. The Interim Financing Charge shall have the priority set out in paragraphs 8, 10, and 11 of this Order.

6. Notwithstanding any other provision of this Order or the ARIO:
- (a) the Interim Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the Interim Financing Charge or any of the Definitive Documents;
 - (b) upon the occurrence of an event of default under any of the Definitive Documents or the Interim Financing Charge, the Interim Lender, upon 5 business days' notice to the Petitioners and the Monitor may exercise any and all of its rights and remedies against the Petitioners or the Property under or pursuant to the Interim Financing Credit Agreement, Definitive Documents and the Interim Financing Charge, including without limitation, to cease making advances to the Petitioners and set off and/or consolidate any amounts owing by the Interim Lender to the Petitioners against the obligations of the Petitioners to the Interim Lender under the Interim Financing Credit Agreement, the Definitive Documents or the Interim Financing Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Petitioners and for the appointment of a trustee in bankruptcy of the Petitioners; and
 - (c) the foregoing rights and remedies of the Interim Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Petitioners or the Property.
7. The Interim Lender, in such capacity, shall be treated as unaffected in any plan of arrangement or compromise filed by the Petitioners under the CCAA, or any proposal filed by the Petitioners under the *Bankruptcy and Insolvency Act* of Canada (the "BIA"), with respect to any advances made under the Definitive Documents.

VALIDITY AND PRIORITY OF CHARGES CREATED BY COURT ORDER

8. Paragraph 37 of the ARIO is hereby amended such that the Administration Charge on the Property shall not exceed an aggregate amount of \$250,000.

9. The priorities of the Administration Charge, the Interim Financing Charge, and the Directors' Charge, as among them, shall be as follows:
 - (a) First: Administration Charge (to a maximum amount of \$250,00);
 - (b) Second: Interim Financing Charge (to a maximum amount of \$500,000);
 - (c) Third: Intercompany Charge; and
 - (d) Fourth: Directors' Charge (to a maximum amount of \$1,000,000).
10. Any security documentation evidencing, or the filing, registration or perfection of the Interim Financing Charge shall not be required, and that the Interim Financing Charge shall be effective as against the Property and shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered or perfected subsequent to the Interim Financing Charge coming into existence, notwithstanding any failure to file, register or perfect any such Interim Financing Charge .
11. The Interim Financing Charge shall constitute a mortgage, security interest, assignment by way of security and charge on the Property and such Interim Financing Charge shall rank in priority to all other security interests, trusts, liens, mortgages, Charges and encumbrances and claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**"), in favour of any Person, save and except for (a) the Administration Charge, (b) those claims contemplated by section 11.8(8) of the CCAA, and (c) those claims secured by valid and enforceable purchase money security interests.
12. Except as otherwise expressly provided herein, or as may be approved by this Court, the Petitioners shall not grant or suffer to exist any Encumbrances over any Property that rank in priority to, or pari passu with the Interim Financing Charge, unless the Petitioners obtains the prior written consent of the Monitor, the Interim Lender and the beneficiaries of the Administration Charge and the Directors' Charge.
13. The Administration Charge, the Directors' Charge, the Interim Financing Credit Agreement, the Definitive Documents and the Interim Financing Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to

the benefit of the Interim Financing Charge (collectively, the “**Chargees**”) and/or the Interim Lender shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, mortgage, security agreement, debenture, sublease, offer to lease or other agreement (collectively, an “**Agreement**”) which binds the Petitioners; and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the Interim Financing Charge nor the execution, delivery, perfection, registration or performance of the Interim Financing Credit Agreement or the Definitive Documents shall create or be deemed to constitute a breach by the Petitioners of any Agreement to which it is a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Petitioners’ entering into the Interim Financing Credit Agreement, the creation of the Interim Financing Charge, or the execution, delivery or performance of the Definitive Documents; and
- (c) the payments made by the Petitioners pursuant to this Order, the Interim Financing Credit Agreement or the Definitive Documents, and the granting of the Interim Financing Charge, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

14. THIS COURT ORDERS that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Petitioners’ interest in such real property leases.

15. THIS COURT REQUESTS the aid and recognition of other Canadian and foreign Courts, tribunals, regulatory or administrative bodies to act in aid of and to be complementary to this Court in carrying out the terms of this Interim Financing Order where required. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Petitioners and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Interim Financing Order.
16. Endorsement of this Interim Financing Order by counsel appearing on this application, other than counsel for the Petitioners, is hereby dispensed with.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT.

Signature of

Lawyer for the Petitioners

Tevia R.M. Jeffries

By the Court

Registrar

Schedule "A"
List of Petitioners

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

Townhall Holdings (Chilliwack) Ltd.
Townhall Holdings (Coquitlam) Ltd.
Townhall Holdings (Maple Ridge) Ltd.
Townhall Holdings (South Surrey) Ltd.
Townhall Holdings Ltd.
Whiskey Charlie Holdings Ltd.

Non-Petitioner Entities:

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

Schedule "B"
List of Counsel

NAME OF COUNSEL	PARTY REPRESENTING
Tevia Jeffries & Rebecca Morse	Petitioners
David Gruber	Ernst & Young Inc.
William Roberts & Kimia Jalilvand	Bank of Montreal
Kibben Jackson	Canadian Western Bank

IN THE SUPREME COURT OF BRITISH COLUMBIA

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

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

**ORDER MADE AFTER APPLICATION
(INTERIM FINANCING ORDER)**

TRJ/lf

File no.: 50901-1

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