

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

Name of applicant: **MNP Ltd.**, ("MNP") in its capacity as the court-appointed
monitor of the Petitioners (the "**Monitor**")

TO: Service List, attached hereto as **Schedule "B"**

TAKE NOTICE that an application will be made by the Monitor before the Honourable Madam Justice Fitzpatrick at the courthouse at 800 Smithe Street, Vancouver, British Columbia on **October 28, 2024 at 3:00 p.m.** for the orders set out in Part 1 below.

The applicant estimates that the application will take 1 hour.

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

PART 1: ORDER(S) SOUGHT

1. An order (the "**Asset Purchase Approval and Vesting Order**") substantially in the form attached hereto as **Schedule "C"** granting, *inter alia*, the following relief:

- (a) approving the completion and consummation of the sale transaction (the “**Asset Transaction**”) contemplated by the asset purchase agreement dated October 23, 2024 (the “**Asset Purchase Agreement**”) between MNP, solely in its capacity as court-appointed monitor of the Petitioners, and not in its personal capacity, and those persons listed as Purchasers in Schedule A of the Asset Purchase Agreement (each individually, a “**Asset Purchaser**” and collectively, the “**Asset Purchasers**”) and 1174869 B.C. Ltd. (“**117 BC**”), as the Asset Purchasers’ representative;
 - (b) effective upon the Monitor filing a certificate with the Court, substantially in the form attached as Schedule “C” to the Asset Purchase Approval and Vesting Order, vesting the purchased assets described in the Asset Purchase Agreement (the “**Purchased Assets**”) in the Asset Purchasers and 117 BC free and clear of all financial claims and encumbrances;
 - (c) approving the assignment to the Asset Purchasers and 117 BC all of the rights and obligations of the Petitioners under certain lease for premises of the Remaining Lease Agreements (as defined below);
 - (d) approving the assignment to the Asset Purchasers and 117 BC all of the rights and obligations of the Petitioners under certain contracts; and
 - (e) authorizing the Monitor to repay Post Filing Obligations, as defined at paragraph 54 of the Monitor’s Fourth Report dated October 24, 2024 (the “**Fourth Monitor Report**”) from the proceeds of the Asset Transaction.
2. An order (the “**Real Estate Approval and Vesting Order**”) substantially in the form attached hereto as **Schedule “D”** granting, *inter alia*, the following relief:
- (a) approving the completion and consummation of the sale transaction (the “**Real Estate Transaction**”) of the real property located at 5708 176 Street and 5747 176A Street, Surrey, British Columbia (the “**Clover Building**”) contemplated in the contract for purchase and sale dated August 21, 2024 (the “**Real Estate Purchase Agreement**”), between MNP, solely in its capacity as court-appointed monitor of the Petitioners, and not in its personal capacity, and 1192528 BC Ltd. (the “**Real Estate Purchaser**”), as purchaser; and

- (b) effective upon the Monitor filing a certificate with the Court, substantially in the form attached as Schedule “C” to the Real Estate Approval and Vesting Order, vesting the Clover Building in the Real Estate Purchaser free and clear of all financial claims and encumbrances.
3. An order (the “**Stay Extension and Distribution Order**”) in substantially the form attached as **Schedule “E”** among other things:
 - (a) extending the stay of proceedings in favour of the Petitioners up to and including December 1, 2024;
 - (b) increasing the New Administrative Charge from \$250,000 to \$400,000; and
 - (c) authorizing the Monitor to repay all amounts outstanding under the Interim Financing Charge granted in these proceedings from the proceeds of the Sales.
4. Such further and other relief as this Honourable Court may deem just.

PART 2: FACTUAL BASIS

BACKGROUND

1. The Petitioners operate a series of restaurants, pubs, liquor stores, events and hospitality businesses, and wineries in the Lower Mainland. Collectively, they are colloquially known as the “Joseph Richard Group”.
2. The Petitioners’ financial challenges were primarily a result of COVID-19’s negative toll on the hospitality industry, compounded by debt accumulated to survive the pandemic. This led the Petitioners to seek protection under the *Companies’ Creditors Arrangement Act*, RSC 1985, c C-36 (the “**CCAA**”).
3. Pursuant to an order of this Court made on July 17, 2023 (the “**Initial Order**”), the Petitioners were granted protection under the CCAA. At that time, Ernst & Young Inc. (“**EY**”) was appointed monitor of the Petitioners.
4. The Court has subsequently made various orders in these CCAA proceedings, including:
 - (a) amending and restating the Initial Order (the “**ARIO**”) on July 27, 2023; and

(b) approving interim financing from Canadian Western Bank (in such capacity, the “**Interim Lender**”) on August 30, 2023.

5. On May 9, 2024, this Court granted an order that, among other things (the “**Substitution Order**”):

- (a) extended the stay of proceedings up to and including August 30, 2024;
- (b) substituted MNP Ltd. as court-appointed monitor with enhanced powers of the Petitioners and discharging EY as monitor;
- (c) granted the Monitor and its counsel the benefit of a charge not exceeding \$250,000 as security for their respective fees and disbursements (the “**New Administration Charge**”) on the Petitioners’ current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the “**Property**”); and
- (d) reinstated and increased the interim financing facility from the Interim Lender up to the maximum principal amount of \$750,000.

Substitution Order at paras 3 - 18

6. In addition to the Substitution Order, this Court granted an order on May 9, 2024 (the “**Sales Process Order**”) that, among other things, authorized and directed the Monitor to implement a sales process (the “**Sales Process**”). The purpose of the Sales Process is to solicit offers for the Petitioners’ operating locations.

Sales Process Order at para 2 and Schedule “C”
Proposed Monitor’s First Report, dated May 8, 2024 at para 11

7. On June 7, 2024, this Court approved the engagement of MNP Corporate Finance Inc. (“**MNPCF**”) to assist with the implementation of the Sales Process (the “**Sales Agent Order**”).

Sales Agent Order at para 2

8. The Monitor, with the assistance of MNPCF, commenced the Sales Process in accordance with the Sales Process Order and the Sales Agent Order which included extensive marketing of the Petitioners’ business and assets. The Monitor has accepted a

sale to the Asset Purchasers and 117 BC, which is expected to close on the business day following approval from this Court.

Fourth Monitor Report at para 13

9. Most recently, on August 26, 2024, this Court approved an extension of the stay of proceedings up to and including November 1, 2024 to allow the Monitor time to complete the Sales Process and return to court to apply for sale approval.

THE SALES PROCESS

10. The Sales Process Order approved the Sales Process attached as Schedule “C” the Sales Process Order and authorized the Monitor to carry out the Sales Process and take such steps and execute such documentation as may be necessary to the Sales Process.

Sales Process Order at para 2

11. Among other steps and activities, as described in further detail in the Sales Process and the Fourth Monitor Report, the Sales Process contemplated a four phase process:
 - (a) The marketing phase when the Monitor and MNPCF would solicit interest in the Property using the marketing package finalized on June 20, 2024;
 - (b) The due diligence phase from June 24, 2024 to July 25, 2025 when interested parties could access an electronic data room that contained information about the Property;
 - (c) The deadline for submitting bids on August 1, 2024 (the “**Bid Submission Deadline**”);
 - (d) The review of bids phase after the Bid Submission Deadline, during which the Monitor and MNPCF reviewed and considered the received bids.

Fourth Monitor Report at paras 14

12. The Monitor and MNPCF carried out the Sales Process in accordance with its terms. Among other things:
 - (a) MNPCF compiled a list of parties who may have been interested in purchasing or investing in the Petitioners’ operating locations;

- (b) MNPCF requested and obtained information from the Petitioners to prepare a confidential information memorandum (the “**CIM**”) and a data room to share with interested parties regarding the Petitioners’ operating locations;
- (c) MNPCF contacted 131 parties during the marketing phase who may have been interested in participating in the Sales Process; and
- (d) MNPCF and the Monitor made itself available and fielded numerous inquiries from other potential bidders that ultimately declined to participate in the Sales Process.

