

No. S235026
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

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

AND

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

AND

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

PETITIONERS

**NOTICE OF APPLICATION
Substitution Order and Sale Process Order**

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

To: the Service List

And to:

CW Persona Developments Inc
c/o Tyler R. Fulkerth
270 Highway 33 W
Kelowna, BC V1X 1X7

Super Save Fence Rentals Inc.
c/o Super Save Group of Companies
19395 Langley Bypass
Surrey, BC V3S 6K1

PMC Prestige Mechanical Contracting
Limited
c/o James L. Davidson & Company Law
Corporation
Barristers and Solicitors
#5 -15243 91 Avenue
Surrey, BC V3R 8P8

TAKE NOTICE that an application will be made by the Petitioners to the presiding Judge at the courthouse at 800 Smithe Street, Vancouver on 09/MAY/2024 at 10:00 a.m. for the order set out in Part 1 below.

The applicants estimate that the application will take 1 day.

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

Part 1: ORDER SOUGHT

1. An order substantially in the form attached hereto as Schedule “**B**” (the “**Substitution Order**”), which, among other things,
 - (a) extends the Stay Period (as defined in the amended and restated initial order of the Supreme Court of British Columbia (the “**Court**”) made on July 27, 2023, as amended (the “**ARIO**”) and extended), from May 9, 2024, to August 30, 2024;
 - (b) appoints MNP Ltd. (the “**Incoming Monitor**”) in place of Ernst & Young Inc. (“**EY**”) as monitor of the Petitioners;
 - (c) authorizes the Petitioners to enter into and borrow an additional \$250,000 under a new interim financing facility (the “**New Interim Financing**”) with Canadian Western Bank (“**CWB**”), and amends the Interim Financing Charge created by the August 30, 2023, order to secure such amounts (the “**Increased Interim Financing Charge**”);
2. An order substantially in the form attached hereto as Schedule “**C**” (the “**SISP Order**”) authorizing and approving a sales and investment solicitation process (the “**SISP**”).

Part 2: FACTUAL BASIS

3. Pursuant to an order of the Court made on July 17, 2023 (the “**Initial Order**”), the Petitioners were granted protection under the CCAA and EY was appointed monitor of the Petitioners (in such capacity, the “**Existing Monitor**”).
4. Pursuant to the terms of the Initial Order, the Court, among other things:
 - (a) granted a stay of proceedings until July 27, 2023, and set July 27, 2023, as the date for the comeback hearing in these proceedings; and
 - (b) granted the following charges over the property of the Petitioners as security for the obligations of the Petitioners to the beneficiaries of such charges:
 - (i) the Administration Charge, up to a maximum of \$200,000, to secure the fees and disbursements of counsel for the Petitioners, the Monitor, and counsel for the Monitor; and

- (ii) the D&O Charge, up to a maximum of \$300,000 in favour of the directors and officers of the Petitioners.
5. On July 27, 2023, this Court granted the ARIO, which, among other things:
 - (a) granted a stay of proceedings until September 29, 2023;
 - (b) increased the amount of the Administration Charge to a maximum of \$400,000 and elevated the priority of the charge over all secured creditors;
 - (c) increased the amount of the Directors' Charge to a maximum of \$1,000,000 and elevated the priority of the charge over all secured creditors; and
 - (d) granted an Intercompany Charge in priority over all secured creditors, ranking second to the Administration Charge.
6. At the comeback hearing, this Court also granted a claims process order.
7. On August 30, 2023, this Court granted an order approving interim financing and granting an "Interim Financing Charge" to a maximum of \$500,000 (the "**DIP Order**"). The DIP Order also reduced the amount of the Administration Charge to a maximum of \$250,000.
8. As of the DIP Order, the priority and amounts of the various court-ordered charges are as follows:
 - (a) First: Administration Charge (to a maximum amount of \$250,000);
 - (b) Second: Interim Financing Charge (to a maximum amount of \$500,000 plus interest and all applicable fees, costs and other amounts payable under the Interim Financing Credit Agreement);
 - (c) Third: Intercompany Charge; and
 - (d) Fourth: Directors' Charge (to a maximum amount of \$1,000,000).
9. On September 28, 2023, this Court granted a stay of proceedings until November 30, 2023, which was extended on that date to December 22, 2023.
10. On December 14, 2023, this Court granted an order (the "**Meeting Order**"), that, *inter alia*:
 - (a) extended the Stay Period up to and including March 8, 2024;
 - (b) accepted a plan of compromise and arrangement for filing and authorized the Petitioners to present the Plan to their creditors; and
 - (c) approved the Meeting Materials and set various timelines and guidelines in respect of the Meeting.

11. On March 8, 2024, this Court granted a stay of proceedings until May 8, 2024.
12. Since the hearing on March 8, 2024, further communications with CWB and Canada Revenue Agency (“**CRA**”) made clear that the plan filed by the Petitioners in December 2023 is not achievable. The Petitioners then commenced discussions with CWB and Bank of Montreal (“**BMO**”) in respect of an alternative investment transaction and marketing process.
13. At a hearing on May 1, 2024, this Court extended the Stay Period to May 9, 2024, at which time it was anticipated that applications to substitute the Monitor and commence a marketing process would be made.
14. Concurrently with this notice of application, the Petitioners filed a notice of application for distribution of sale proceeds from the Court-approved sale of the strata property in Pitt Meadows, British Columbia with a civic address of 19040 Lougheed Highway, Pitt Meadows, BC (the “**Roosters Building**”), and together with this notice of application, the “**Notices of Application**”).
15. It is anticipated that the sale proceeds from the Roosters Building will be used to pay out the Administration Charge in full.
16. Over the past several months, the Petitioners have been working diligently, with assistance from the Monitor, to further the restructuring of the Joseph Richard Group, including:
 - (a) regular meetings with CWB with a view to advancing a restructuring that CWB and the Petitioners’ other secured creditors will support;
 - (b) working with CWB's financial advisor, the Incoming Monitor;
 - (c) providing a hospitality consultant information and access to certain locations, at the request of CWB;
 - (d) providing reporting to BMO;
 - (e) communicating with CRA and the Province of British Columbia (the “**Province**”);
 - (f) marketing the Petitioners’ real property;
 - (g) completing the Court-approved sale of the Roosters Building;
 - (h) obtaining a letter of intent for the purchase of the Petitioners’ businesses and remaining real estate for consideration by secured creditors;
 - (i) continuing efforts to assess and right-size each of the Petitioners' active enterprises, and finance and back-office support; and

- (j) communicating with creditors and other stakeholders regarding, among other things, these proceedings, pre-filing amounts owing, and the Court-approved claims process.
- 17. The Petitioners continue to adjust and restructure their operations to improve profitability in the current economic climate.
- 18. Just before the last hearing, at the request of CWB, a hospitality consultant evaluated the Petitioners' operations at certain locations. Although the Petitioners are not in receipt of a formal report from the consultant, the consultant stated to management that they were "knocking it out of the park" in terms of their operations, efficiencies, cost controls, and current team in place.

