

PLAN OF ARRANGEMENT

OF

**JOSEPH RICHARD HOSPITALITY GROUP LTD.
AND THOSE ENTITIES LISTED IN SCHEDULE "A"**

PURSUANT TO THE

COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985 C. C-36

DATED DECEMBER 8, 2023

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SECTION 1

INTERPRETATION

1.1 DEFINITIONS

Unless specified otherwise, the following words and terms are defined as follows:

- (1) **“Administration Charge”** means the charge created pursuant to paragraph 34 of the Initial Order, as amended pursuant to paragraph 37 of the ARIO, and any further Order of the Court.
- (2) **“Affected Claim”** means any Claim other than an Unaffected Claim, and for the avoidance of doubt, includes the CWB Secured Claim, the BMO Secured Claim, the CWB Deficiency Claim and the Unsecured Claims.
- (3) **“Affected Creditor”** means any Creditor with an Affected Claim, but only with respect to and to the extent of such Affected Claim.
- (4) **“Applicable Law”** means any law (including any principle of civil law, common law or equity), statute, Order, decree, judgment, rule, regulation, ordinance, or other pronouncement having the effect of law, whether in Canada, in the United States or any other country or any domestic or foreign province, state, city, county or other political subdivision.
- (5) **“ARIO”** means the Order issued by the Court in the CCAA Proceedings on July 27, 2023, amending and restating the Initial Order, as may be further and subsequently amended and restated.
- (6) **“BIA”** means the *Bankruptcy and Insolvency Act*, R.S.C., 1985, c. B-3, as amended.
- (7) **“BMO”** means the Bank of Montreal, as lender and administrative agent.
- (8) **“BMO Claim”** means the total value of any and all of BMO’s Claims against any of the Debtors and the Directors and Officers in respect of any and all loan facilities or operating lines of credit provided to one or more Debtors.
- (9) **“BMO Restructuring Support Agreement”** means an agreement between BMO and the Debtors to determine, among other things (a) the value of the BMO Secured Claim for voting and distribution purposes pursuant to this Plan, and (b) releasing Andre Bourque and Ryan Moreno from their guarantees of the BMO Claims.
- (10) **“BMO Secured Claim”** means the portion of the BMO Claims equal to the amount agreed upon between BMO and the Debtors in respect of the value of assets charged by BMO’s security pursuant to the BMO Restructuring Support Agreement.

- (11) **"Business Day"** means a day, other than a Saturday, Sunday, or a holiday, on which banks are generally closed for business in Vancouver, British Columbia.
- (12) **"CCAA"** means the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended.
- (13) **"CCAA Charges"** means, together, the Administration Charge, the Interim Financing Charge, the Intercompany Charge, and the Directors' Charge.
- (14) **"CCAA Proceedings"** means the proceedings commenced by the Debtors under the CCAA on the Filing Date, in Supreme Court of British Columbia action number S-235026, Vancouver Registry.
- (15) **"Certificate of Implementation"** has the meaning set forth in Section 7.3 hereof.
- (16) **"Certificate of Non-Implementation"** has the meaning set forth in Section 7.4 hereof.
- (17) **"Claim"** means any right of any Person against any of the Debtors, arising in or in connection with any jurisdiction, whether or not asserted, in connection with any indebtedness, liability or obligation of any kind of any of the Debtors owed to such Person and any interest, or penalties accrued thereon or costs payable in respect thereof, whether liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, including the right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future, which indebtedness, liability or obligation is based in whole or in part on facts existing, or transactions which occurred, prior to the Filing Date, or which would have been claims provable in bankruptcy had the Debtors become bankrupt on the Filing Date (including for greater certainty any tax obligations and Equity Claims), and shall include, without limitation, any Restructuring Claim and any D&O Claim, and "Claims" means all of them, provided however that in no case shall "Claim" include an Excluded Claim.
- (18) **"Claims Bar Date"** means 5:00 p.m. (Vancouver time) on September 15, 2023.
- (19) **"Claims Process Order"** means the order granted by the Court on July 27, 2023, establishing the process for the filing and adjudication of Claims and establishing the Claims Bar Date, as may be amended from time to time, as the case may be.

- (20) **"Classes"** means the Secured Class and the Unsecured Creditors' Class, and **"Class"** means either of them.
- (21) **"Convenience Claim"** means (a) any Proven Claim of an Affected Creditor in an amount that is less than or equal to the Convenience Claim Threshold Amount, and (b) any Proven Claim of an Affected Creditor that has delivered to the Monitor a Convenience Creditor Election in accordance with Section 3.2.
- (22) **"Convenience Claim Threshold Amount"** means \$2,000.
- (23) **"Convenience Claims Distributions"** means the aggregate amount to be distributed to Convenience Creditors holding Proven Claims in accordance with Section 4.2(1)(i) hereof.
- (24) **"Convenience Creditor"** means an Affected Creditor with a Convenience Creditor Claim.
- (25) **"Convenience Creditor Election"** means an election form to be completed by an Unsecured Creditor with a Proven Claim in excess of the Convenience Claim Threshold Amount that wishes to be treated as a Convenience Creditor for distribution purposes under the Plan and delivered to the Monitor in accordance with Section 3.2.
- (26) **"Court"** means the British Columbia Supreme Court, the Court of Appeal of British Columbia, and the Supreme Court of Canada.
- (27) **"Creditor"** means any Person having a Claim and may, where the context requires, include the assignee of a Claim or a trustee, interim receiver, receiver and manager, or other Person acting on behalf of such Person. **"Creditor"** shall not, however, include a Person in respect of its Excluded Claim.
- (28) **"Creditors' Meeting"** means the meeting of the Affected Creditors to be called, convened and conducted in accordance with the Meeting Order at which the Affected Creditors will consider and vote on the Resolution.
- (29) **"Crown"** means His Majesty the King in right of Canada or a province.
- (30) **"Crown Priority Claims"** means any Crown's Claim as described in subsection 6(3) of the CCAA. For greater certainty, any of the Crown's Claim that is not a Crown Priority Claim shall be an Affected Claim.
- (31) **"CWB"** means the Canadian Western Bank, as lender and administrative agent.
- (32) **"CWB Claim"** means the total value of any and all of CWB's Claims against any of the Debtors and the Directors and Officers in respect of any and all

loan facilities or operating lines of credit provided to one or more Debtors, including any loans advanced under the Business Credit Availability Program.