Fourth Monitor Report at paras 15 and 16

13. Of the potentially interested parties contacted by MNPCF:

- (a) 28 signed non-disclosure agreements, received the CIM, and gained access to the data room;
- (b) four entered into discussions with MNPCF and the Monitor;
- (c) three submitted bids, of which:
 - (i) two were received on August 1, 2024 (the “**Bid Submission Deadline**”); and
 - (ii) one was received on August 6, 2024.

Fourth Monitor Report at para 17

14. The Monitor worked with MNPCF and the Interim Lender to review the three bids received.

Fourth Monitor Report at para 17

15. The three received bids can be summarized as follows:

- (a) **Bid A** - \$500,000 for only the S & L Kitchen & Bar Langley Ltd. business located at 8399 200 Street, Langley, BC;
- (b) **Bid B** - \$2.6 million for substantially all of the Petitioners’ business; and
- (c) **Bid C** - \$3.7 million for substantially all of the Petitioners’ business.

Fourth Monitor Report at para 18

16. Bid C forms the basis of the Asset Transaction the Monitor is currently seeking to have approved.

17. Bid A and Bid B were not compliant with the Sales Process for the following reasons:

(a) Bid A was not accompanied by the required deposit of 10% of the purchase price; and

(b) Bid B:

(i) was not accompanied by the required deposit of 10% of the purchase price;

(ii) was received after the Bid Submission Deadline; and

(iii) included the proposed purchase of locations that were not subject to the Sales Process.

Fourth Monitor Report at para 20

18. Bid C is the highest offer at \$3.7 million and contemplated an *en bloc* sale of the Petitioners' operating businesses. The bid was compliant with the Sales Process and included a deposit of \$370,000, which satisfied the 10% threshold. That deposit amount is currently held by the Monitor in trust.

Fourth Monitor Report at para 21

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

Fourth Monitor Report at para 22

ASSET PURCHASE AGREEMENT

20. After selecting Bid C, the Monitor negotiated with the Purchasers to reach the Asset Purchase Agreement in the current form. The Asset Transaction also requires the assignment of a number of leases and contracts.

Fourth Monitor Report at para 23

21. The Monitor negotiated with various landlords to obtain the requisite consents for the assignment of the applicable leases.

Fourth Monitor Report at para 23

22. These negotiations took several weeks. Consequently, the Monitor extended the closing date originally set in the Sales Process to accommodate these negotiations.

Fourth Monitor Report at para 24

23. The Monitor, the Asset Purchasers, and 117 BC have now entered into the Asset Purchase Agreement.

Fourth Monitor Report at para 25 and Appendix "D"

24. The key terms of the Asset Purchase Agreement are as follows:

- (a) a purchase price of \$4.15 million plus an adjustment with respect to reimbursement revenues and operating expenses paid by the Petitioners for the benefit of the Asset Purchasers and 117 BC prior to closing;
- (b) a closing date being the next business day following Court approval, or at such other date mutually agreed upon by the parties following Court approval;
- (c) a purchase of the following operating locations:
 - (i) Italian Osteria & Cheesebar currently located at 20330 88th Avenue, Langley, BC;
 - (ii) Townhall Langley, currently located at 19640 64th Avenue, Langley, BC;
 - (iii) Oak & Thorne Public House, currently located at 20173 88th Avenue, Langley, BC;
 - (iv) S&L Kitchen & Bar Langley currently located at 8399 200 Street, Langley, BC;
 - (v) S&L Abbotsford, currently located at 200 – 2070 Sumas Way, Abbotsford, BC;
 - (vi) Queens Liquor Store, currently located at 1110 Ewen Avenue, New Westminster, BC;
 - (vii) Townhall Maple Ridge, currently located at 206 20690 Lougheed Highway, Maple Ridge, BC;
 - (viii) Townhall Chilliwack, currently located at 6640 Vedder Road, Chilliwack, BC;
 - (ix) Whiskey Charlie Café, currently located at 1007 – 18799 Airport Way, Pitt Meadows, BC;

- (x) Steveston Hospitality Services, currently located at 12111 3rd Avenue, Richmond, BC;
- (xi) The Henry Public House, currently located at 5708 176 Street, Surrey, BC; and
- (xii) Hillside Events and Tavern on the Green (Ledgeview), currently located at 35977 McKee Road, Abbotsford, BC;

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

- (d) the retention of all employees of the Operating Businesses.

Fourth Monitor Report at para 26

25. 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 the Asset Purchasers and 117 BC is the best offer resulting from the Sales Process. This offer 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 going forward.

Fourth Monitor Report at para 27

26. Additionally, the Asset Transaction provides a tenant for the Operating Businesses landlords and continued go forward business for the suppliers of the Operating Businesses.

Fourth Monitor Report at para 27

27. Accordingly, the Monitor recommends that the Court approve the Asset Purchase Agreement to complete the sale of the Purchased Assets (as defined in the Asset Purchase Agreement), including the Operating Businesses, to the Asset Purchasers and 117 BC.

Fourth Monitor Report at para 28

ASSIGNMENT OF LEASES

28. As part of the Asset Transaction, the Petitioners will assign 11 leases to the Purchasers (the “**Leases**”). The Leases are as follows:

| # | Lease Description |
|---|--|
| 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 (the “ Italian Osteria Lease ”). |
| 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 (the “ Townhall Langley Lease ”). |
| 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 (the “ Oak & Thorne Lease ”). |
| 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 (the “ S+L Langley Lease ”). |
| 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 (the “ S & L Abbotsford Lease ”). |
| 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 (the “ Queens Liquor Lease ”). |

| # | Lease Description |
|---|--|
| 7 | <p>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:</p> <ul style="list-style-type: none"> 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 (collectively, the “Townhall Maple Ridge Lease”). |
| 8 | <p>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 (the “Townhall Chilliwack Lease”).</p> |
| 9 | <p>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:</p> <ul style="list-style-type: none"> a. Sublease Agreement dated March 1st, 2022 between Pacific Aircraft Services Ltd. (Sublandlord) and Whiskey Charlie Holdings Ltd. (Subtenant) for Unit 7, 18799 Airport Way, Pitt Meadows, British Columbia. |

| # | Lease Description |
|----|---|
| | (collectively the “ Whiskey Charlie Café Lease ”). |
| 10 | <p>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 3rd Avenue, Richmond, British Columbia, as modified by:</p> <ul style="list-style-type: none"> 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. <p>(collectively, the “Stevenson Lease”).</p> |
| 11 | <p>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:</p> <ul style="list-style-type: none"> 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) <p>(collectively, the “Ledgeview Lease”).</p> |

Fourth Monitor Report at para 30

29. The Monitor is seeking to assign the Leases, by two methods:
- (a) certain Leases have landlords who have provided their consent but have corresponding cure costs owing which need court approval to pay from the sales proceeds of the Asset Transaction; and

- (b) certain Leases where the Monitor could not obtain consent from the landlords and require court approval to for assignment, as well as authorization to pay the associated cure costs from the sales proceeds of the Asset Transaction.

Fourth Monitor Report at para 29

30. The Monitor has obtained consent from applicable landlords to assign eight of the applicable leases (the “**Consented Lease Agreements**”). These landlords have provided their consent either via email confirmation or a signed lease assignment agreement to be held in escrow subject to the Court’s approval of the Asset Transaction and sale of the Operating Businesses.

Fourth Monitor Report at para 29

31. Details of the Consented Lease Agreements, with cure costs totalling approximately \$173,000, are as follows:

| Lease | Method of Assignment | Cure Costs |
|--------------------------------|-----------------------------|-------------------|
| The Italian Osteria Lease | Consent – email | None. |
| The Townhall Langley Lease | Consent – signed agreement | \$35,000 |
| The Oak & Thorne Lease | Consent – signed agreement | \$46,000 |
| The S+L Langley Lease | Consent – signed agreement | \$2,000 |
| The Townhall Maple Ridge Lease | Consent – email | \$25,000 |
| The Whiskey Charlie Café Lease | Consent – signed agreement | None. |
| The Stevenson Lease | Consent – signed agreement | \$55,000 |
| The Ledgeview Lease | Consent – email | \$10,000 |

Fourth Monitor Report at para 31

32. There are three remaining leases that require assignment via order of this Court as the Monitor has been unable to obtain consent from the applicable landlords (the “**Remaining Lease Agreements**”).