Post Filing Arrears

- 19. The Petitioners are behind in remitting post-filing source deductions, goods and services tax, and provincial sales tax.
- 20. The Petitioners have also fallen behind in paying professional fees over the course of the CCAA Proceedings.
- 21. Given the post-filing arrears and the inability to reach a compromise with its major creditors, CWB advised the Petitioners that they wanted the Existing Monitor replaced with their financial advisor, the Incoming Monitor. CWB further advised that they wanted the Incoming Monitor to have enhanced powers and to implement a sale process.
- 22. At the request of CWB, the Petitioners are making this application.

Extension of Stay of Proceedings, Interim Financing, and SISP

- 23. The Petitioners require a further extension of the Stay Period to implement the SISP.
- 24. Management of the Petitioners intend to participate in the SISP as bidders. The Petitioners have also secured a letter of intent from an unrelated third party for the acquisition of their businesses and remaining real estate. Management is supportive of a sale transaction to enable the businesses to exit from CCAA.
- 25. The Petitioners are requesting an extension to the Stay Period to August 30, 2024, for the Incoming Monitor to implement the SISP.
- 26. The Petitioners do not expect to require working capital over the coming months. However, to ensure that all obligations incurred after May 1, 2024, are paid in the event that revenues fall below forecast, CWB has indicated that it is willing to provide the Increased Interim Financing on substantially the same terms as the Interim Financing Facility approved by this Court on August 30, 2023, pursuant to the DIP Order, provided it is granted the New Interim Financing Charge.

27. The Petitioners have been and are acting in good faith with due diligence to maximize the value to their stakeholders and respond to their concerns.

Part 3: LEGAL BASIS

28. The Petitioners rely on:
- (a) the CCAA and, in particular, ss. 11, 11.02, 11.03, 11.2, 11.52, 11.7 and 36;
 - (b) the *Supreme Court Civil Rules*, BC Reg 168/2009 and in particular Rules 8-1 and 22-4;
 - (c) the inherent and equitable jurisdiction of this Honourable Court; and
 - (d) such further and other legal bases and authorities as counsel may advise and this Honourable Court may permit.

Replacement of the Monitor

29. Section 11.7 of the CCAA provides for the appointment of a person to monitor the business and financial affairs of the company.
30. While section 11.7(3) provides for replacement of the monitor on application by a creditor, there is no indication that the Court may not replace a monitor on an application by a debtor company. Further, this application is being made by the Petitioners at the request of its major secured creditor, CWB.
31. In the CCAA proceedings of Alderbridge Way GP Ltd and others, on application of the petitioners, the British Columbia Supreme Court granted an application replacing the monitor in those proceedings, and providing for expanded powers of the incoming monitor. The Petitioners submit that the Court has the power to grant the relief sought, and that such relief is appropriate in the circumstances.
32. Given the existing professional fee arrears, the Petitioners are seeking approval of a New Administration Charge in the amount of \$250,000 to secure the fees and expenses of the Incoming Monitor and its counsel in priority to all other claims, charges, and encumbrances.

Increased Interim Financing

33. The Petitioners are seeking to have the Increased Interim Financing Charge granted over the assets of the Petitioners in priority to all other claims, charges, and encumbrances, other than the New Administration Charge.
34. CWB has agreed to provide the Petitioners with the Increased Interim Financing so that the Incoming Monitor can oversee the SISP, and the Petitioners can continue their operations during these CCAA proceedings.

35. While CWB holds a prior security interest as against certain of the Petitioners' assets, it is advancing the New Interim Financing Facility as a new loan. Additionally, the proposed charge will not secure any pre-filing obligations. The Interim Financing Charge will also be secured against the assets of all of the Petitioners, even those that are not currently obligors on CWB's pre-filing facilities.
36. The CCAA authorizes a court to grant approval of an interim financing and also order a charge with respect to the same, over the assets of a debtor company, in priority to any secured creditor of the debtor. The application must be on notice to the secured creditors who are likely to be affected by such security or charge. The interim financing must be in an amount that the court considers appropriate having regard to the debtor company's cash flow statement. The security or charge may not secure an obligation that exists before the order granting the charge is made.
37. As recently stated by the Supreme Court of Canada, interim financing protects the going-concern value of the debtor company while it develops a workable solution to its insolvency issues, enabling the preservation and realization of the value of a debtor's assets.
- 9354-9186 Quebec Inc. v. Callidus Capital Corp.*, 2020 SCC 10 at para. 85.
38. This Court has jurisdiction to approve the Increased Interim Financing and the Interim Financing Charge pursuant to section 11.2 of the CCAA, which sets out a list of non-exhaustive factors to be considered by courts in deciding whether to approve interim financing and grant an interim lenders' charge, including:
- (a) the period during which the company is expected to be subject to CCAA proceedings;
 - (b) how the company's business and financial affairs are to be managed during the proceedings;
 - (c) whether the company's management has the confidence of its major creditors;
 - (d) whether the loan would enhance the prospects of a viable compromise or arrangement being made in respect of the company;
 - (e) the nature and value of the company's property;
 - (f) whether any creditor would be materially prejudiced as a result of the security or the charge; and
 - (g) the views of the monitor.
39. No one factor set out in s. 11.2(4) governs or limits the Court's consideration. The exercise is necessarily one of balancing the respective interests of the debtors and its stakeholders towards ensuring, if appropriate, that the financing will assist the debtor company to obtain the "breathing room" said to be needed to hopefully achieve a restructuring acceptable to the creditors and the court.