- (33) **"CWB Deficiency Claim"** means that portion of the CWB Claim that exceeds the value of the CWB Secured Claim. For the avoidance of doubt, the CWB Deficiency Claim is an Unsecured Claim for voting and distribution purposes under this Plan.
- (34) **"CWB Restructuring Support Agreement"** means an agreement between CWB and the Debtors to determine, among other things (a) the value of the CWB Secured Claim for voting and distribution purposes pursuant to this Plan, and (b) releasing the various third-party guarantors, including Andre Bourque and Ryan Moreno, from their guarantees of the CWB Claims.
- (35) **"CWB Secured Claim"** means the portion of the CWB Claim equal to the amount agreed upon between CWB and the Debtors in respect of the value of assets charged by CWB's security pursuant to the CWB Restructuring Support Agreement.
- (36) **"D&O Claim"** means any right or claim as described in subsection 11.03(1) of the CCAA as well as any right or claim of any Person against one or more of the Directors and Officers of any nature whatsoever, present, future, due or accruing due to such Person and any interest accrued thereon or cost payable in respect thereof, whether liquidated, unliquidated, contingent, matured, unmatured, disputed, undisputed, secured, unsecured, known or unknown, and the right or ability of any Person to advance a claim for contribution, indemnity or otherwise with respect to any matter, action or cause which indebtedness, liability or obligations is based in whole or in part on facts existing as at the Filing Date;
- (37) **"Debtors"** means Joseph Richard Hospitality Group Ltd. and those entities listed on Schedule "A".
- (38) **"Director"** means anyone who is or was or may be deemed to be or to have been, whether by statute, operation or law or otherwise, a director or *de facto* director of any of the Debtors.
- (39) **"Directors' Charge"** means the charge created pursuant to paragraph 24 of the Initial Order, as amended and restated pursuant to paragraph 27 of the ARIO.
- (40) **"Distribution Pool"** has the meaning ascribed to it in Section 4.1 hereof.
- (41) **"Employee Priority Claim"** means the following claims of employees of the Debtors:

- (i) claims equal to the amounts that such employees would have been qualified to receive under paragraph 136(1) of the BIA if the Debtors had become bankrupt on the Filing Date; and
 - (ii) claims for unpaid wages, salaries, commissions or compensation for services rendered by such employees after the Filing Date and on or before the Plan Implementation Date.
- (42) **"Equity Claim"** has the meaning given to such term in section 2 of the CCAA;
- (43) **"Excluded Claim"** means any right or claim that would otherwise be a Claim that is:
- (i) any claim enumerated in subsection 5.1(2) of the CCAA;
 - (ii) any claim or other indebtedness or obligation secured by a CCAA Charge.
- (44) **"Exit Financing"** means the funds to be advanced pursuant to the Exit Financing Agreement.
- (45) **"Exit Financing Agreement"** means a financing agreement between some or all of the Debtors, as borrowers and guarantors as applicable, and a lender, which lender may be CWB or BMO, to be negotiated, as such agreement may be amended, restated, supplemented and otherwise modified from time to time.
- (46) **"Filing Date"** means July 17, 2023.
- (47) **"Final Order"** means a final order of the Court, the implementation, operation or effect of which shall not have been stayed, varied, vacated or subject to pending appeal or motion for leave to appeal and as to which order any appeal periods relating thereto shall have expired.
- (48) **"Governmental Authority"** means any (i) multinational, national, provincial, state, regional, municipal, local or other government, governmental or public department, ministry, central bank, court, tribunal, arbitral body, commission, board, official, minister, bureau or agency, domestic or foreign, (ii) subdivision, agent, commission, board or authority of any of the foregoing; or (iii) quasigovernmental or private body, including any tribunal, commission, regulatory agency or self-regulatory organization, exercising any regulatory, expropriation or taxing authority under, or for the account of, any of the foregoing.
- (49) **"Initial Order"** means the Order issued by the Court in the CCAA Proceedings on the Filing Date.

- (50) **"Intercompany Charge"** means the charge created pursuant to paragraph 38 of the ARIO.
- (51) **"Interim Financing Charge"** means the charge created pursuant to 6 of the Order of the Court in the CCAA Proceedings dated August 30, 2023.
- (52) **"Meeting Order"** means the Order under the CCAA that, among other things, sets the date for the Creditors' Meeting, as same may be amended, restated or varied from time to time.
- (53) **"Monitor"** means Ernst & Young Inc., in its capacity as Court-appointed monitor of the Debtors appointed pursuant to the Initial Order, and not in its personal or corporate capacity.
- (54) **"Non-Convenience Proven Claim"** means, in respect of an Unsecured Creditor that is not a Convenience Creditor, the amount of such Unsecured Creditor's Proven Claim and **"Non-Convenience Proven Claims"** means all of them.
- (55) **"Notice of Revision or Disallowance"** has the meaning ascribed to such term in the Claims Process Order, that is notice, substantially in the form of Schedule "E" of the Claim Process Order, advising a Creditor that the Monitor has revised or rejected all or part of its Proof of Claim for the purposes of voting or distribution and setting out the reasons for such revision or rejection.
- (56) **"Officer"** means anyone who is or was or may be deemed to be or to have been, whether by statute, operation or law or otherwise, an officer or *de facto* officer of any of the Debtors.
- (57) **"Order"** means any order issued by the Court in the CCAA Proceedings.
- (58) **"Person"** means any individual, corporation, limited or unlimited liability company, general or limited partnership, association, trust, unincorporated organization, joint venture, governmental body or agency, a Governmental Authority or any other entity.
- (59) **"Plan"** means this plan of compromise and arrangement filed by the Debtors pursuant to the CCAA, including any Schedules hereto, as may be amended, varied or supplemented hereafter in accordance with the terms hereof, or made at the direction of the Court in accordance with the Meeting Order.
- (60) **"Plan Contribution Amount"** means the amount needed to fund the distributions to Unsecured Creditors pursuant to section 4.1 and 4.2(1).
- (61) **"Plan Implementation Conditions"** has the meaning set forth in Section 7.2 hereof.