Fourth Monitor Report at para 30

33. Details of the Remaining Lease Agreements, with cure costs totalling approximately \$46,000, are as follows:

| Lease | Method of Assignment | Cure Costs |
|-------------------------------|-----------------------------|-------------------|
| The S & L Abbotsford Lease | Court Order | \$35,000 |
| The Queens Liquor Lease | Court Order | \$11,000 |
| The Townhall Chilliwack Lease | Court Order | None. |

Fourth Monitor Report at para 31

34. The Monitor believes that an assignment of the Remaining Lease Agreements through an order of this Court is appropriate because:
- (a) the proposed assignments are necessary to complete the sale of the Operating Businesses, which will result in the best recovery for creditors; and
 - (b) The Purchasers will be able to perform the obligations of the leases because they are retaining the management team and all employees to continue operating the Operating Businesses. Additionally, the parent company of 117 BC, RDM Enterprises Ltd. (“**RDM**”), has agreed to indemnify the Remaining Lease Agreements.

Fourth Monitor Report at para 34

35. The Consented Lease Agreements and Remaining Lease Agreements have combined estimated outstanding rent arrears of \$219,000 (the “**Lease Cure Costs**”). The proceeds from the Asset Transaction will provide the Petitioners more than sufficient liquidity to address the Lease Cure Costs.

Fourth Monitor Report at paras 32 and 33

36. Accordingly, the Monitor recommends that the Court approve of the assignment of the Remaining Lease Agreements and the payment of the Lease Cure Costs from the proceeds of the Asset Sale.

Fourth Monitor Report at para 36

ASSIGNMENT OF CONTRACTS

37. The Asset Purchase Agreement also contemplates the assignment of certain contracts (the “**Assigned Contracts**”). The Assigned Contracts are detailed as follows:

- (a) 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;
- (b) Third Party Use Agreement dated April 5, 2017 until April 5, 2027 between Queens Plaza Ltd., as licensee, and JRG Queens LRS; and
- (c) 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.

Fourth Monitor Report at para 37

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.

Fourth Monitor Report at para 38

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.

Fourth Monitor Report at para 39

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.

Fourth Monitor Report at para 40

41. The Monitor is seeking to have the Court approve the assignment of the Assigned Contracts to the Purchasers and any associated cure costs (the “**Contract Cure Costs**”, together with the Lease Cure Costs, the “**Cure Costs**”). The Monitor believes that an assignment of the Assigned Contracts through an order of this Court is appropriate because the proposed assignments relate to tools and services used to operate the Operating Businesses.

Fourth Monitor Report at para 41

TAX ARREARS

42. 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**”).

Fourth Monitor Report at para 54

43. As at the date of this report, post-filing tax arrears consist of:

- (a) Source deductions of approximately \$254,000 for the September 2024 and October 2024 to date; and,
- (b) Sales taxes of \$5,000 consisting of unpaid GST for August 2024.

Fourth Monitor Report at para 55

44. 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.

Fourth Monitor Report at para 56

45. 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.

Fourth Monitor Report at para 58

46. 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.

Fourth Monitor Report at para 59

THE REAL ESTATE TRANSACTION

47. The Clover Building is held by the holding company JRG Cloverdale Holdings Ltd., which is subject to a mortgage held by Canadian Western Bank in the principal amount of \$21.6 million plus interest. It is expected that there will be significant shortfall to Canadian Western Bank on their mortgage.

Fourth Monitor Report at para 49

48. The original marketing process for the Clover Building was commenced on August 8, 2023. The Petitioners engaged Shaun Shangha of Sutton ("**Sutton**") and Rob Visnjak of Homelife Benchmark Realty ("**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 received some interest in the property, no tours of the property were requested and no offers were received. The listing through Sutton and Homelife was terminated in December 2023.

Fourth Monitor Report at para 42

49. The Petitioners recommenced the marketing of the Clover Building 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 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.

Fourth Monitor Report at para 43

50. Colliers conducted the following marketing activities:

- (a) prepared brochures;
- (b) advertised on the Colliers website;

- (c) sent email blasts to 212 retail/office agents in the Greater Vancouver Area;
- (d) sent email blasts to 712 investment agents/clients in the Greater Vancouver Area;
- (e) sent two commercial broadcasts to over 5,000 people;
- (f) sent two investor eblasts to over 4,000 people; and
- (g) toured the property with 13 interested parties.

Fourth Monitor Report at para 44

51. Colliers received the following offers:

- (a) **Offer 1** - dated July 23, 2024, for \$7.2 million; and
- (b) **Offer 2** - dated August 21, 2024, for \$7 million.

Fourth Monitor Report at para 45

52. The Monitor did not accept Offer 1 as the offer had a 90-day conditional period and completion date of March 31, 2025.

Fourth Monitor Report at para 46

53. On Collier's recommendation, the Monitor countered Offer 2, which resulted in an accepted offer of \$7.25 million. Offer 2 is subject to this Court's approval and 117 BC purchasing the Operating Businesses.

Fourth Monitor Report at para 48

54. The negotiated agreement resulted in the Real Estate Purchase Agreement, which the Monitor is seeking approval of from this Court.

Fourth Monitor Report at para 47 and Appendix "F"

55. The key terms of the Real Estate Purchase Agreement are:

- (a) a purchase price of \$7.25 million;
- (b) a deposit of \$50,000 paid within 3 days of acceptance of the offer;

- (c) a completion date of 30 days after court approval; and
- (d) it was conditional upon court approval and 117 BC purchasing the Operating Businesses.

Fourth Monitor Report at para 47

56. Colliers recommended acceptance of Offer 2 on the basis that:

- (a) the Clover Building has been listed for over 9 months and, accordingly, has been sufficiently exposed to the market;
- (b) Offer 2 had a significantly faster closing date than Offer 1;
- (c) the two offers received are similar in price, suggesting Offer 2 represents the fair market value of the Clover Building; and
- (d) the purchase price in the Real Estate Purchase Agreement is the highest offer received for the Clover Building.

Fourth Monitor Report at para 48

57. The only secured creditor with a mortgage over the Clover Building, Canadian Western Bank, supports the Real Estate Transaction.

Fourth Monitor Report at para 49

58. The Monitor believes that the Clover Building has been sufficiently exposed to the market. Accordingly, the Monitor recommends that the Court approve the Real Estate Transaction.

Fourth Monitor Report at para 50

PROPOSED DISTRIBUTION

59. Legal counsel of the former monitor, Ernst & Young Inc., completed an independent review of the security held by the 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.

Fourth Monitor Report at para 51

60. The Monitor has taken preparatory steps to facilitate the close of the Asset Transaction and the Real Estate Transaction (the “**Sales**”) shortly after approval of this Court, if it is granted.

Fourth Monitor Report at para 52

61. 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 (in addition to the Cure Costs), repay the interim financing provided by the Interim Lender as approved by this Court, as well as the Post Filing Obligations.

Fourth Monitor Report at para 53

REVISED FORECAST

62. Management, in consultation with the Monitor, have prepared a revised forecast cash flow for the period October 7, 2024 to December 1, 2024 (the “**Forecast Cash Flow**”).

Fourth Monitor Report at para 66

63. The Petitioners had an opening cash balance of approximately \$303,000 on October 7, 2024. Their projected ending cash balance as of December 1, 2024 is \$9,378,000.

Fourth Monitor Report at para 66

64. The Forecast Cash Flow includes the estimated net proceeds to be received from the Sales, and the estimated proceeds from the sale of remaining inventory at the Clover Station and Glass House locations (defined below).

Fourth Monitor Report at para 68

65. With the closing of the sale of the Operating Businesses, the Petitioners will have sufficient funds to pay the outstanding Post-Filing Obligations.

Fourth Monitor Report at para 70

STAY EXTENSION

66. The stay of proceedings currently expires on November 1, 2024. The Monitor seeks an extension of the stay of proceedings up to and including December 1, 2024 (the **“Proposed Stay Extension”**).

Fourth Monitor Report at para 77

67. 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 proceeds. 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.

Fourth Monitor Report at para 78

68. 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 have continued to assist the Monitor with the Sales Process.

Fourth Monitor Report at para 79

69. Despite their best efforts, the material decrease in revenues has resulted in a number of post-filing obligations owing. However, these can be satisfied from the proceeds of the Sales, 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.