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

40. The Petitioners clearly meet the statutory factors, as:
- (a) the Petitioners expect to be subject to CCAA proceedings for a number of months, as they implement the SISP;
 - (b) the Incoming Monitor will manage the Petitioners business and financial affairs;
 - (c) the Increased Interim Financing will enhance the prospects of a successful transaction, by ensuring that post-May 1 creditors are paid;
 - (d) the Petitioners have real property that is valued well in excess of the proposed Interim Financing. While the Petitioners' overall secured debt may exceed the value of the Petitioners' hard assets, the secured creditor impacted most directly by this is the very party offering the Interim Financing; and
 - (e) given the above, and as discussed below, no creditor will be materially prejudiced as a result of the Increased Interim Financing or the corresponding charge.
41. In addition to the statutory factors set out above, courts have determined that several additional factors are relevant to an application under section 11.2. These include whether:
- (a) the petitioner would be forced to stop operating without interim financing and whether bankruptcy would be in the interest of the petitioner's stakeholders;
 - (b) the proposed interim financing will support the petitioner's restructuring plans, including implementation of a sales process; and
 - (c) the proposed facility has been approved by the petitioner's management.
- North American Tungsten Corp. (Re)*, 2015 BCSC 1376 at paras. 33-35; 8440522 Canada Inc. (Re), 2013 ONSC 6167 at para. 32.
42. These factors also militate in favour of granting the Increased Interim Financing Charge and approving the Increased Interim Financing, specifically:
- (a) bankruptcy is not in the interest of the Petitioners' stakeholders, as much of the value in the Petitioners' enterprise is in the continued operation of the businesses. Without the Increased Interim Financing, relatively small deviations from projected cash flow could derail the Petitioners' restructuring, resulting in liquidation and little recovery for creditors; and
 - (b) the proposed interim financing supports the SISP as the liquidity significantly increases the likelihood that the Petitioners will be able to navigate cash flow challenges while negotiating the terms of a transaction.

43. In summary, the factors set out in the CCAA and in case law militate in favour of approving the Increased Interim Financing. The terms of the Increased Interim Financing Term Sheet are the best terms available to the Petitioners in the circumstances. Because the amount the Petitioners need to ensure sufficient cash during tight weeks is a relatively small amount, finding such a small amount from a third-party lender would likely involve more onerous terms and be opposed by CWB and other stakeholders. Approval of the Increased Interim Financing supports the SISP.
44. No creditor will be materially prejudiced because of the approval of the Increased Interim Financing or the granting of the Increased Interim Financing Charge. It is in the interest of all creditors that the Petitioners continue to operate during the SISP. As CWB and BMO are unlikely to be made whole on a liquidation, there would be no recovery for other creditors in such a situation either.

SISP

45. The CCAA is remedial in nature and confers broad powers to facilitate restructurings, including the power to approve a sale process in relation to a CCAA debtor's business and assets, in the absence of a plan of compromise and arrangement. Although there is no requirement to have a sale process approved under the CCAA, it is customary to do so to ensure that the debtor company's intended sale process has approval before significant financial and professional resources are deployed, and to reduce the risk of process-based objections later in the CCAA process, typically at the time of sale approval. In particular, where debtor insiders intend to participate in a sale process, protections are needed to ensure the integrity of the process.
46. The court in *Nortel* identified several factors to be considered in determining whether to approve a sale process:
- (a) Is a sale warranted at this time?
 - (b) Will the sale be of benefit to the whole "economic community"?
 - (c) Do any of the debtors' creditors have a bona fide reason to object to a sale of the business?
 - (d) Is there a better viable alternative?

Nortel Networks Corp (Re), 2009 CanLII 39492 (ON SC) at paras 47-49

47. While not technically applicable at the sale process stage, the factors set out in subsection 36(3) of the CCAA have also been considered when deciding whether to approve a sale process:
- (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 its opinion the sale or disposition would be more beneficial to the creditors than a sale or disposition under a bankruptcy;
- (d) the extent to which the 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.

U.S. Steel Canada Inc, (Re), 2015 ONSC 2523 at para 8.

48. Having regard to the above factors, the SISP should be approved because:

- (a) it is at the request of the largest secured creditor of the Petitioners and the Petitioners' plan of arrangement is not capable of creditor approval;
- (b) management of the Petitioners is supportive of a transaction to enable the going-concern businesses to exit CCAA, and the SISP will help identify such a transaction.

The Stay Should Be Extended

49. Subsection 11.02(2) of the CCAA provides that the Petitioners may apply for an extension of the Stay Period for a period that a court considers necessary on any terms that a court may impose. Subsection 11.02(3) of the CCAA provides that the court shall not make the order extending the Stay Period unless:

- (a) the applicant satisfies the court that circumstances exist that make the order appropriate; and
- (b) in the case of an order under subsection (2), the applicant also satisfies the court that the applicant has acted, and is acting, in good faith and with due diligence.

50. Extending the relief granted by the ARIO, including the stay period, is appropriate and necessary so that the Incoming Monitor can prepare for and advance towards the SISP, and ultimately a sale and/or partnerships that will bring liquidity to the Petitioners and assist in these restructuring activities for the benefit of all stakeholders.

51. A stay of proceedings is the "central tool" by which this Court maintains the status quo for a debtor company, allowing it the necessary time, flexibility, and "breathing room" to carry out a supervised restructuring or organized sales process while continuing its ongoing operations.

1057863 B.C. Ltd. (Re), 2022 BCSC 876, paras. 31, 35 [**1057863**], citing *Timminco Limited (Re)*, 2012 ONSC 2515, para. 15.

52. The baseline considerations and requirements for a stay extension are that a stay is “appropriate” and that the debtor company subject to the CCAA is acting in good faith and with due diligence.
53. The basic purpose of the CCAA must be considered when determining what relief authorized by the CCAA is “appropriate” in the circumstances:

The question is whether the order will usefully further efforts to achieve the remedial purpose of the CCAA — avoiding the social and economic losses resulting from liquidation of an insolvent company. [...] appropriateness extends not only to the purpose of the order, but also to the means it employs. Courts should be mindful that chances for successful reorganizations are enhanced where participants achieve common ground and all stakeholders are treated as advantageously and fairly as the circumstances permit.

1057863, para. 33, citing *Century Services Inc. v. Canada (Attorney General)*, 2010 SCC 60, para. 70.

54. In the present case, the proposed stay extension is necessary to allow the Incoming Monitor to implement the SISP.
55. The Petitioners have been acting in good faith and with due diligence in these CCAA proceedings.