- (62) **"Plan Implementation Date"** means the Business Day on which all of the Plan Implementation Conditions have been fulfilled or waived and the Plan has become effective, as evidenced by the Certificate of Implementation, to be filed by the Monitor with the Court.
- (63) **"Plan Sanction Date"** means the date on which the Sanction Order has been issued and has become a Final Order.
- (64) **"PMSI/Lease Claim"** means a Claim in respect of a purchase money security interest or lease registered as against a Debtor as of the Filing Date in the Personal Property Registry of British Columbia, but only in respect and to the extent of a valid claim in respect of such purchase money security interest or lease.
- (65) **"Post-Filing Claim"** means a Claim arising from the supply of goods or services to any of the Debtors after the Filing Date, or a claim for sales or excise taxes, source deductions or assessments and premiums arising in relation to such Claims. Post-Filing Claims do not include claims in respect of an obligation incurred prior to the Filing Date but payable after the Filing Date.
- (66) **"Post-Filing Creditor"** means a Creditor having a Post-Filing Claim.
- (67) **"Proof of Claim"** has the meaning ascribed to such term in the Claims Process Order, that is the form of Proof of Claim for Creditors, being substantially in the form of Schedule "D" to the Claims Process Order.
- (68) **"Proven Claim"** means a Claim as finally determined for voting and distribution purposes in accordance with the provisions of the Plan, the CCAA and the Claims Process Order and **"Proven Claims"** means all of them. For clarity, Proven Claims shall not include: (a) Equity Claims; and (b) any amounts due to a Post-Filing Creditor in respect of a Post-Filing Claim.
- (69) **"Province of British Columbia"** means His Majesty the King in right of the Province of British Columbia.
- (70) **"Province of British Columbia Claim"** means the total value of any and all of the Province of British Columbia Claims against any of the Debtors and the Directors and Officers except for any Crown Priority Claims.
- (71) **"Province of British Columbia Deficiency Claim"** means that portion of the Province of British Columbia Claim that exceeds the value of the Province of British Columbia Secured Claim. For the avoidance of doubt, the Province of British Columbia Deficiency Claim is an Unsecured Claim for voting and distribution purposes under this Plan.

- (72) **"Province of British Columbia Secured Claim"** means the portion of the Province of British Columbia Claim equal to [\$50,000], representing the value of assets charged by the Province of British Columbia's security in the assets of JRG Clover Station LRS Ltd.
- (73) **"Proxy"** has the meaning ascribed to such term in the Meeting Order, that is the form of Proxy for Creditors, being substantially in the form of Schedule "E" to the Meeting Order.
- (74) **"Released Parties"** has the meaning set forth in Section 5.12 hereof.
- (75) **"Restructuring Support Agreements"** means the BMO Restructuring Support Agreement and the CWB Restructuring Support Agreement.
- (76) **"Required Majority"** means, with respect to each Class, a majority in number of Affected Creditors whose Proven Claims represent at least two-thirds in value of the Affected Claims of Affected Creditors in that Class, who actually vote (in person or by proxy), or who are deemed to vote at the Meeting, voting in favour of the Resolution.
- (77) **"Resolution"** means the resolution to approve the Plan and the transactions contemplated thereby and which will be voted on by each of the Classes at the Meeting.
- (78) **"Restructuring Claim"** means any right of any Person against any of the Debtors in connection with any indebtedness, liability or obligation of any kind owed to such Person arising out of the disclaimer or resiliation by the Debtors of any agreement to which such Person is a party in accordance with section 32(1) of the CCAA. For clarity, a Restructuring Claim shall be an Unsecured Claim.
- (79) **"Restructuring Claims Bar Date"** has the meaning ascribed to such term in the Claims Process Order.
- (80) **"Sanction Date"** means the date on which the Sanction Order is granted.
- (81) **"Sanction Order"** means the Order to be made by the Court sanctioning the Plan, as such order may be affirmed, amended or modified by the Court at any time prior to the Plan Implementation Date, in form and content which is satisfactory to the Debtors.
- (82) **"Secured Claims"** means the BMO Secured Claim and the CWB Secured Claim.
- (83) **"Secured Creditors"** means BMO in respect of the BMO Secured Claim, CWB in respect of the CWB Secured Claim, and the Province of British Columbia in respect of the Province of British Columbia Secured Claim. For the avoidance of doubt, CWB is an Unsecured Creditor with respect to the

CWB Deficiency Claim, and the Province of British Columbia is an Unsecured Creditor with respect to the Province of British Columbia Deficiency Claim.

- (84) **"Secured Creditors' Class"** the class consisting of BMO in respect of the BMO Secured Claim, CWB in respect of the CWB Secured Claim, and the Province of British Columbia in respect of the Province of British Columbia Secured Claim.
- (85) **"Taxes"** means all federal, state, provincial, territorial, county, municipal, local or foreign taxes, duties, customs, imposts, levies, assessments, tariffs and other charges imposed, assessed or collected by a Governmental Authority, including (i) any gross income, net income, gross receipts, business, royalty, capital, capital gains, goods and services, value added, severance, stamp, franchise, occupation, premium, capital stock, sales and use, real property, land transfer, personal property, ad valorem, transfer, licence, profits, windfall profits, environmental, payroll, employment, employer health, pension plan, antidumping, countervail, excise, severance, stamp, occupation, or premium tax, (ii) all withholdings on amounts paid to or by the relevant Person, (iii) all employment insurance premiums, Canada, British Columbia, and any other pension plan contributions or premiums, (iv) any fine, penalty, interest, or addition to tax, (v) any tax imposed, assessed, or collected or payable pursuant to any tax-sharing agreement or any other contract relating to the sharing or payment of any such tax, levy, assessment, tariff, duty, deficiency, or fee, and (vi) any liability for any of the foregoing as a transferee, successor, guarantor, or by contract or by operation of law.
- (86) **"Taxing Authorities"** means His Majesty the King in right of Canada, His Majesty the King in right of any province or territory of Canada, any municipality of Canada, the Canada Revenue Agency, the Canada Border Services Agency, any similar revenue or taxing authority of Canada and each and every province or territory of Canada and any political subdivision thereof and any Canadian or foreign government, regulatory authority, government department, agency, commission, bureau, minister, court, tribunal or body or regulation making entity exercising taxing authority or power, and **"Taxing Authority"** means any one of the Taxing Authorities.
- (87) **"Tax Obligation"** means any amount of Taxes owing by a Person to a Taxing Authority.
- (88) **"Unaffected Claim"** means:
 - (i) any Claim of an employee of the Debtors for wages, including accrued vacation liabilities, but excluding severance or termination pay, including any Employee Priority Claims;