Fourth Monitor Report at para 80

70. With the benefit of the proceeds from the Sales, the Petitioners will have sufficient funding available through the Proposed Stay Extension.

Fourth Monitor Report at para 70

ADMINISTRATIVE CHARGE

71. 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.

Fourth Monitor Report at para 74

72. 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 and the payment to the professionals, including the Sales Advisor, to be made. It is anticipated that professional fees will be brought current following the closing of those transactions.

Fourth Monitor Report at para 75

73. 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 Asset and Real Estate Transactions, which the Monitor believes is in the best interests of all of the Petitioners' stakeholders.

Fourth Monitor Report at para 76

PART 3: LEGAL BASIS

Approval and Sale Agreement

74. Section 36(1) of the CCAA grants this Court jurisdiction to authorize the sale of a debtor company's assets outside of the ordinary court of business. In considering whether to approve such a sale, courts are to consider the following factors in accordance with s. 36(3) of the CCAA:

- (a) whether the process leading to the proposed sale or disposition was reasonable in the circumstances;
- (b) whether the monitor approved the process leading to the proposed sale or disposition;

- (c) whether the monitor filed with the court a report stating that in their opinion the sale or disposition would be more beneficial to the creditors than a sale or disposition in bankruptcy;
- (d) the extent to which creditors were consulted;
- (e) the effects of the proposed sale or disposition on the creditors and other interested parties; and
- (f) whether the consideration to be received for the assets is reasonable and fair, taking into account their market value.

CCAA, s. 36(3)

75. The considerations identified in *Royal Bank v. Soundair Corp* (“**Soundair**”) overlap with many of the s. 36(3) factors. Those considerations include:

- (a) whether the party conducting the sale made sufficient efforts to obtain the best price and did not act improvidently;
- (b) the interest of all the parties;
- (c) the efficacy and integrity of the process by which offers were obtained; and
- (d) whether there has been unfairness in working out the process.

Royal Bank v. Soundair Corp., [1991] OJ No 1137 at para. 16
Donnelly Holdings Ltd. (Re), 2024 BCSC 275 at para. 46
Veris Gold Corp. (Re), 2015 BCSC 1204 at paras 22 – 25
Canwest Global Communications Corp., 2010 ONSC 2870 at para. 13

76. Both the factors in s. 36(3) of the CCAA and *Soundair* favour granting the Approval and Vesting Order given that:

- (a) the Sales Process, including with respect to the Monitor, was commercially reasonable and was conducted in accordance with the Sales Process Order and Sales Agent Order granted by this Court;
- (b) the market was broadly canvassed during the Sales Process, resulting in no appropriate bids, other than the bid submitted by the Purchasers;

- (c) the Monitor believes that the purchase price and other consideration to be provided by the Asset Purchasers and 117 BC represents the greatest possible recovery available in the circumstances;
- (d) the transaction contemplated in the Asset Purchase Agreement provides a going-concern solution for the Petitioners and contemplates the continuation of a majority of the Petitioners' operations under the Asset Purchasers' ownership and preserves employment for substantially all of the Petitioners' employees; and
- (e) Canadian Western Bank, and other secured lenders who are the parties with economic interests left in the Petitioners, and who are likely to suffer a material shortfall on the amounts owed to them, are supportive of the Sales.

Fourth Monitor Report at paras 27-28

Assignment of Leases and Contracts

77. Section 11.3 of the CCAA gives the Court statutory jurisdiction and discretion to make an order assigning a debtor company's rights and obligations under an agreement, on notice to every party to the agreement and the Monitor.

CCAA, s. 11.3

78. The Court has broad discretion to exercise this authority, notwithstanding a restriction or prohibition on assignment in the relevant contracts.

Re TBS Acquireco Inc., 2013 ONSC 4663 at para 25

79. Section 11.3 of the CCAA sets out the following criteria for a court to consider in determining whether to grant such an assignment:

- (a) whether the Monitor approved the proposed assignment;
- (b) whether the person to whom the rights and obligations are to be assigned would be able to perform the obligations; and
- (c) whether it would be appropriate to assign the rights and obligations to that person.

CCAA, s. 11.3

80. Pursuant to s. 11.3(4) of the CCAA, the Court must be satisfied that all monetary defaults in relation to the subject agreements (other than those arising by reason only of the company's insolvency, the commencement of proceedings under the CCAA, or the company's failure to perform a non-monetary obligation) will be remedied on or before a day fixed by the Court. The proceeds from the Asset Sale will provide the Petitioners sufficient liquidity to pay the Leases Cure Costs and therefore all monetary defaults can be remedied within a day of the closing of the Asset Transaction.

CCAA, s. 11.3(4)

81. Even prior to the 2009 CCAA amendments and the corresponding enactment of s. 11.3, a Court could exercise its inherent discretion under s. 11 to authorize the assignment of a contract, including where the contract contained an anti-assignment clause and where consent of the counterparty to the contract was required but not obtained.

Re Hayes Forest Service Ltd., 2009 BCSC 1169 at para 31

82. As such, s. 11.3 of the CCAA does not require a debtor company to seek a contractual counterparty's consent. The section applies despite the terms of any contract and regardless of whether the counterparty's consent has been sought, or whether the counterparty's failure to consent is reasonable or unreasonable.

83. In the instant case, the Monitor has reviewed all leases and contracts that it seeks to assign. The Monitor has notified the applicable counterparties and have requested their consent to the assignment of such contracts and leases, but was unable to obtain their consent prior to bringing this application.

84. The leases and contracts that are the subject of the Asset Purchase Approval and Vesting Order do not fall within any exception set out in the CCAA.

85. The factors in s. 11.3 have been satisfied in the instant case as follows:

- (a) the Monitor approves of the proposed assignments;
- (b) the Monitor is of the view that the Asset Purchasers, 117 BC, and with RDM providing indemnities where appropriate, will be able to perform the obligations under the lease assignments and are best positioned to do so;

- (c) the assignments are central to the successful outcome of the Sales and without the assignments, the Asset Purchasers and 117 BC will not be in a position to perform the obligations under the leases and contracts, or complete the Asset Transaction. Furthermore, the Monitor does not believe that the requested assignments will create an unfair imposition upon or interference with third-party rights.

Fourth Monitor Report at para •

86. The Monitor is also seeking court approval of the outstanding Cure Costs which will be paid on closing, as required by s. 11.3(4) of the CCAA.

CCAA, s. 11.3(4)

Stay Extension

87. Pursuant to s. 11.02(2) of the CCAA, the Court may extend this period for any period that the Court considers necessary provided that (a) the extension sought is appropriate in the circumstances; and (b) the Petitioners have acted and are acting in good faith and with due diligence. In determining whether it is appropriate to extend a stay of proceedings, the court will consider whether doing so will advance the remedial purposes of the CCAA.

CCAA, s. 11.02(2)

North American Tungsten Corp. (Re), 2015 BCSC 1376, at paras. 25-29

[*North American Tungsten*]

88. Since the last Stay Extension Order, 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.
89. The stay extension will 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, and to apply for a distribution of the remaining proceeds. 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.

Fourth Monitor Report at para 78

Administrative Charge

90. The Monitor seeks an increase in the Administrative Charge of \$150,000 to secure the collective fees and disbursements incurred by the Monitor and its legal counsel.
91. Section 11.52 of the CCAA provides that the court may grant a priority charge in respect of certain professional fees and expenses in proceedings under the CCAA. The factors to consider in determining whether to approve an administrative charge include:
- (a) the size and complexity of the businesses being restructured;
 - (b) the proposed role of the beneficiaries of the charge;
 - (c) whether there is an unwarranted duplication of roles;
 - (d) whether the quantum of the proposed charge appears to be fair and reasonable;
 - (e) the position of the secured creditors likely to be affected by the charge; and
 - (f) the position of the Monitor.

CCAA, s. 11.52;

Re Canwest Publishing Inc. / Publications Canwest Inc., 2010 ONSC 222 at para 54

92. Without the priority afforded to professional advisor fees, the objections of the CCAA would be frustrated because professionals would be unlikely to risk offering their services without any assurance of ultimately being paid. Specifically, a failure to provide protection for professional fees will “result in the overwhelming likelihood that the CCAA proceedings would come to an abrupt halt, followed, in all likelihood, by bankruptcy proceedings.”