Part 4: MATERIAL TO BE RELIED ON

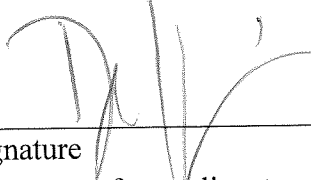
56. Amended and Restated Initial Order, made July 27, 2023;
57. Affidavit #2 of Ryan Richard Moreno, made on March 5, 2024;
58. Affidavit #3 of Ryan Richard Moreno, made on April 29, 2024;
59. Seventh Report of the Monitor, dated April 30, 2024;
60. Eighth Report of the Monitor, to be filed; and
61. Such further and other material as counsel may advise and this Honourable Court may allow.

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

- (a) file an application response in Form 33,

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

Dated: May 6, 2024



 Signature
 Lawyer for applicants
Rebecca M. Morse/Tevia R.M. Jeffries

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

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

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" – DRAFT ORDER

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

AND

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

AND

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

PETITIONERS

ORDER MADE AFTER APPLICATION
(SUBSTITUTION OF MONITOR AND INCREASED INTERIM FINANCING)

BEFORE)
)
) THE HONOURABLE)
) MADAM JUSTICE FITZPATRICK) May 9, 2024
)
)

ON THE APPLICATION OF the Petitioners coming on for hearing at Vancouver, British Columbia on this date; AND ON HEARING Tevia Jeffries, counsel for the Petitioners, and those other counsel listed in Schedule "B"; AND UPON READING the materials filed; 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:

1. The time for service of the Petitioners' Notice of Application dated May 6, 2024, for this order is hereby abridged such that it is properly returnable today, and service thereof upon any interested party other than those listed on the Service List (as defined in the Amended and Restated Initial Order made July 27, 2023 (the "ARIO")) is hereby dispensed with.
2. All capitalized terms used in this Order but not defined have the meaning set out in ARIO.

STAY EXTENSION

3. The Stay Period with respect to the Petitioners and the Non-Petitioner Entities listed in Schedule A is extended up to and including August 30, 2024.

DISCHARGE OF ORIGINAL MONITOR

4. Effective immediately, Ernst & Young Inc. ("EY") be and is discharged as monitor of the Petitioners and, other than the completion of such matters as may be required to fulfill any outstanding statutory, court-ordered or other duties, EY shall have no further duties, obligations or responsibilities as monitor of the Petitioners.
5. Notwithstanding any provision in this Order, EY is entitled to take such steps and actions as it deems necessary to address any matters ancillary or incidental to its capacity as monitor of the Petitioners, and, for greater certainty, in completing such ancillary or incidental matters, EY shall continue to have the benefit of the provisions of the CCAA and all orders made in these proceedings related to EY's appointment as monitor, including all approvals, protections and stays of proceedings in favour of EY in its previous capacity as monitor of the Petitioners. Such ancillary matters include, without limitation, leave to seek orders on notice to the Service List approving the fees and disbursements of EY and its counsel and approving EY's activities as monitor.
6. The protections afforded to EY pursuant to any orders of this Court in these proceedings, the CCAA or otherwise at law continue to apply and this order shall not affect, vary, derogate from, limit or amend such provisions. For greater clarity, such protections do not apply to claims or liability arising out of fraud, wilful misconduct or gross negligence.

APPOINTMENT OF MONITOR

7. MNP Ltd. is hereby appointed pursuant to the CCAA as the monitor (in such capacity, the "**Monitor**"), an officer of this Court, to monitor the business and financial affairs of the Petitioners with the powers and obligations set out in the CCAA or set forth in the ARIO, and the Petitioners and its shareholders, officers, directors and Assistants shall advise the Monitor of all material steps taken by the Petitioners pursuant to the ARIO or any other Order in these proceedings, and shall co-operate fully with the Monitor in the exercise of

its powers and discharge of its obligations and provide the Monitor with such assistance as may be necessary to enable the Monitor to adequately carry out the Monitor's functions.

8. The ARIO be and is amended to delete paragraph 31 and to, *mutatis mutandis*, substitute MNP Ltd. in place of EY in each instance, including paragraphs 30, 32, 33 and 34 of the ARIO.

ENHANCED MONITOR'S POWERS

9. The Monitor is authorized and empowered, but not required, to exercise any powers the Monitor deems appropriate which may be properly exercised by a board of directors or any officer of the Petitioners, on behalf of and in the name of the Petitioners, including, without limitation, the power to:
 - (a) report to Canadian Western Bank (the "**Interim Lender**") in its capacity as interim lender under the order made August 30, 2023, with financial and other information on a basis to be agreed with the Interim Lender;
 - (b) monitor, review and direct the Petitioners' receipts and disbursements and implement such measures of control as the Monitor deems reasonably necessary to ensure the appropriate monitoring and control of the Petitioners' expenses and disbursements;
 - (c) perform any actions or take any steps, and execute all agreements, documents and writings, on behalf of, and in the name of, the Petitioners, including, without limitation, such documents as may be necessary in relation to the interim financing approved in these proceedings or issuing notices of disclaimer pursuant to section 32 of the CCAA;
 - (d) engage, retain, or terminate the services of any officer, employee, consultant, agent, representative, advisor, or other persons or entities as the Monitor deems necessary or appropriate to assist with the exercise of its powers and duties or those of the Petitioners;

- (e) perform such other functions or duties, and enter into any agreements or incur any obligations, as the Monitor considers necessary or desirable in order to facilitate or assist in the Petitioners' restructuring, including the sale of all or any part of the Petitioners' Property, the distribution of any net proceeds of sale of the Property (the "**Proceeds**") or any other related activities;
- (f) exercise any rights of the Petitioners;
- (g) initiate, defend, continue, settle or compromise any and all Proceedings now pending or hereafter instituted with respect to the Petitioners, the Property or the Proceeds, including such appeals or applications for judicial review in respect of any order or judgment pronounced in any such Proceeding;
- (h) deal with any taxing or regulatory authority, including to execute any appointment or authorization form on behalf of the Petitioners that any taxing or regulatory authority may require, in order to confirm the appointment of an authorized representative of the Petitioners (which may be a representative of the Monitor) for such purposes;
- (i) claim any and all insurance refunds or tax refunds to which any of the Petitioners is entitled;
- (j) file, or take such actions as may be necessary for the preparation and filing of: (i) any tax returns; and (ii) the Petitioners' employee-related remittances, T4 statements and records of employment for the Petitioners' former employees, in either case, based solely upon the information in the Petitioners' books and records and on the basis that the Monitor shall incur no liability or obligation to any person with respect to such returns, remittances, statements, records or other documents; and
- (k) perform such other duties as are authorized by this Order or by this Court from time to time

(collectively, the "**Monitor's Powers**").