- (ii) any Claims secured by any of the CCAA Charges;
 - (iii) any Claim that cannot be compromised due to the provisions of sections 5.1(2) and 19(2) of the CCAA;
 - (iv) any Claim in respect of payments referred to in sections 6(3), 6(5) and 6(6) of the CCAA;
 - (v) Post-Filing Claims;
 - (vi) any PMSI/Lease Claims; and
 - (vii) any Crown Priority Claims.
- (89) **"Unaffected Creditor"** means a Person having an Unaffected Claim but only in respect and to the extent of such Unaffected Claim.
- (90) **"Undelivered Distributions"** has the meaning set forth in Section 6.5 hereof.
- (91) **"Unresolved Claim"** means an Unsecured Claim or that portion thereof that is the object of a Notice of Revision or Disallowance and, in either case, has not become a Proven Claim as of the date of the Plan in accordance with the Claims Process Order, the Meeting Order, or any other Order.
- (92) **"Unresolved Claims Pool"** has the meaning set forth in Section 4.1 hereof.
- (93) **"Unresolved Claims Reserve(s)"** means the cash reserve(s) to be established and maintained under the Plan as determined from time to time by the Monitor by holding and setting aside from the Unresolved Claims Pool, on account of Unresolved Claims, for the benefit of the holders of Unresolved Claims, in accordance with Section 4.6 hereof.
- (94) **"Unsecured Claims"** means any Affected Claim other than the CWB Secured Claim, the BMO Secured Claim, and any Equity Claims.
- (95) **"Unsecured Creditor"** means any Creditor with a Proven Claim except BMO in respect of the BMO Secured Claim and CWB in respect of the CWB Secured Claim. For the avoidance of doubt, CWB is an Unsecured Creditor with respect to the CWB Deficiency Claim.
- (96) **"Unsecured Creditors' Class"** means the class of Affected Creditors who are Unsecured Creditors.
- (97) **"Voting Claim"** means, in respect of an Affected Creditor, the amount of such Affected Creditor's Proven Claim converted in Canadian dollars as the case may be as of the Filing Date, unless the Proven Claim of such Affected Creditor has not been finally determined at the time of the Creditors'

Meeting, in which case "Voting Claim" shall mean the portion of the Claim of such Affected Creditor which has been accepted for voting purposes, in accordance with the Claims Process Order, the Meeting Order, the Plan and the CCAA.

(98) "Voting Record Deadline" means 12:00 p.m. (Vancouver time) on February 26, 2023.

(99) "Website" means <https://www.ey.com/ca/dph>.

(100) "Withholding Obligation" has the meaning set forth in Section 6.6 hereof.

1.2 INTERPRETATION

For the purposes of this Plan,

- (1) any reference in the Plan to a contract, instrument, release, indenture, or other agreement or document being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions;
- (2) any reference in the Plan to an Order or an existing document or exhibit filed or to be filed means such Order, document or exhibit as it may have been or may be amended, modified, or supplemented;
- (3) unless otherwise specified, all references in the Plan to Sections are references to Sections of the Plan;
- (4) unless otherwise specified, the words "hereof", "herein" and "hereto" refer to the Plan in its entirety rather than to any particular portion of the Plan;
- (5) the division of the Plan into "Articles" and "Sections" and the insertion of a table of contents are for convenience of reference only and do not affect the construction or interpretation of the Plan, nor are the descriptive headings of "Articles" and "Sections" intended as complete or accurate descriptions of the content thereof;
- (6) the use of words in the singular or plural, or with a particular gender, including a definition, shall not limit the scope or exclude the application of any provision of the Plan or a schedule hereto to such Person (or Persons) or circumstances as the context otherwise permits;
- (7) the words "includes" and "including", and similar terms of inclusion shall not, unless expressly modified by the words "only" or "solely", be construed as terms of limitation, but rather shall mean "includes but is not limited to" and "including but not limited to", so that references to included matters shall be regarded as illustrative without being either characterizing or exhaustive;

- (8) unless otherwise provided, any reference to a statute or other enactment of parliament or a legislature includes all regulations made thereunder, all amendments to or re-enactments of such statute or regulations in force from time to time, and, if applicable, any statute or regulation that supplements or supersedes such statute or regulation;
- (9) unless otherwise specified, all references to time made herein and in any document issued or delivered pursuant hereto shall mean local time in Vancouver, Province of British Columbia, Canada, and any reference to an event occurring on a Business Day shall mean prior to 5:00 p.m. (Vancouver time) on such Business Day; and
- (10) any deeming provision in this Plan shall not be rebuttable and are conclusive and irrevocable.

1.3 DATE AND TIME FOR ANY ACTION

For the purposes of the Plan:

- (1) in the event that any date on which any action (including any payment) is required to be taken under the Plan by any of the parties is not a Business Day, that action (including any payment) shall be required to be taken on the next succeeding day which is a Business Day; and
- (2) unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next succeeding Business Day if the last day of the period is not a Business Day.

1.4 GOVERNING LAW

This Plan shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein. All questions related to the application and implementation of this Plan, and its consequences, related to the application of any federal or provincial statute and, any proceedings taken in connection with this Plan, its provisions and its effects shall be subject to the exclusive jurisdiction of the Court.

SECTION 2 PURPOSE AND EFFECT OF THE PLAN

2.1 PURPOSE

The purpose of this Plan is to effect a compromise and settlement of all Affected Claims against the Debtors, and if achieved, the Debtors will be able to continue operations as going-concern businesses.

2.2 OVERVIEW

On the Implementation Date, the Debtors, Directors, and Officers will be released from all Affected Claims.

If the Plan is approved by the Affected Creditors and sanctioned by the Court, it is anticipated that the Debtors will enter into an Exit Financing Agreement following which time they will (a) satisfy the Secured Claims (which are amounts to be determined under the Restructuring Support Agreements); and (b) pay to the Monitor the Plan Contribution Amount for distribution to the Unsecured Creditors. Unsecured Creditors with Proven Claims who are Convenience Creditors will receive the lesser of the value of their Proven Claim and \$2,000. Unsecured Creditors who are not Convenience Creditors will receive two cents on the dollar on account of their Proven Claims up to a maximum of \$25,000 per creditor.

The Debtors' ability to enter into the Exit Financing Agreement with a prospective lender will depend upon both: (a) the approval of this Plan by the Affected Creditors; and (b) the Debtors entering into the Restructuring Support Agreements with CWB and BMO.

Absent this Plan and the funding to be provided by a prospective lender pursuant to an Exit Financing Agreement, there will be no funds available for distribution to the Unsecured Creditors. Accordingly, the Plan is premised on the expectation that affected stakeholders will derive a significantly greater benefit from the refinancing transaction and resultant distributions than would result from a bankruptcy or liquidation of the Debtors.

2.3 PERSONS AFFECTED

Except as specifically provided for in the Plan, the Plan will become effective on the Plan Implementation Date in accordance with its terms, and all Affected Claims against the Debtors, Directors, and Officers will be fully and finally settled, compromised and released to the extent provided for under the Plan. The Plan shall be binding on and enure to the benefit of the Debtors, the Affected Creditors, the Released Parties, any trustee, agent or other Person acting on behalf of any Affected Creditor and such other Persons named or referred to in, receiving the benefit of, or subject to, the Plan.

2.4 PERSONS NOT AFFECTED

Except as otherwise set out in the Plan, the Plan does not affect the Unaffected Creditors to the extent of their Unaffected Claims. Nothing in the Plan shall affect any of the Debtors' rights and defences, both legal and equitable, with respect to any Unaffected Claims, including, but not limited to, all rights with respect to legal and equitable defences or entitlements to compensation, setoffs or recoupments against such Unaffected Claims.