Re Timminco Ltd., 2012 ONSC 506 at para 66

93. The same arguments apply in respect of an increase in the charge in order to provide security that is adequate to provide that protection and prevent an “abrupt halt” and likely bankruptcy. In this case, this is even more of a concern where the Sales Process has completed and the only outstanding matter is closing the Asset and real Estate Transactions.

94. The proposed increase the Administrative Charge is necessary to ensure the Monitor and its counsel's continued assistance and participation in these proceedings. 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 Asset and Real Estate Transactions, which the Monitor believes is in the best interests of all of the Petitioners' stakeholders.

Fourth Monitor Report at para 76

PART 4: MATERIAL TO BE RELIED ON


1. First Report of the Proposed Monitor, dated May 9, 2024;
2. Second Report of the Monitor, dated June 4, 2024;
3. Third Report of the Monitor, dated August 21, 2024;
4. Fourth Report of the Monitor, dated October 24, 2024;
5. Order Made After Application (Sales Process), pronounced May 9, 2024;
6. Order Made After Application (Substitution of Monitor and Increased Interim Financing), pronounced May 9, 2024;
7. Order Made After Application (Approval of Engagement of Financial Advisor), pronounced June 7, 2024; and
8. Such further and other materials as counsel may advise and this Court may permit.

TO THE PERSONS RECEIVING THIS NOTICE OF APPLICATION: If you wish to respond to this notice of 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; and
 - (iii) if this application is brought under Rule 9-7, any notice that you are required to give under Rule 9-7(9).

DATE: October 24, 2024


Counsel for the Applicant, MNP Ltd.
McCarthy Tétrault LLP
(H. Lance Williams and Ashley Bowron)

To be completed by the court only:

Order made

- in the terms requested in paragraphs _____ of Part 1 of this notice of application
- with the following variations and additional terms:

DATE: _____

Signature of Judge
 Associate Judge

APPENDIX

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
- none of the above

SCHEDULE "A"

LIST OF PETITIONERS

1138279 B.C. Ltd.
1164312 B.C. Ltd.
Ad Prolem Capital Investments Ltd.
Clover 67 Private Dining Room Ltd.
Edith & Arthur Public House Ltd.
Joseph Bourque Investments Ltd.
Joseph Richard Hospitality Group Ltd.
Joseph Richard Investments Ltd
Joseph Richard IP Holdings Ltd.
Joseph Richard Management Ltd.
JRG Canteen Virtual Kitchen Ltd.
JRG Clover Station LRS Ltd.
JRG Cloverdale Holdings Ltd.
JRG Cloverdale Ventures Ltd.
JRG Foodhall (Vancouver) Ventures Ltd.
JRG Glass House Estates Winery Ltd.
JRG Ledgeview Holdings Ltd.
JRG Steveston Hotels Ltd.
JRG Systems Ltd.
JRG Whiskey Charlie Cafe, Pitt Meadows Ltd.

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.

SCHEDULE "B"

No. S-235026
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, 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

SERVICE LIST (as at October 24, 2024)

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| <p>Farris LLP 25th Floor – 700 West Georgia Street Vancouver, BC V7Y 1B3</p> <p>Attention: Rebecca Morse Tevia Jeffries</p> <p>Email: rmorse@farris.com tjeffries@farris.com slun@farris.com dboere@farris.com lferguson@farris.com smacallister@farris.com</p> <p>Counsel for Joseph Richard Hospitality Group Ltd. et al, Petitioners</p> | <p>MNP Ltd. Suite 1630, 609 Granville Street Vancouver, BC V7Y 1E7</p> <p>Attention: Mario Mainella Kevin Koo</p> <p>Email: Mario.Mainella@mnp.ca Kevin.Koo@mnp.ca</p> <p>Monitor</p> <p>McCarthy Tétrault LLP Suite 2400, 745 Thurlow Street Vancouver, BC V6E 0C5</p> <p>Attention: H. Lance Williams Ashley Bowron Angelica Kovac</p> <p>Email: lwilliams@mccarthy.ca abowron@mccarthy.ca akovac@mccarthy.ca sdanielisz@mccarthy.ca</p> <p>Counsel for the Monitor, MNP Ltd.</p> |
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(as at October 24, 2024)

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AndrewHui@dorsetrealty.com

SCHEDULE "C"

No. S-235026
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
(ASSET PURCHASE APPROVAL AND VESTING ORDER)**

BEFORE THE HONOURABLE
JUSTICE FITZPATRICK

)
)
)
)

MONDAY, THE 28TH DAY
OF OCTOBER, 2024

ON THE APPLICATION of MNP Ltd. ("**MNP**"), in its capacity as the court-appointed monitor (the "**Monitor**") of the Petitioners, coming on for hearing at Vancouver, British Columbia, on the • day of October, 2024; AND ON HEARING H. Lance Williams and Ashley Bowron, counsel for the Petitioners, and those other counsel listed on **Schedule "B"** hereto; AND UPON READING the material filed, including the Fourth Monitor's Report, dated October 24, 2024 (the "**Fourth Monitor Report**"); AND pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985 c. C-36 as amended (the "**CCAA**"), the British Columbia *Supreme Court Civil Rules*, and the inherent jurisdiction of this Honourable Court;

THIS COURT ORDERS AND DECLARES THAT:

SERVICE

1. The time for service of this Notice of Application and supporting materials is hereby abridged such that the Notice of Application is properly returnable today.

TRANSACTIONS

2. The sale transaction (the “**Asset Transaction**”) contemplated by the asset purchase agreement dated October 23, 2024 (the “**Asset Purchase Agreement**”) between MNP, solely in its capacity as court-appointed monitor of the Petitioners, and not in its personal capacity and those persons listed as Purchasers in Schedule A of the Asset Purchase Agreement (each individually a “**Asset Purchaser**” and collectively, the “**Asset Purchasers**”) and 1174869 B.C. Ltd. (“**117 BC**”), as the Asset Purchasers’ Representative, a copy of which is attached as Appendix D to the Fourth Monitor Report, is hereby approved, and the Asset Purchase Agreement is commercially reasonable. The execution of the Asset Purchase Agreement by the Monitor is hereby authorized and approved, and the Monitor is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Asset Transaction and for the conveyance to the Asset Purchasers and 117 BC of the assets described in the Asset Purchase Agreement (the “**Purchased Assets**”).
3. Upon delivery by the Monitor to the Asset Purchasers and 117 BC of a certificate substantially in the form attached as **Schedule “C”** hereto (the “**Monitor’s Certificate (Asset Purchase)**”), all of the Petitioners’ right, title and interest in and to the Purchased Assets described in the Asset Purchase Agreement, shall vest absolutely in the Asset Purchasers and 117 BC in fee simple, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the “**Claims**”) including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of this Court dated July 27, 2023, August 30, 2023, and May 9, 2024; and (ii) all charges, security interests or claims

evidenced by registrations pursuant to the *Personal Property Security Act* of British Columbia or any other personal property registry system (all of which are collectively referred to as the “**Encumbrances**”), and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

4. For the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and from and after the delivery of the Monitor’s Certificate (Asset Purchase) all Claims shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having had possession or control immediately prior to the sale.
5. The Monitor is to file with the Court a copy of the Monitor’s Certificate (Asset Purchase) forthwith after delivery thereof.
6. Pursuant to Section 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act* or Section 18(10)(o) of the *Personal Information Protection Act* of British Columbia, the Monitor is hereby authorized and permitted to disclose and transfer to the Asset Purchasers and 117 BC all human resources and payroll information in Petitioners’ records pertaining to the Petitioners’ past and current employees, including personal information of those employees. The Asset Purchasers and 117 BC shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Petitioners.
7. Subject to the terms of the Asset Purchase Agreement, vacant possession of the Purchased Assets, shall be delivered by the Monitor and the Petitioners to the Asset Purchasers, 117 BC at 12:00 noon on the Closing Date, as defined in the Asset Purchase Agreement.
8. The Monitor, with the consent of the Asset Purchasers and 117 BC shall be at liberty to make amendments or modifications to the Asset Purchase Agreement that would not be

materially prejudicial to the interest of the Petitioners' stakeholders and to extend the Closing Date to such later date as those parties may agree without the necessity of a further Order of this Court.