10. Where the Monitor exercises any of the Monitor's Powers, it shall be the sole Person authorized to exercise such powers, to the exclusion of all other Persons, and no director or officer of the Petitioners shall incur any liability for any decisions of the Monitor acting under such authority.
11. The Petitioners and their current and former shareholders, directors, agents and representatives shall cooperate fully with the Monitor in the exercise of its powers and discharge of its duties and obligations under this Order or any other order of this Court.
12. Notwithstanding anything in this Order, the Monitor shall not take possession of the Property or Business and shall not, by fulfilling its obligations hereunder, or by inadvertence in relation to the due exercise of powers or performance of duties under this Order, be deemed to have taken or maintained possession of the Business or Property, or any part thereof, and nothing in this Order shall be construed as resulting in the Monitor being an employer or a successor employer, within the meaning of any statute, regulation or rule of law or equity, for any purpose whatsoever.
13. No provision of this Order is intended, or shall be deemed to appoint the Monitor as an officer, director or employer of any of the Petitioners.

NEW ADMINISTRATION CHARGE

14. The Monitor and counsel to the Monitor shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Petitioners as part of these proceedings. The Monitor is hereby authorized and directed to pay such accounts on a periodic basis.
15. The Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Supreme Court of British Columbia who may determine the manner in which such accounts are to be passed, including by hearing the matter on a summary basis or referring the matter to a Registrar of this Court.
16. The Monitor and its counsel shall be entitled to the benefit of and are hereby granted a charge (the "New Administration Charge") on the Property, which charge shall not

exceed an aggregate amount of \$250,000, as security for their respective fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order which are related to the Petitioners' restructuring. The New Administration Charge shall have the priority set out in paragraph 19 of this Order. For greater clarity, the New Administration Charge does not secure fees or disbursements of EY, counsel to EY or counsel to the Petitioners, unless any such fees or disbursements are incurred with the express consent of the Monitor.

NEW INTERIM FINANCING

17. The Petitioners are authorized and empowered, on terms mutually agreeable to the Interim Lender and the Monitor, each acting reasonably, to borrow up to an additional \$250,000 (\$750,000 in principal in aggregate), plus fees, costs and interest payable in accordance with the Interim Financing Credit Agreement (as defined in the Order made August 30, 2023 (the "**Financing Order**")), and the Definitive Documents (as defined in the Financing Order) (the "**Increased Financing**"), as may be amended from time to time in accordance with its terms and the terms of this Order, without further Order of the Court.
18. The Financing Order shall continue to apply to the Increased Financing, without further Order of the Court, and the Interim Financing Charge (as defined in the Financing Order) shall secure all amounts owing by the Petitioners to the Interim Lender, up to the maximum principal amount of \$750,000, plus interest, fees and expenses payable pursuant to the Interim Financing Credit Agreement.

PRIORITY OF CHARGES UNDER ORDERS IN THESE PROCEEDINGS

19. The priorities of the New Administration Charge, the Administration Charge, the Intercompany Charge the Directors' Charge and the Interim Financing Charge shall be as follows:

First: New Administration Charge (\$250,000);

Second: Interim Financing Charge (to the maximum principal amount of \$750,000);

Third: Intercompany Charge; and

Fourth: Directors' Charge (to a maximum amount of \$1,000,000).

20. The definition of Charges in the ARIO be and is amended to be, collectively, the New Administration Charge, the Intercompany Charge the Directors' Charge and the Interim Financing Charge, and the definition of Chargees in the ARIO be and is amended to include the beneficiaries of such Charges. The ARIO be and is amended, *mutatis mutandis* to apply to the New Administration Charge and the Interim Financing Charge.

GENERAL

21. Nothing in the ARIO or this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Petitioners, the Business or the Property.
22. THIS COURT REQUESTS the aid and recognition of other Canadian and foreign Courts, tribunal, regulatory or administrative bodies, including any Court or administrative tribunal of any federal or State Court or administrative body in the United States of America, to act in aid of and to be complementary to this Court in carrying out the terms of this Order where required. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Petitioners and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Petitioners and the Monitor and their respective agents in carrying out the terms of this Order.

23. Endorsement of this order by counsel appearing on this application, other than counsel for the Petitioners, is hereby dispensed with.

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

Signature of Tevia Jeffries
Lawyer for the Petitioners

BY THE COURT

REGISTRAR

SCHEDULE "C" – DRAFT ORDER

No. S235026
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

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

AND

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

AND

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

PETITIONERS

ORDER MADE AFTER APPLICATION
(SALES PROCESS)

BEFORE)
)
) THE HONOURABLE)
) MADAM JUSTICE FITZPATRICK) May 9, 2024
)
)

ON THE APPLICATION of the Petitioners coming on for hearing at Vancouver, British Columbia, on this date; **AND ON HEARING** Tevia Jeffries, counsel for the Petitioners, and those other counsel listed on **Schedule "B"** hereto; **AND UPON READING** the materials filed; **AND PURSUANT TO** the *Companies' Creditors Arrangement Act*, R.S.C. 1985 c. C-36 as amended (the "CCAA"), the *Supreme Court Civil Rules* and the inherent jurisdiction of this Honourable Court;

THIS COURT ORDERS AND DECLARES THAT:

1. The time for service of the Petitioners' Notice of Application dated May 6, 2024, for this order is hereby abridged such that it is properly returnable today, and service on any interested

party other than those on the Service List (as defined in the Amended and Restated Initial Order made July 27, 2023) is dispensed with.

2. The sale solicitation procedures (the “**Sale Process**”), in substantially the form attached hereto as **Schedule “C”**, are approved and the Monitor and its advisors, employees, agents and contactors are authorized and directed to take any and all actions as may be necessary or desirable to implement and carry out the Sale Process in accordance with its terms and this order.

3. In addition to all protections afforded under the orders made in these proceedings, the CCAA and at law, the Monitor and its affiliates, partners, directors, employees, agents, consultants, advisors, experts, accountants, counsel and controlling persons shall have no liability with respect to any and all losses, claims, damages or liabilities, of any nature or kind, to any person in connection with or as a result of implementing or otherwise in connection with the Sale Process, except to the extent such losses, claims, damages or liabilities result from their respective gross negligence or wilful misconduct, as applicable, as determined by this Court.