SECTION 3
CLASSIFICATION OF CREDITORS

3.1 CLASSIFICATION OF CREDITORS

For the purposes of voting on the Plan, there shall be two classes of creditors: (a) the Secured Creditors Class; and (b) the Unsecured Creditors Class.

3.2 CONVENIENCE CREDITOR ELECTION

An Unsecured Creditor with an Proven Claim greater than the Convenience Claim Threshold Amount that wishes to be treated as a Convenience Creditor under the Plan must deliver a duly completed and executed Convenience Creditor Election to the Monitor prior to the Voting Record Deadline, and upon doing so such Affected Creditor: (a) is irrevocably deemed to have voted the full amount of its Proven Claim in favour of the Plan as a member of the Affected Creditors Class; and (b) shall be treated as a Convenience Creditor for the purpose of distributions made under the Plan.

SECTION 4
ESTABLISHMENT OF THE DISTRIBUTION POOL AND TREATMENT OF
AFFECTED CREDITORS

4.1 ESTABLISHMENT OF THE DISTRIBUTION POOL

By no later than the earlier of the date (i) 180 days following the Plan Sanction Date and (ii) the date on which the Exit Financing funds are available for disbursement, the Debtors shall pay to the Monitor the Plan Contribution Amount, which the Monitor shall thereafter distribute as follows:

- (1) first, to the Convenience Class Pool, an amount equal to the Convenience Claims Distributions;
- (2) second, the remainder of the Plan Contribution Amount shall be allocated between the Unresolved Claims Pool and the Distribution Pool as follows:
 - (i) such amount determined by the Monitor as being required to ensure a distribution to the holders of Unresolved Claims, if and when their Unresolved Claims become Proven Claims, in the amount that such Creditors would have been entitled to receive had their Unresolved Claims been Proven Claims on the date of the distributions contemplated in this Section 4.1, shall be allocated to the "Unresolved Claims Pool";
 - (ii) the remainder of the Plan Contribution Amount, after the allocations described in Subsections 4.1(1) and 4.1(2)(i) above, shall be allocated by the Monitor to the "Distribution Pool".

4.2 DISTRIBUTION TO AFFECTED CREDITORS

(1) Unsecured Creditors

The Monitor shall distribute to the Unsecured Creditors, within ninety (90) days from the Plan Implementation Date, according to the amount of their respective Proven Claims as hereinafter set forth, namely:

- (i) to each Convenience Creditor with a Proven Claim, the lesser of (a) the amount of its Proven Claim and (b) the Convenience Claim Threshold Amount in full and final satisfaction of its Proven Claim; and
- (ii) to each Unsecured Creditor with a Non-Convenience Proven Claim, two cents on the dollar on account of their Proven Claims up to a maximum of \$25,000 per creditor.

(2) Secured Creditors

On the Plan Implementation Date, the Debtors shall use the proceeds arising from the Exit Financing to pay:

- (i) CWB and BMO in accordance with their respective Restructuring Support Agreement in full and final satisfaction of their respective Secured Claims; and
- (ii) \$32,500 to the Province of British Columbia in full and final satisfaction of the Province of British Columbia Secured Claim.

4.3 UNAFFECTED CREDITORS

Unaffected Claims shall not be compromised, released, discharged, cancelled, barred or otherwise affected by the Plan. Unaffected Creditors will not receive any consideration or distribution under the Plan in respect of their Unaffected Claims, and they shall not be entitled to vote on the Plan at the Creditors' Meeting in respect of their Unaffected Claims.

The following treatment shall be afforded to the specific categories of Unaffected Claims:

- (1) all Employee Priority Claims, if any, will be paid in such amounts as required under the CCAA immediately after the Plan Implementation Date;
- (2) all Crown Priority Claims, if any, will be paid in full by the Debtors within six months immediately following the Sanction Date; and
- (3) all other Unaffected Claims will be paid by the Debtors in the normal course of business when they become due or otherwise satisfied pursuant to agreements between the Debtors and the relevant Unaffected Creditor.

4.4 TREATMENT OF AFFECTED CLAIMS ASSERTED AGAINST MULTIPLE DEBTORS

In the event that an Affected Creditor has asserted an Affected Claim against more than one of the Debtors, such Affected Claim shall not be duplicated such that there shall be one single recovery on account of such Affected Claim as if it had been asserted against only one of the Debtors.

4.5 TREATMENT OF PROVEN CLAIMS ARISING FROM THE SAME SOURCE

In the event that more than one Unsecured Creditors hold Proven Claims arising from the same source or underlying obligation, there shall be one single recovery on account of such Proven Claims to avoid that two dividends be paid in connection with the same underlying Claim filed by different Unsecured Creditors.

4.6 TREATMENT OF UNRESOLVED CLAIMS

The Debtors and the Monitor shall use their best efforts to finally settle all disputes relating to the admissibility and amount of Affected Claims prior to any distribution under this Plan. Notwithstanding any other provision of this Plan, no distribution hereunder shall be made by the Monitor with respect to an Unresolved Claim unless and until it has become a Proven Claim. Unresolved Claims shall be dealt with in accordance with the Claims Process Order and the Plan.

For Unresolved Claims, if and when they become Proven Claims, the relevant Unsecured Creditors shall be entitled to receive a distribution from the Unresolved Claims Pool in the amount that such Creditors would have been entitled to receive had their Unresolved Claims been Proven Claims on the date of the distributions contemplated in Section 4.1 hereof, and the Monitor shall, from time to time at its sole discretion, distribute such amount from the Unresolved Claims Pool (or any separate Unresolved Claims Reserves constituted out of the Unresolved Claims Pool).

Prior to each distribution from the Unresolved Claims Pool, the Monitor may, at its sole discretion, establish any separate Unresolved Claims Reserves in accordance with the Plan.

Once all Unresolved Claims have been finally determined, the balance of the Unresolved Claims Pool, if any, shall be paid to the Debtors.

4.7 CLAIM OF A DEBTOR AGAINST ANOTHER DEBTOR

[A Debtor holding a Proven Claim against any other Debtor will not be entitled to vote such Proven Claim at the Creditors' Meeting or to receive any distribution under the Plan. The Debtors' waiver of their right to receive a distribution under the Plan is conditional upon the issuance of the Certificate of Implementation confirming the satisfaction of the Plan Implementation Conditions. This provision does not constitute and shall not be construed as a waiver of any interest in a bankruptcy of any of the Debtors.]

4.8 GUARANTEES AND SIMILAR COVENANTS

No Person who has a Claim under any guarantee, surety, indemnity or similar covenant in respect of any Claim that is compromised and released under the Plan, or who has any right to claim over in respect of, or to be subrogated to, the rights of any Person in respect of a Claim that is compromised under the Plan, shall be entitled to any greater rights than the Person whose Claim is compromised under the Plan.