9. Notwithstanding:

- (a) these proceedings;
- (b) any applications for a bankruptcy order in respect of the Petitioners now or hereafter made pursuant to the *Bankruptcy and Insolvency Act* and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made by or in respect of the Petitioners,

the vesting of the Purchased Assets in the Asset Purchasers and 117 BC pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Petitioners and shall not be void or voidable by creditors of the Petitioners, nor shall it constitute or be deemed to be a transfer at undervalue, fraudulent preference, assignment, fraudulent conveyance or other reviewable transaction under the *Bankruptcy and Insolvency Act* or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

ASSIGNMENT OF CONTRACTS AND LEASES

- 10. Upon issuance of the Monitor's Certificate (Asset Purchase), the rights and obligations of Townhall Holdings (Chilliwack) Ltd. ("**Townhall**"), under that certain lease (the "**Townhall Chilliwack Lease**"), for the premises of Building L at Vedder Pointe, 6640 Vedder Road, Chilliwack, British Columbia, between Townhall, as tenant, Joseph Richard Investments Ltd., as indemnifier, and Vedder Road Holdings Ltd., as landlord, are automatically and irrevocably assigned to 117 BC without any further consents or approvals of this Court.
- 11. Upon issuance of the Monitor's Certificate (Asset Purchase), the rights and obligations of S & L Kitchen & Bar Holdings Abbotsford Ltd. ("**S & L**"), under that certain lease (the "**S & L Abbotsford Lease**"), for the premises of unit 200, 2070 Sumas Way, Abbotsford,

British Columbia, between S & L, as tenant, and Abbotsford Village Shopping Centre Ltd. and Robert Lee Ltd., as landlord, are automatically and irrevocably assigned to 117 BC without any further consents or approvals of this Court.

12. Upon issuance of the Monitor's Certificate (Asset Purchase), the rights and obligations of JRG Queens LRS Ventures Ltd. ("**JRG Queens**" and, together with Townhall, and S & L, the "**Tenants**"), under that certain lease (the "**Queens Liquor Lease**" and, together with the Townhall Chilliwack Lease, and the S & L Abbotsford Lease, the "**Assumed Leases**"), for the premises of unit 110, 1110 Ewen Avenue, New Westminster, British Columbia, between JRG Queens, as tenant, and Queens Plaza Ltd., as landlord (collectively with Vedder Road Holdings Ltd., Abbotsford Village Shopping Centre Ltd., and Robert Lee Ltd. the "**Landlords**"), are automatically and irrevocably assigned to 117 BC without any further consents or approvals of this Court.
13. Upon issuance of the Monitor's Certificate (Asset Purchase), the rights and obligations of Townhall Holdings (Langley) Ltd., JRG Cloverdale Ventures Ltd., Townhall Holdings (South Surrey) Ltd., and Public House Ltd., under that certain contract for credit and debit card acquiring and processing services with Moneris Solutions Corporation ("**Moneris**") on its own behalf and on behalf of Royal Bank of Canada and Bank of Montreal (the "**Moneris Contract**"), are automatically and irrevocably assigned to the Asset Purchasers and 117 BC without any further consents or approvals of this Court.
14. Upon issuance of the Monitor's Certificate (Asset Purchase), the rights and obligations of The Italian Osteria and Cheese Bar Ltd., Oak & Thorne Public house Ltd., S & L Kitchen & Bar Holdings Langley Ltd., S & L Kitchen & Bar Holdings Abbotsford Ltd. and Townhall Holdings (Chilliwack) Ltd., under certain contracts for equipment and software as described therein (the "**Squirrel Contracts**") with Squirrel Systems Canada Ltd. ("**Squirrel**"), is automatically and irrevocably assigned to the Asset Purchasers and 117 BC without any further consents or approvals of this Court.
15. Upon issuance of the Monitor's Certificate (Asset Purchase), the rights and obligations of JRG Queens, under the certain contract for third party use of a liquor license (the "**Third Party Use Contract**" and, together with the Moneris Contract, Squirrel Contracts, and the Assumed Leases, the "**Assumed Contracts**") with Queens Plaza Ltd. ("**Queens**

Plaza") is automatically and irrevocably assigned to the Asset Purchasers and 117 BC without any further consents or approvals of this Court.

16. Any anti-assignment, consent-to-assignment, or any other provisions restricting or affecting the assignment by the parties in the Assumed Contracts shall not restrict, limit, impair, prohibit or otherwise affect the assignment of the Assumed Contracts provided by this Order.
17. The Assumed Contracts shall be valid and binding and in full force and effect and enforceable by Asset Purchasers in accordance with their terms for the benefit of the Asset Purchasers.
18. The Landlords, Moneris, Squirrel, and Queens Plaza are prohibited from exercising any right or remedy under the Assumed Contracts by reason of any defaults thereunder arising from these proceedings or the insolvency of the Petitioners or any failure of the Petitioners to perform any obligation under the Assumed Contracts.
19. Upon assignment of the Assumed Contracts, the Monitor and Petitioners shall be discharged from all further obligations under the Assumed Contracts, and the Asset Purchasers and 117 BC shall be entitled and subject to all rights and obligations as parties pursuant to the terms of the Assumed Contracts and may enter into and upon and hold and enjoy each premises and/or benefits contemplated by the Assumed Contracts and, if applicable, any renewals thereof, for its own use and benefit, all in accordance with the Assumed Contracts.
20. The Petitioners' interest in the Assumed Contracts shall be Purchased Assets, and shall vest absolutely in the Asset Purchasers and 117 BC free and clear of all Encumbrances in accordance with this Order.

PAYMENT OF CURE COSTS

21. All monetary defaults in relation to the 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 Andrew Bourque (covenantor) for 19640 –

64th Ave., Langley, British Columbia, which total \$35,000 shall be paid in full from the sale proceeds upon the closing of the Asset Transaction.

22. All monetary defaults in relation to the 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, which total \$46,000 shall be paid upon the closing of the Asset Transaction.
23. All monetary defaults in relation to the 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, which total \$2,000 shall be paid in full from the sales proceeds upon the closing of the Asset Transaction.
24. All monetary defaults in relation to the S & L Abbotsford Lease, which total \$35,000, shall be paid in full from the sale proceeds upon the closing of the Asset Transaction.
25. All monetary defaults in relation to the Queens Liquor Lease, which total \$11,000, shall be paid in full from the sale proceeds upon the closing of the Asset Transaction.
26. All monetary defaults in relation to the 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 (including all amendments, modifications, and/or assignments) which total \$25,000 shall be paid in full from the sales proceeds upon the closing of the Asset Transaction.
27. All monetary defaults in relation to the 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 3rd Avenue, Richmond, British Columbia (including all amendments, modifications, and/or assignments) which total \$55,000 shall be paid in full from the sale proceeds upon the closing of the Asset Transaction.
28. All monetary defaults in relation to the lease agreement dated January 1, 2015 between the City of Abbotsford (landlord) and Ledgeview Golf & Country Club (tenant) with

respect to 35997 McKee Road, Abbotsford, British Columbia (including all amendments, modifications, and/or assignments) which total \$10,000 shall be paid in full from the sales proceeds upon the closing of the Asset Transaction.

PAYMENT OF POST FILING OBLIGATIONS

29. Upon the closing of the Asset Transaction, the Monitor is authorized to distribute from the sale proceeds from the Asset Transaction such amounts as are necessary to pay the Post Filing Obligations as defined in the Fourth Monitor Report.

GENERAL

30. The Monitor shall provide a copy of this Order to the Landlords, Moneris, Squirrel, and Queens Plaza.
31. The Monitor, Petitioners, Asset Purchasers, and 117 BC are hereby authorized to perform all acts, sign all documents, and take any other action that could be required or useful to give full effect to the assignment of the Assumed Contracts to 117 BC, in accordance with this Order.
32. The Monitor is hereby authorized to undertake and perform such activities and obligations as are contemplated to be undertaken or performed by the Monitor pursuant to this Order, the Asset Purchase Agreement, or any ancillary agreements or documents related thereto, and shall incur no liability in connection therewith, save and except for liability arising from the gross negligence or wilful misconduct of the Monitor.
33. The Monitor or any other party have liberty to apply for such further or other directions or relief as may be necessary or desirable to give effect to this Order.
34. Endorsement of this Order by counsel appearing on this application, other than counsel for the Monitor, is hereby dispensed with.

THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body, wherever located, to give effect to this Order and to assist the Monitor and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide

such assistance to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Monitor and its agents in carrying out the terms of this Order.

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

Lawyer for MNP Ltd.
McCarthy Tétrault LLP
(H. Lance Williams and Ashley Bowron)

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.
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.

SCHEDULE "B"

LIST OF COUNSEL

| Name of Counsel | Party Represented |
|------------------------|--------------------------|
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| | |
| | |
| | |
| | |

SCHEDULE “C”

NO. S-235026
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

MONITOR’S CERTIFICATE (ASSET PURCHASE)

1. Capitalized terms used but not otherwise defined in this Monitor’s Certificate shall have the meaning given to them in the Order of the Supreme Court of British Columbia (the “**Court**”) pronounced on October 28, 2024 (the “**Asset Purchase Approval and Vesting Order**”).
2. Pursuant to an Order of Justice Fitzpatrick, dated May 9, 2024, MNP Ltd. was appointed as the court-appointed monitor (the “**Monitor**”) of the Petitioners.
3. Pursuant to the Asset Purchase Approval and Vesting and Order, the Court, among other things, approved the Asset Purchase Agreement, and the transactions contemplated thereby, and providing for the occurrence of certain events in the specified sequence upon delivery by the Monitor to the Asset Purchasers and 117 BC of a certificate confirming (i) payment by the Asset Purchasers and 117 BC of the Purchase Price as defined in the Asset Purchase Agreement; (ii) that the conditions to completion as set out in the Asset Purchase Agreement have been satisfied or waived by the Monitor; (iii) the required guarantees and/or indemnities have been executed by RDM Enterprises Ltd.; and (iii) the Asset Transaction has been completed to the satisfaction of the Monitor.

THE MONITOR HEREBY CONFIRMS AND CERTIFIES THE FOLLOWING:

4. The Asset Purchasers and 117 BC have paid and the Monitor has received the Purchase Price payable on the Completion Date pursuant to the Asset Purchase Agreement;
5. The conditions to closing set out in the Asset Purchase Agreement have been satisfied or waived by the Monitor and the Asset Purchasers and 117 BC;
6. The required guarantees and indemnities have been executed by RDM Enterprises Ltd.;
and
7. The Asset Transaction has been completed, to the satisfaction of the Monitor.

DATE THIS ____ DAY OF _____, 2024

MNP Ltd., in its capacity as the court-appointed monitor of the assets, properties, and undertakings of the Petitioners, and not in its personal capacity.

Per: _____
Name:
Title:

SCHEDULE "A"

LIST OF PETITIONERS

1138279 B.C. Ltd.
1164312 B.C. Ltd.
Ad Prolem Capital Investments Ltd.
Clover 67 Private Dining Room Ltd.
Edith & Arthur Public House Ltd.
Joseph Bourque Investments Ltd.
Joseph Richard Hospitality Group Ltd.
Joseph Richard Investments Ltd
Joseph Richard IP Holdings Ltd.
Joseph Richard Management Ltd.
JRG Canteen Virtual Kitchen Ltd.
JRG Clover Station LRS Ltd.
JRG Cloverdale Holdings Ltd.
JRG Cloverdale Ventures Ltd.
JRG Foodhall (Vancouver) Ventures Ltd.
JRG Glass House Estates Winery Ltd.
JRG Ledgeview Holdings Ltd.
JRG Steveston Hotels Ltd.
JRG Systems Ltd.
JRG Whiskey Charlie Cafe, Pitt Meadows Ltd.

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.

SCHEDULE "D"

No. S-235026
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
(REAL ESTATE APPROVAL AND VESTING ORDER)**

| | | |
|-----------------------|---|----------------------------------|
| BEFORE THE HONOURABLE |) | MONDAY, THE 28 TH DAY |
| |) | |
| JUSTICE FITZPATRICK |) | OF OCTOBER, 2024 |
| |) | |

ON THE APPLICATION of MNP Ltd. ("**MNP**"), in its capacity as the court-appointed monitor (the "**Monitor**") of the Petitioners, coming on for hearing at Vancouver, British Columbia, on the 28 day of October, 2024; AND ON HEARING H. Lance Williams and Ashley Bowron, counsel for the Petitioners, and those other counsel listed on **Schedule "B"** hereto; AND UPON READING the material filed, including the Fourth Monitor's Report, dated October 24, 2024 (the "**Fourth Monitor Report**"); AND pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985 c. C-36 as amended (the "**CCAA**"), the British Columbia *Supreme Court Civil Rules*, and the inherent jurisdiction of this Honourable Court;

THIS COURT ORDERS AND DECLARES THAT:

SERVICE

1. The time for service of this Notice of Application and supporting materials is hereby abridged such that the Notice of Application is properly returnable today.

TRANSACTIONS

2. The sale transaction (the “**Real Estate Transaction**”) of the real property located at 5708 176 Street and 5747 176A Street, Surrey British Columbia contemplated by the contract of purchase and sale dated August 21, 2024 (the “**Real Estate Purchase Agreement**”) between MNP, solely in its capacity as court-appointed monitor of the Petitioners, and not in its personal capacity and 1192528 B.C. Ltd, (the “**Real Estate Purchaser**”), a copy of which is attached as Appendix F to the Fourth Monitor Report, is hereby approved, and the Real Estate Purchase Agreement is commercially reasonable. The execution of the Real Estate Purchase Agreement by the Monitor is hereby authorized and approved, and the Monitor is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Real Estate Transaction and for the conveyance to the Real Estate Purchaser of the assets described in the Real Estate Purchase Agreement (the “**Real Estate Assets**”).
3. Upon delivery by the Monitor to the Real Estate Purchaser of a certificate substantially in the form attached as **Schedule “C”** hereto (the “**Monitor’s Certificate (Real Estate Purchase)**”), all of the Petitioners’ right, title and interest in and to the Real Estate Assets described in the Real Estate Purchase Agreement, shall vest absolutely in the Real Estate Purchaser in fee simple, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the “**Claims**”) including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Orders of this Court dated July 27, 2023, August 30, 2023, and May 9, 2024; and (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* of British

Columbia or any other personal property registry system; and (iii) those Claims listed on **Schedule “D”** hereto (all of which are collectively referred to as the “**Encumbrances**”), which term shall not include the permitted encumbrances, easements and restrictive covenants listed on **Schedule “D”** hereto, and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Real Estate Assets are hereby expunged and discharged as against the Real Estate Assets.

4. Upon presentation for registration in the Land Title Office for the Land Title District of New Westminster of a certified copy of this Order, together with a letter from McCarthy Tétrault LLP, solicitors for the Monitor, authorizing registration of this Order, the British Columbia Registrar of Land Titles is hereby directed to:
 - (a) enter the Real Estate Purchaser, 1192528 B.C. Ltd., of 200-6470 201 Street, Langley, British Columbia, as the owner of the Lands identified in **Schedule “D”** hereto, together with all buildings and other structures, facilities and improvements located thereon and fixtures, systems, interests, licenses, rights, covenants, restrictive covenants, commons, ways, profits, privileges, rights, easements and appurtenances to the said hereditaments belonging, or with the same or any part thereof, held or enjoyed or appurtenant thereto, in fee simple in respect of the Lands, and this Court declares that it has been proved to the satisfaction of the Court on investigation that the title of the Real Estate Purchaser in and to the Lands is a good, safe holding and marketable title and directs the BC Registrar to register indefeasible title in favour of the Real Estate Purchaser as aforesaid; and
 - (b) having considered the interest of third parties, to discharge, release, delete and expunge from title to the Lands all of the registered Encumbrances except those listed as being retained in **Schedule “D”** hereto.
5. For the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Real Estate Assets shall stand in the place and stead of the Real Estate Assets, and from and after the delivery of the Monitor’s Certificate (Real Estate Purchase) all Claims shall attach to the net proceeds from the sale of the Real Estate Assets with the same priority as they had with respect to the Real Estate Assets

immediately prior to the sale, as if the Real Estate Assets had not been sold and remained in the possession or control of the person having had possession or control immediately prior to the sale.