PIPEDA

4. Pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act* or Section 18(10)(o) of the *British Columbia Personal Information Protection Act*, the Monitor and its advisors are authorized and permitted to disclose and transfer to prospective purchasers or bidders, and their advisors, personal information of identifiable individuals, but only to the extent desirable or required to negotiate or attempt to complete a transaction pursuant to the Sale Process (a “**Transaction**”). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of a Transaction, and if it does not complete a Transaction, shall return all such information to the Monitor, or in the alternative, destroy all such information and provide confirmation of its destruction if requested by the Monitor. The successful purchaser(s) under the Sale Process 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 Respondents.

General

5. The Monitor may, from time to time, apply to this Court for advice and directions in the discharge of its powers and duties under the Sale Process.

6. THIS COURT HEREBY REQUESTS the aid and recognition of other Canadian and foreign Courts, tribunal, regulatory or administrative bodies, including any Court or administrative tribunal of any federal or State Court or administrative body in the United States of America, to act in aid of and to be complementary to this Court in carrying out the terms of this order where required. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Monitor and its agents in carrying out the terms of this order.

7. Endorsement of this order by counsel appearing on this application, other than counsel for the Petitioners, is hereby dispensed with.

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

Signature of Tevia Jeffries
Lawyer for the Petitioners

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

Counsel Name	Party Represented

Schedule "C"
Sale Solicitation Procedures

**SALE AND INVESTMENT SOLICITATION PROCEDURE
JOSEPH RICHARD HOSPITALITY GROUP**

INTRODUCTION

1. Pursuant to an order (the "**Initial Order**") made July 17, 2023 (the "**Initial Order Date**"), the Supreme Court of British Columbia (the "**Court**") granted protection to Joseph Richard Hospitality Group Ltd. and the companies set out in Schedule "A" (collectively, the "**Company**") under the *Companies' Creditors Arrangement Act*, R.S.C. 1985 c. C-36 (the "**CCAA**") and the Company's proceedings under the CCAA, the "**CCAA Proceedings**").
2. Pursuant to the Initial Order, among other things, Ernst & Young Inc. was appointed as monitor (in such capacity, the "**Original Monitor**") of the Company in the CCAA Proceedings.
3. The Court has made various orders in the proceedings, including:
 - (a) on July 27, 2023, an order amending and restating the Initial Order (the "**ARIO**");
 - (b) on August 30, 2023, an order approving interim financing from Canadian Western Bank (in such capacity, the "**Interim Lender**");
 - (c) on May 9, 2023, an order substituting MNP Ltd. (as monitor of the Company (in such capacity, the "**Monitor**") and discharging the Original Monitor (the "**Substitution Order**"); and
 - (d) on May 9, 2023, an order (the "**Sale Process Order**") authorizing and directing the Monitor to implement a sale process in respect of the Company's Locations, as defined in paragraph 4 hereof, in accordance with these procedures (the "**Sale Process**"). Copies of the Substitution Order and the Sale Process Order can be found at: [●].
4. The purpose of the Sale Process is to solicit offers for one or more of all, or substantially all, of each of the Company's operating locations, (each, a "**Location**"), whether as a going concern or for the assets alone. For greater clarity, offers may be made in respect of individual Locations, all Locations, or any number of Locations.
5. The terms of this Sale Process, including the requirements, criteria, and timelines, may be amended, extended, or waived by the Monitor or by further order of this Court. In determining whether to do so, the Monitor may consult with the Interim Lender.

"AS IS, WHERE IS" BASIS

6. Any transaction (in each case, a "**Transaction**") will be subject only to such representations, warranties, covenants, or indemnities as are expressly included in a Final Agreement (as defined in paragraph 27), but will otherwise be on an "as is, where is" basis and without surviving representations, warranties, covenants or indemnities of any kind, nature, or description by the Company, or any of its agents, estates, advisors, professionals or otherwise, including without limitation, the Monitor.

TIMELINE

7. The following table sets out the target dates under the Sale Process:

PHASES	TARGET DATES
Buyer list completion date	June 7, 2024
Deadline to finalize marketing package	June 20, 2024
Marketing and management calls	June 24 to July 11, 2024
Site visits	July 15 to 25, 2024
Bid Deadline	August 1, 2024
Selection of Successful Bid(s)	August 9, 2024
Final Agreement Deadline	☐
Approval Order	☐
Outside Closing Date	☐

SUPERVISION AND CONDUCT OF THE SALE PROCESS

8. The Monitor may engage such other consultants, agents or experts and such other persons from time to time as it considers necessary to assist with this Sale Process.
9. The Monitor will oversee, in all respects, the conduct of this Sale Process, and all discussions regarding the Sale Process must be directed through the Monitor.
10. The Monitor will, in accordance with these procedures and on a confidential basis, provide information to the Interim Lender.
11. To the extent that any Potential Bidder (as defined in paragraph 17) wishes to engage, discuss, or communicate with any party with an existing contractual relationship with the Company in relation to this Sale Process or any Location, such Potential Bidder may only do so after advising the Monitor and obtaining the Monitor's consent. In considering any specific request, the Monitor shall impose such restrictions (if any) or participation by the Monitor as the Monitor deems appropriate.
12. The Company shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations under this Sale Process and provide the Monitor with the assistance, information and documentation that is reasonably necessary to enable the Monitor to adequately conduct its functions in connection with this Sale Process.
13. The Company, the Monitor and any of their respective agents, estates, advisors, and professionals are not responsible for, and will have no liability with respect to, any

information provided to or obtained by any Potential Bidder in connection with the Company or any Location.

SOLICITATION OF INTEREST

14. The Monitor, in consultation with the Company, may, but is not required to, cause a notice regarding this Sale Process to be published in any publication that the Monitor considers appropriate.
15. The Monitor, in consultation with the Company, will prepare a list of potential bidders (the "**Known Potential Bidders**") who may have an interest in a Transaction. Such list will include both strategic and financial parties who, in the Monitor's reasonable judgment, may be interested in acquiring an interest in one or more of the Locations or any part (or parts) thereof (a "**Bid**").
16. The Monitor and the Company will prepare an initial marketing or offering summary (a "**Marketing Package**") and distribute it to the Known Potential Bidders together with any additional marketing materials the Monitor considers appropriate, as well as a draft form of confidentiality agreement (the "**Confidentiality Agreement**").
17. Any Known Potential Bidder or other person wishing to submit a Bid who (a) executes a Confidentiality Agreement in form and substance satisfactory to the Monitor, (b) in the judgment of the Monitor appears to have a *bona fide* interest in submitting a Bid, and (c) in the judgment of the Monitor appears to have the financial wherewithal and the technical, managerial, and operational expertise and capabilities to make a viable Bid, shall be deemed to be a potential bidder (each such person so deemed, a "**Potential Bidder**").