4.9 SET-OFF AND COMPENSATION

Subject to Sections 6.2 and 6.3, the law of set-off applies to all Affected Claims.

SECTION 5 **APPROVAL OF PLAN AND EFFECT**

5.1 CREDITORS' MEETING

The Creditors' Meeting shall be held in accordance with the Meeting Order, the Claims Process Order, the Plan, and any further Order of the Court. The only Persons entitled to attend and vote at the Creditors' Meeting are those specified in the Meeting Order.

5.2 VOTING AND ACCUMULATION OF VOTING CLAIMS

Each Affected Creditor who is entitled to vote at the Creditors' Meeting, pursuant to and in accordance with the Claims Process Order, the Meeting Order, the Plan, and the CCAA, shall be entitled to one vote, in number, equal to the dollar value (in Canadian dollars as provided in Section 5.4 hereof) of its Affected Claim determined as a Voting Claim.

In the case of an Affected Creditor having more than one Voting Claim against one or more of the Debtors, such Affected Creditor shall be entitled to only one vote in number equal to the aggregate dollar value of all its Voting Claims, without regard as to whether the Voting Claims are against the same or different Debtors.

In the event that an Affected Creditor has asserted an Affected Claim against more than one of the Debtors, said Affected Claim shall not be duplicated such that there shall be only one Voting Claim on account of such Affected Claim as if it had been asserted against only one of the Debtors.

Each Convenience Creditor shall irrevocably be deemed to vote the full amount of its Voting Claim in favour of the resolution to approve the Plan at the Creditors' Meeting.

5.3 PROCEDURE FOR VALUING VOTING CLAIMS

The procedure for valuing Voting Claims and resolving disputes and entitlement to voting shall be as set forth in the Claims Process Order, the Meeting Order, the Plan, and the CCAA. The Monitor, in consultation with the Debtors, shall have the right to seek the

assistance of the Court in valuing any Voting Claim in accordance with the Meeting Order and the Plan, if required, and to ascertain the result of any vote on the Plan.

5.4 VOTING CLAIMS DENOMINATED IN A FOREIGN CURRENCY.

Unless specifically provided for in the Plan or the Sanction Order, all monetary amounts referred to in the Plan shall be denominated in Canadian dollars and, for the purposes of any vote under the Plan, Affected Claims shall be denominated in Canadian dollars. For the purposes of any vote under the Plan, any Affected Claims denominated in a foreign currency shall be converted to Canadian dollars at the Bank of Canada daily exchange rate in effect at the Filing Date.

5.5 FAILURE TO FILE A PROOF OF CLAIM

An Unsecured Creditor having failed to file a Proof of Claim by the Claims Bar Date (or the Restructuring Claims Bar Date, as applicable) shall not be entitled to vote and to participate in any distributions under this Plan, unless an order of the Court issued prior to the filing of the Plan has authorized the Monitor to review and process such Unsecured Creditor's Proof of Claim filed after the Claims Bar Date (or the Restructuring Claims Bar Date, as applicable), and the Debtors shall be released from such Unsecured Creditor's Claim. The provisions of this Plan, other than those relating to the right to vote and to participate in distributions, shall apply to all such Claims nonetheless.

An Unsecured Creditor having filed a Proof of Claim by the Claims Bar Date (or the Restructuring Claims Bar Date, as applicable), but having failed to file an appeal motion within ten (10) days of the receipt of a Notice of Revision or Disallowance, shall be entitled to vote and participate in any distributions only in accordance with the Notice of Revision or Disallowance that such Unsecured Creditor received.

5.6 INTEREST AND EXPENSES

Interest shall not accrue or be paid on Unsecured Claims after the Filing Date and no holder of an Unsecured Claim shall be entitled to interest accruing nor to fees and expenses incurred in respect of an Unsecured Claim on or after the Filing Date and any Claims in respect of interest accruing or fees or expenses incurred on or after the Filing Date shall be deemed to be forever extinguished and released.

Interest on the Secured Claims shall be determined in accordance with the relevant Restructuring Support Agreement.

5.7 APPROVAL BY REQUIRED MAJORITY

At the Meeting of Creditors, the Debtors will seek approval of the Plan by the affirmative vote of the Required Majority, as set forth in the Meeting Order. If approved by the Required Majority, the Debtors will seek the Sanction Order.

If the Sanction Order is granted, the result of the vote will be binding on all Affected Creditors, regardless of any individual Affected Creditor's vote and regardless of whether

or not any individual Affected Creditor was present and voted (in person or by proxy) at the Creditors' Meeting.

In order for this Plan to be effective, it must receive an affirmative vote by the Required Majority in each Class.

5.8 BINDING EFFECT

On the Plan Implementation Date:

- (1) the Plan will become effective at the Effective Time and in accordance with the sequence of steps set out in Schedule "B";
- (2) the treatment of Affected Claims under the Plan shall be final and binding for all purposes and enure to the benefit of the Debtors, all Affected Creditors, the Released Parties and all other Persons and Parties named or referred to in, or subject to the Plan and their respective heirs, executors, administrators and other legal representatives, successors and assigns;
- (3) all Affected Claims shall be and shall be deemed to be forever discharged and released, except only the obligations to make distributions in respect of such Affected Claims in the manner and to the extent provided for in the Plan;
- (4) each Person named or referred to in, or subject to the Plan, will be deemed to have consented and agreed to all of the provisions of the Plan, in its entirety; and
- (5) each Person named or referred to in, or subject to the Plan, shall be deemed to have executed and delivered to the Debtors all consents, releases, directions, assignments and waivers, statutory or otherwise, required to implement and carry out the Plan in its entirety.

5.9 PARAMOUNTCY

From and after the Plan Implementation Date, any conflict between the Plan and/or the covenants, warranties, representations, terms, conditions, provisions or obligations, express or implied, of any contract, mortgage, security agreement, and/or indenture, trust indenture, loan agreement, commitment letter, agreement for sale, the by-laws of the Debtors, lease or other agreement, undertaking or any other source of obligations, written or oral and any and all amendments or supplements thereto existing between one or more of the Affected Creditors and one or more of the Debtors as at the Plan Implementation Date will be deemed to be governed by the terms, conditions and provisions of the Plan and the Sanction Order, which shall take precedence and priority. For greater certainty, all Affected Creditors shall be deemed irrevocably for all purposes to consent to all transactions contemplated in and by the Plan.