6. The Monitor is to file with the Court a copy of the Monitor's Certificate (Asset Purchase) and the Monitor's Certificate (Real Estate Purchase) forthwith after delivery thereof.
7. Subject to the terms of the Real Estate Purchase Agreement, vacant possession of the Real Estate Assets, shall be delivered by the Monitor and the Petitioners to the Real Estate Purchaser at 12:00 noon on the relevant Closing Date, as defined in section 6.1 of the Real Estate Purchase Agreement.
8. The Monitor, with the consent of the Real Estate Purchaser, shall be at liberty to make amendments or modifications to the Real Estate Purchase Agreement that would not be materially prejudicial to the interest of the Petitioners' stakeholders and to extend the Closing Date to such later date as those parties may agree without the necessity of a further Order of this Court.
9. Notwithstanding:
 - (a) these proceedings;
 - (b) any applications for a bankruptcy order in respect of the Petitioners now or hereafter made pursuant to the *Bankruptcy and Insolvency Act* and any bankruptcy order issued pursuant to any such applications; and
 - (c) any assignment in bankruptcy made by or in respect of the Petitioners,

the vesting of the Real Estate Assets in the Real Estate Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Petitioners and shall not be void or voidable by creditors of the Petitioners, nor shall it constitute or be deemed to be a transfer at undervalue, fraudulent preference, assignment, fraudulent conveyance or other reviewable transaction under the *Bankruptcy and Insolvency Act* or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

10. The Monitor or any other party have liberty to apply for such further or other directions or relief as may be necessary or desirable to give effect to this Order.
11. Endorsement of this Order by counsel appearing on this application, other than counsel for the Monitor, is hereby dispensed with.

THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body, wherever located, to give effect to this Order and to assist the Monitor and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Monitor and its agents in carrying out the terms of this Order.

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

Lawyer for MNP Ltd.
McCarthy Tétrault LLP
(H. Lance Williams and Ashley Bowron)

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.
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.
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The Italian Osteria and Cheese Bar Ltd.
The Phat Bird Public House Ltd.
The Study Public House Ltd.
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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 Represented |
|------------------------|--------------------------|
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SCHEDULE “C”

NO. S-235026
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

MONITOR’S CERTIFICATE (REAL ESTATE PURCHASE)

1. Capitalized terms used but not otherwise defined in this Monitor’s Certificate shall have the meaning given to them in the Order of the Supreme Court of British Columbia (the “**Court**”) pronounced on October 28, 2024 (the “**Real Estate Approval and Vesting Order**”).
2. Pursuant to an Order of Justice Fitzpatrick, dated May 9, 2024, MNP Ltd. was appointed as the court-appointed monitor (the “**Monitor**”) of the Petitioners.
3. Pursuant to the Real Estate Approval and Vesting and Order, the Court, among other things, approved the Real Estate Purchase Agreement, and the transactions contemplated thereby, and providing for the occurrence of certain events in the specified sequence upon delivery by the Monitor to the Real Estate Purchaser of a certificate confirming (i) payment by the Real Estate Purchaser of the Purchase Price as defined in the Real Estate Purchase Agreement; (ii) that the conditions to completion as set out in the Real Estate Purchase Agreement have been satisfied or waived by the Monitor; and (iii) the Real Estate Transaction has been completed to the satisfaction of the Monitor.

THE MONITOR HEREBY CONFIRMS AND CERTIFIES THE FOLLOWING:

4. The Real Estate Purchaser has paid and the Monitor has received the Purchase Price payable on the Completion Date pursuant to the Real Estate Purchase Agreement;
5. The conditions to closing set out in the Real Estate Purchase Agreement have been satisfied or waived by the Monitor and the Real Estate Purchasers; and
6. The Real Estate Transaction has been completed, to the satisfaction of the Monitor.

DATE THIS _____ DAY OF _____, 2024

MNP Ltd., in its capacity as the court-appointed monitor of the assets, properties, and undertakings of the Petitioners, and not in its personal capacity.

Per: _____
Name:
Title:

SCHEDULE "A"

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JRG Whip Holdings Ltd.

SCHEDULE "D"
**DESCRIPTION OF LANDS IN REAL ESTATE TRANSACTION, CLAIMS TO BE
DISCHARGED, AND PERMITTED ENCUMBRANCES**

Civic Address:

5708 176 Street & 5747 176A Street, Surrey, British Columbia, V3S 4C8

Legal Description:

PID: 001-592-602

PARCEL "F" SECTION 8 TOWNSHIP 8 NEW WESTMINSTER DISTRICT REFERENCE
PLAN 53379

PID: 001-592-599

PARCEL "G" EXCEPT: PART SUBDIVIDED BY PLAN BCP27714; SECTION 8,
TOWNSHIP 8, NEW WESTMINSTER LAND DISTRICT REFERENCE PLAN 53379

Claims to be Discharged

Mortgage CB168562 registered in favour of Canadian Western Bank

Assignment of Rents CB168563 registered in favour of Canadian Western Bank

Permitted Encumbrances, Easements and Restrictive Covenants to be Retained

Statutory Right-Of-Way 77140C registered in favour of the Cloverdale Water Company
Limited

Covenant CA2582412 registered in favour of the City of Surrey

SCHEDULE "E"

No. S-235026
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
(DISTRIBUTION AND STAY EXTENSION ORDER)**

| | | |
|-----------------------|---|----------------------------------|
| BEFORE THE HONOURABLE |) | MONDAY, THE 28 TH DAY |
| JUSTICE FITZPATRICK |) | OF OCTOBER, 2024 |

ON THE APPLICATION of MNP Ltd. ("**MNP**"), in its capacity as the court-appointed monitor (the "**Monitor**") of the Petitioners, coming on for hearing at Vancouver, British Columbia, on the 28th day of October, 2024; AND ON HEARING H. Lance Williams and Ashley Bowron, counsel for the Petitioners, and those other counsel listed on **Schedule "B"** hereto; AND UPON READING the material filed, including the Fourth Monitor's Report, dated October 24, 2024 (the "**Fourth Monitor Report**"); AND pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985 c. C-36 as amended (the "**CCAA**"), the British Columbia *Supreme Court Civil Rules*, and the inherent jurisdiction of this Honourable Court;

THIS COURT ORDERS AND DECLARES THAT:

SERVICE

1. The time for service of this Notice of Application and supporting materials is hereby abridged such that the Notice of Application is properly returnable today.

STAY EXTENSION

2. The Stay Period originally granted in the Amended and Restated Initial Order, pronounced July 27, 2024, and as recently extended to November 1, 2024 in the Order Made After Application (Re: Stay Extension), pronounced August 26, 2024, is hereby extended up to and including December 1, 2024.

ADMINISTRATIVE CHARGE

3. The amount secured by the New Administrative Charge (as defined in Order Made After Application pronounced May 9, 2024) is hereby increased to \$400,000.

DISTRIBUTION

4. Upon the closing of the Asset Transaction and/or the Real Estate Transaction (as defined in the Asset Purchase Approval and Vesting Order and the Real Estate Approval and Vesting Order pronounced on this day), the Monitor is authorized to distribute from the funds held by it such amounts as are required repay all amounts outstanding under the interim financing facility approved in these proceedings and secured by the Interim Financing Charge.

GENERAL

5. Endorsement of this Order by counsel appearing on this application, other than counsel for the Monitor, is hereby dispensed with.

THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body, wherever located, to give effect to this Order and to assist the Monitor and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Monitor, as an officer of this Court, as may be necessary or desirable to

give effect to this Order or to assist the Monitor and its agents in carrying out the terms of this Order.

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

Lawyer for MNP Ltd..
McCarthy Tétrault LLP
(H. Lance Williams and Ashley Bowron)

BY THE COURT

REGISTRAR

SCHEDULE "A"

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|------------------------|--------------------------|
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