DUE DILIGENCE

18. The Monitor shall provide Potential Bidders with access to an electronic data room that will contain information in the possession or control of the Monitor or the Company that in their reasonable business judgment, and subject to competitive and other business conditions, will allow Potential Bidders to evaluate their interest in submitting a Bid. This information may include management presentations and other matters that Potential Bidders may request and the Monitor may, in its reasonable business judgment, agree. The Monitor may designate a representative to coordinate all reasonable requests for additional information and due diligence access from Potential Bidders and the manner in which such requests must be communicated. The Monitor is not obligated to furnish any information relating to the Company or any Location except to Potential Bidders. For avoidance of doubt, and without limiting the terms of any applicable Confidentiality Agreements, selected due diligence materials may be withheld from certain Potential Bidders if the Monitor determines such information to represent proprietary or sensitive competitive information.

SELECTION OF BINDING BIDS

19. Any Potential Bidder may submit a Bid to the Monitor in the manner and at the address specified in **Schedule "A"** to be received by the Monitor not later than 5:00 p.m. (Pacific time) on **August 1, 2024** (the "**Bid Submission Deadline**"). The Monitor shall provide copies of any Bids received to the Interim Lender, unless such Bids include cash

consideration sufficient to pay all amounts owing to the Interim Lender (including principal, interest and costs pursuant to the Company's facilities that were owing as of the Initial Order Date (the "**Pre-Filing Debt**")).

20. A Bid shall be a "**Qualified Bid**" if it:

- (a) states that the Bid is irrevocable until the earlier of: (i) approval by the Court; and (ii) 45 days following the Bid Submission Deadline; provided, however, that if the Bid is selected as a Successful Bid or a Backup Bid (each as defined below), it shall remain irrevocable until the closing of the Successful Bid or the Backup Bid, as the case may be;
- (b) does not contain any request or entitlement to any break fee, expense reimbursement or similar type of payment;
- (c) includes written evidence of a firm, irrevocable commitment for all required funding and/or financing from a creditworthy bank or financial institution to consummate the proposed Transaction, or other evidence of ability to consummate the proposed Transaction that will allow the Monitor to make a reasonable determination as to the Qualified Bidder's (and its direct and indirect owners and their principals') financial and other capabilities to consummate the Transaction contemplated by the Bid;
- (d) is not conditional on:
 - (i) the outcome of unperformed due diligence;
 - (ii) obtaining any financing, investment, or other funding requirements; and
 - (iii) any government or regulatory approval;
- (e) fully discloses the identity of each person that is bidding or otherwise that will be sponsoring or participating in the Bid, including direct and indirect owners and their principals, and the complete terms of such participation;
- (f) is accompanied by a cash deposit (the "**Deposit**") in the form of a wire transfer (to a trust account specified by the Monitor), in an amount equal to ten percent (10%) of the consideration to be paid in respect of the Bid, to be held and dealt with in accordance with the Sale Process;
- (g) includes a closing date of no later than [●], 2024, subject to the Approval Order;
- (h) includes a duly authorized and executed agreement, together with all exhibits and schedules and such ancillary agreements as may be required (including any exhibits and schedules to such ancillary agreements);
- (i) specifies the purchase price, including any liabilities to be assumed;

- (j) indicates the Location(s) or assets to be included;
 - (k) specifies the purchase price allocation as among the Locations or assets identified in the Bid;
 - (l) confirms that the Bid has all internal approvals and consents, including corporate, board or shareholder approval, that are required to close the Transaction;
 - (m) identifies any external approvals or consents, if any, that are required to close the Transaction and the anticipated timing to obtain such approvals or consents;
 - (n) includes any other information reasonably requested by the Monitor;
 - (o) includes an acknowledgement that the Bid is made on an "as-is, where- is" basis and that the Potential Bidder has had an opportunity to conduct any due diligence it considers necessary or desirable prior to making its Bid and has relied solely on its own independent review, investigation and inspection of the documents, assets to be acquired and the liabilities to be assumed; and
 - (p) is received by no later than the Bid Submission Deadline.
21. The Monitor may, in its discretion and with the consent of the Interim Lender, waive strict compliance with one or more of the requirements specified in paragraph 20 and deem any bid to be a Qualified Bid notwithstanding non-compliance with the terms and conditions of the Sale Process, including paragraph 20.

REVIEW OF BIDS AND SELECTION OF SUCCESSFUL BID(S) AND BACKUP BID(S)

22. In reviewing the Bids received the Monitor retains full discretion and authority to discuss the Bids received, and their terms, with the applicable Potential Bidders.
23. The Monitor will review all Bids received to determine the highest or otherwise best Bid(s). Evaluation criteria will include, but are not limited to:
- (a) the purchase price or net value being provided;
 - (b) the terms of the proposed transaction documents;
 - (c) the identity, circumstances, and ability of the bidder to successfully complete the contemplated transaction;
 - (d) the impact of the Bid on the Company's stakeholders;
 - (e) the conditionality of the Bid, including the firm, irrevocable commitment for any financing required;
 - (f) the timeline to closing, including potential third-party contractual arrangements or consents required to close;