5.10 COMPROMISE EFFECTIVE FOR ALL PURPOSES

No Person who has an Affected Claim as a guarantor, surety, indemnitor or similar covenantor in respect of any Affected Claim which is compromised under this Plan or who has any right to claim over in respect of or to be subrogated to the rights of any Person in respect of an Affected Claim which is compromised under this Plan shall be entitled to any greater rights than the Affected Creditor whose Affected Claim was compromised under this Plan. Accordingly, the payment, compromise or other satisfaction of any Affected Claim under this Plan, if sanctioned and approved by the CCAA Court and implemented, shall be binding upon such Affected Creditor, its heirs, executors, administrators, successors and assigns for all purposes and, to such extent, shall also be effective to relieve any third party directly or indirectly liable for such indebtedness, whether as guarantor, surety, indemnitor, director, joint covenantor, principal or otherwise.

5.11 RELEASE OF THE DEBTORS

On the Plan Implementation Date, each of the Debtors shall be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, liens and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any Person may be entitled to assert, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any act or omission, transaction, duty, responsibility, indebtedness, liability, obligation, dealing or other occurrence existing or taking place on or prior to the later of the Plan Implementation Date and the date on which actions are taken to implement the Plan, that constitute or are in any way relating to, arising out of or in connection with any Affected Claims, the business and affairs of the Debtors, the Plan, and the CCAA Proceedings, or any Affected Claim that has been barred or extinguished by the Claims Process Order, and all claims arising under such actions or omissions shall be forever waived and released (other than the right to enforce the Debtors' obligations under the Plan and the Sanction Order), all to the fullest extent permitted by Applicable Law, provided that nothing herein shall release or discharge the Debtors from and in respect of (i) any Unaffected Claim, (ii) any Claim which may not be released pursuant to the provisions of the CCAA and (iii) any Claim listed in subsection 19(2) of the CCAA to the extent that such Claim is held by a Creditor who has not voted, and who is not deemed to have voted, in favour of the Plan.

5.12 RELEASE OF OTHER PERSONS

On the Plan Implementation Date, (i) the Directors, Officers, and the Debtors' employees, (ii) the Debtors' legal counsel, financial advisors, consultants and agents in relation to these CCAA Proceedings, and (iii) the Monitor and the Monitor's legal counsel in relation to these CCAA Proceedings (collectively with the Debtors, the "Released Parties"), shall be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, liens and other recoveries on account of any liability, obligation,

demand or cause of action of whatever nature which any Affected Creditor, Unaffected Creditor, or any other Person may be entitled to assert (including any and all Claims in respect of statutory liabilities and any Claims against all Directors, Officers and employees of the Debtors and any alleged fiduciary or other duty), whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any act or omission, transaction, duty, responsibility, indebtedness, liability, obligation, dealing or other occurrence existing or taking place on or prior to the later of the Plan Implementation Date and the date on which actions are taken to implement the Plan, that constitute or are in any way relating to, arising out of or in connection with any Claims, the business and affairs of the Debtors, the Plan, the carrying out of the Claims Process Order, and the CCAA Proceedings, or any Claim that has been barred or extinguished by the Claims Process Order, and all claims arising under such actions or omissions shall be deemed to be fully, finally, irrevocably and forever waived, discharged, released, cancelled and barred (other than the right to enforce the Monitor's obligations under the Plan), all to the fullest extent permitted by Applicable Law, provided that nothing herein shall release or discharge (a) the Directors with respect to matters set out in Section 5.1(2) of the CCAA; (b) a Released Party from an Unaffected Claim or from a Claim which cannot be compromised under the CCAA; or (c) a Released Party if the Released Party is adjudged by the express terms of a judgment rendered on a final determination on the merits to have committed wilful misconduct or fraud.

5.13 KNOWLEDGE OF CLAIMS

Each Person to whom Section 2.3 hereof applies shall be deemed to have granted the releases set forth in Sections 5.11 and 5.12 notwithstanding that he, she, they, or it may hereafter discover facts in addition to, or different from, those which it now knows or believes to be true, and without regard to the subsequent discovery or existence of such different or additional facts, and such party expressly waives any and all rights that he, she, they, or it may have under any Applicable Law which would limit the effect of such releases to those Affected Claims at the time of the granting of the release.

5.14 WAIVER OF DEFAULTS AND CONSENT

From and after the Plan Implementation Date, all Persons (including Unaffected Creditors) shall be deemed to have waived any and all defaults of any of the Debtors then existing or previously committed by any of the Debtors, or caused by any of them, or arising, directly or indirectly from non-compliance with any covenant, positive or negative pledge, warranty, representation, term, provision, condition or obligation, express or implied, in any contract, credit document, agreement for sale, lease or other agreement, written or oral, and any and all amendments or supplements thereto, existing between such Person and any of the Debtors arising from the Debtors' insolvency, the filing by the Debtors under the CCAA, or the transactions contemplated by the Plan or otherwise, and any and all notices of default and demands for payment or any step or proceeding taken or commenced in connection therewith shall be deemed to have been rescinded, provided that nothing shall be deemed to excuse the Debtors from performing its obligations under the Plan, or be a waiver of defaults by the Debtors under the Plan.

From and after the Plan Implementation Date, all Persons (including Unaffected Creditors) shall be deemed to have consented to all the provisions of this Plan considered in its entirety.

5.15 INJUNCTIONS

The Sanction Order will enjoin the prosecution by on or behalf of any Person, whether directly, derivatively or otherwise, of any claim, obligation, suit, judgment, damage, demand, debt, right, cause of action, liability or interest released, discharged or terminated pursuant to the Plan.

SECTION 6 **PROVISION REGARDING DISTRIBUTIONS**

6.1 DISTRIBUTION TO AFFECTED CREDITORS

Distributions shall be made by the Monitor (i) at the address set forth in the Proof of Claim filed by the Affected Creditors or (ii) at the address set forth in any written notice of address change delivered to the Monitor after the date of filing of any related Proof of Claim before such distribution is made. Distributions shall be made in Canadian dollars. The Monitor shall have the right to retain and employ such agents, advisors and other assistants as are necessary for the purpose of managing and/or effecting the distributions under this Plan including, without limitation, one or more entities related to or affiliated with the Monitor or any of the Debtors.

Any terms and conditions of any Affected Claim which purports to deal with the ordering or grant of priority of payment of principal, interest, penalties or other amounts shall be deemed to be void and ineffective.