- (g) the assets included, or excluded, from the proposed transaction;
 - (h) the identity, circumstances, and ability of the proponents to successfully complete a Transaction; and
 - (i) the costs associated with the Bid and its consummation, including restructuring costs.
24. The Monitor shall, in consultation with the Company and with the consent of the Interim Lender, identify the highest or otherwise best Qualified Bid received for each or any combination of the Location or assets, as applicable (each, a "**Successful Bid**") and the next highest or otherwise best Qualified Bid received for a Location or assets, or part or parts thereof, as applicable (each, a "**Backup Bid**"). A person or persons who make a Successful Bid shall be a "**Successful Bidder**" and a person or person who makes a Backup Bid shall be a "**Backup Bidder**".
 25. The Monitor, after consulting with the Company and with the consent of the Interim Lender, shall notify all Successful Bidders, if any, all Backup Bidders, if any, and any other bidders of their respective status as soon as a reasonably practicable in the circumstances.
 26. The Monitor will notify a Backup Bidder, if any, that their bid is a successful Backup Bid and the Backup Bid shall remain open and capable of acceptance by the Company until the earlier of (i) the consummation of the transaction contemplated by a Successful Bid; and (ii) the date that is 30 days after the applicable Final Agreement Deadline, as defined in paragraph 27, (the "**Backup Bid Release Date**"). For greater certainty, the Monitor shall be entitled to continue to hold the Deposit in respect of a Backup Bid until the Backup Bid Release Date.
 27. The Company, with the consent of the Monitor and the Interim Lender, may, but shall have no obligation to, enter into an agreement or agreements with any Successful Bidder(s) (each, a "**Final Agreement**"). Any Final Agreement entered into with a Successful Bidder shall be executed on or before [●], 2024 (the "**Final Agreement Deadline**").
 28. The Company, with the consent of the Monitor and the Interim Lender, has the right not to accept any Qualified Bid.
 29. The Monitor, in consultation with the Company and with the consent of the Interim Lender, further has the right to deal with one or more Qualified Bidders to the exclusion of other Persons, to accept a Qualified Bid for some or all of the Locations or assets, to accept multiple Qualified Bids and enter into multiple Final Agreements.

APPROVAL ORDER

30. If the Company enters into a Final Agreement in respect of a Successful Bid, a Backup Bid, or any other Bid, the Monitor shall apply for an order from the Court approving the transaction contemplated by that bid and any necessary or appropriate related relief required to consummate the transaction contemplated by that bid. Court approval shall be a condition precedent to the consummation of any transaction or transactions contemplated by a Final Agreement.

31. The Monitor may also:
- (a) concurrently obtain relief approving the transaction contemplated by a Backup Bid and any necessary related relief required to consummate the transaction contemplated by a Backup Bid; and
 - (b) if deemed necessary or advisable, seek approval of or other relief in respect of a Successful Bid and/or Backup Bid from the courts or governmental bodies in other relevant jurisdictions.

DEPOSITS

32. All Deposits paid pursuant to this Sale Process shall be held in trust by the Monitor in a non-interest-bearing account. The Monitor shall hold Deposits paid by each Successful Bidder and Backup Bidder in accordance with the terms of the Final Agreement with each such Successful Bidder and Backup Bidder, or as may be ordered by the Court.
33. If a Deposit is paid pursuant to this Sale Process, and the Company, acting through the Monitor, elects not to proceed to negotiate and settle the terms and conditions of a definitive agreement with the person that paid such Deposit, the Monitor shall return the Deposit.
34. If:
- (a) a Qualified Bidder breaches any of its obligations under its Qualified Bid, any Final Agreement, or the terms of this Sale Process (including the Confidentiality Agreement); or
 - (b) a Qualified Bidder breaches its obligations under the terms of this Sale Process (including the Confidentiality Agreement) or under the terms of its Qualified Bid if required by the Company to complete such transaction contemplated by its Qualified Bid,

then, in each case, such Qualified Bidder's Deposit will be forfeited as liquidated damages and not as a penalty.

ACCESS TO INFORMATION BY MANAGEMENT

35. The Company's directors and senior management ("**Management**") shall each confirm to the Monitor that they are not, directly or indirectly (including through affiliates or companies in which they control or have a majority ownership interest) participating in the preparation or submission of any bid pursuant to this Sale Process (the "**Independence Confirmation**"). Members of Management that do not provide the Independence Confirmation are deemed to be potential bidders and are not entitled to receive information under this Sale Process, and shall not attend meetings with, or otherwise communicate with, Qualified Bidders except with the written consent of the Monitor (which maybe provided by email), which consent may be subject to conditions, including requiring the Monitor to attend such meetings or communications.

OTHER MATTERS

36. The Sale Process does not, and will not be interpreted to, create any contractual or other legal relationship between the Company or the Monitor and any Potential Bidder,

Qualified Bidder, or any other party, other than as specifically set out in an agreement executed by the Company or the Monitor, as applicable.

37. Participants in the Sale Process are responsible for all costs, expenses and liabilities incurred by them in connection with the submission of any Bid, due diligence activities, and any other negotiations, steps, or actions, whether or not they lead to the consummation of a Transaction.
38. Notwithstanding the process and deadlines set out above, with the prior consent of the Interim Lender, the Monitor may, at any time:
 - (a) pause, terminate, amend, or modify the Sale Process;
 - (b) remove any portion of the Locations or assets from the Sale Process;
 - (c) bring an application to the Court to seek approval of a transaction for any Location or assets, whether or not such transaction is in accordance with the terms or timelines in this Sale Process; and
 - (d) establish further or other procedures for the Sale Process, provided that the service list in the CCAA Proceedings shall be advised of any substantive modification to the procedures set out in this Sale Process.

SCHEDULE "A"

List of Petitioners

1138279 B.C. Ltd.
1164312 B.C. Ltd.
Ad Prolem Capital Investments Ltd.
Clover 67 Private Dining Room Ltd.
Edith & Arthur Public House Ltd.
Joseph Bourque Investments Ltd.
Joseph Richard Hospitality Group Ltd.
Joseph Richard Investments Ltd
Joseph Richard IP Holdings Ltd.
Joseph Richard Management Ltd.
JRG Canteen Virtual Kitchen Ltd.
JRG Clover Station LRS Ltd.
JRG Cloverdale Holdings Ltd.
JRG Cloverdale Ventures Ltd.
JRG Foodhall (Vancouver) Ventures Ltd.
JRG Glass House Estates Winery Ltd.
JRG Ledgeview Holdings Ltd.
JRG Steveston Hotels Ltd.
JRG Systems Ltd.
JRG Whiskey Charlie Cafe, Pitt Meadows Ltd.
Livelihood Public House Ltd.
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S & L Kitchen & Bar Holdings South Surrey Ltd.
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Sudo Asian Kitchen Holdings (Langley) Ltd.
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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"**Address for Deliveries**

Any delivery made to the Monitor pursuant to this Sale Process shall be made to:

MNP Ltd.
1630 – 609 Granville Street
Vancouver BC V7Y 1E7

Attention: Mario Mainella and Kevin Koo
Email: Mario.Mainella@mnp.ca and Kevin.Koo@mnp.ca

Deliveries pursuant to this Sale Process by email shall be deemed to be received when sent. In all other instances, deliveries made pursuant to this Sale Process shall be deemed to be received when delivered to the address as identified above.

Appendix

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

THIS APPLICATION INVOLVES THE FOLLOWING:

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