6.2 ASSIGNMENT OF AFFECTED CLAIMS PRIOR TO THE CREDITORS' MEETING

An Affected Creditor may transfer or assign the whole of its Affected Claim prior to the Creditors' Meeting, provided that neither the Debtors nor the Monitor shall be obligated to give notice or otherwise deal with the transferee or assignee of such Affected Claim as an Affected Creditor in respect thereof, including allowing such transferee or assignee of an Affected Claim to vote at the Creditors' Meeting, unless and until actual notice of the transfer or assignment, together with (i) satisfactory evidence of its ownership of such Affected Claim and (ii) a written request to the Monitor that such transferee's or assignee's name be included on the list of Affected Creditors entitled to vote the transferor's or assignor's Affected Claim at the Creditors' Meeting in lieu of the transferor or assignor, has been received and acknowledged in writing by the Monitor by no later than 5:00 p.m. on the date that is (5) Business Days prior to the date of the Creditors' Meeting, or such later time that the Monitor may exceptionally and for compelling reasons (such as a force majeure situation) agree to. Thereafter such transferee or assignee shall, for all purposes in accordance with the Claims Process Order and the Meeting Order, constitute an Affected Creditor and shall be bound by any and all notices previously given to the transferor or assignor and any and all steps taken in respect of such Affected Claim.

6.3 ASSIGNMENT OF AFFECTED CLAIMS AFTER THE CREDITORS' MEETING

An Affected Creditor may transfer or assign the whole of its Affected Claim after the Creditors' Meeting, provided that the Debtors or the Monitor shall not be obliged to make distributions to such transferee or assignee or otherwise deal with such transferee or assignee as an Affected Creditor in respect thereof unless and until actual notice of the transfer or assignment, together with satisfactory evidence of its ownership of such Affected Claim, has been received and acknowledged in writing by the Monitor by no later than 5:00 p.m. on the date that is (5) Business Days prior to any distribution. Thereafter, such transferee or assignee shall, for all purposes in accordance with the Claims Process Order, the Plan and the Meeting Order, constitute an Affected Creditor and shall be bound by any and all notices previously given to the transferor or assignor and any and all steps taken in respect of such Claim.

6.4 CALCULATION

All amounts of consideration to be received hereunder shall be calculated to the nearest cent (\$0.01). All calculations and determinations made by the Monitor and agreed to by the Debtors, or by the Debtors and agreed to by the Monitor, for the purposes and in accordance with the Plan including, without limitation, the allocation of consideration, shall be conclusive, binding and final upon the Affected Creditors and the Debtors.

6.5 TREATMENT OF UNDELIVERED DISTRIBUTIONS

If any distribution to an Affected Creditor is returned as undeliverable, or is not cashed ("Undelivered Distribution"), no further distributions to such Affected Creditor shall be made unless and until the Monitor is notified in writing of the then-current address of such Affected Creditor, at which time all missed distributions shall be made to such Affected Creditor. Nothing contained in the Plan or in the Sanction Order shall require the Debtors or the Monitor to attempt to locate any Person to whom a distribution may be payable hereunder. No interest is payable in respect of an Undelivered Distribution. Any claim for an Undelivered Distribution must be made on or before the date that is 4 months following the date of issuance of the Certificate of Implementation, after which date, any entitlement with respect to such Undelivered Distributions shall be forever discharged, forfeited and forever barred, without any compensation therefor, at which time such Undelivered Distributions shall be returned to the Debtors.

6.6 TAX MATTERS

- (1) Notwithstanding any provisions of the Plan, except as otherwise provided in this section, each Person that receives a distribution, disbursement or other payment pursuant to the Plan shall have sole and exclusive responsibility for the payment and satisfaction of any Tax Obligations imposed on such Person by any Taxing Authority on account of such distribution, disbursement or payment.

- (2) Any payor shall be entitled, but not obligated, to deduct and withhold and remit from any distribution, payment or consideration otherwise payable to any Person pursuant to the Plan such amounts as are required (a "Withholding Obligation") to be deducted and withheld with respect to such payment under any provision of federal, provincial, territorial, state, local or foreign tax law, in each case, as amended or succeeded. For greater certainty, no distribution, payment or other consideration shall be made to or on behalf of a Person until such Person has delivered to the Monitor and the Debtors such documentation prescribed by Applicable Law or otherwise required by the Debtors as will enable the Debtors to determine whether or not, and to what extent, such distribution, payment or consideration to such Person is subject to any Withholding Obligation imposed by any Taxing Authority.
- (3) All distributions made by the Monitor pursuant to the Plan shall be first in satisfaction of the portion of Affected Claims that are not subject to any Withholding Obligation.
- (4) To the extent that amounts are withheld or deducted and paid over to the applicable Taxing Authority, such withheld or deducted amounts shall be treated for all purposes of the Plan as having been paid to such Person as the remainder of the payment in respect of which such withholding and deduction were made.
- (5) For the avoidance of doubt, it is expressly acknowledged and agreed that neither the Monitor nor any Director or Officer will hold any assets hereunder, including cash, and make distributions, payments or disbursements deriving from any liquidation of the Debtors' assets, and no provision hereof shall be construed to have such effects.

SECTION 7

IMPLEMENTATION OF THE PLAN

7.1 APPLICATION FOR SANCTION ORDER

If the Required Majority of the Affected Creditors approves the Plan, the Debtors shall apply for the Sanction Order on or about March 7, 2023, or such later date as may be determined by the Debtors, in consultation with the Monitor, or such later date as the Court may set.

7.2 CONDITIONS PRECEDENT TO THE IMPLEMENTATION OF THE PLAN

The implementation of the Plan shall be conditional upon the fulfilment of all of the conditions precedent set forth below (the "Plan Implementation Conditions") by the date specified therefor, except to the extent that the Debtors, at their discretion but with the consent of the Monitor or of the Court, extend the time period for the fulfilment thereof:

- (1) the plan shall have been approved by the Required Majority of Affected Creditors at the Creditors' Meeting;
- (2) the Sanction Order shall have been granted by the Court by March 30, 2024, and shall have become a Final Order;
- (3) all conditions precedent to the Exit Financing pursuant to an Exit Financing Agreement shall have been met or will be met with the implementation of the Plan no later than September 30, 2024; and
- (4) the Petitioners shall have incorporated (i) a new entity, to be owned in the following percentages by each of George Tachejian, Joseph Bourque Investments Ltd., and Ad Prolem Capital Investments Ltd. to act as the holding company for the restructured corporate group ("**Newco Holdings**"), and (ii) a new entity to be wholly owned by Newco Holdings to act as the holding company for the entities running active hospitality businesses ("**Hospitality Newco**");
- (5) the Plan Contribution Amount shall have been paid to the Monitor no later than 180 days after the Plan Sanction Date.

Upon satisfaction of the Plan Implementation Conditions, the Debtors shall provide the Monitor written notice confirming same.

7.3 CERTIFICATE OF IMPLEMENTATION

Upon receipt by the Monitor of a written notice from the Debtors of the satisfaction of all Plan Implementation Conditions, the Monitor shall issue and file with the Court a certificate to such effect (the "**Certificate of Implementation**"), and shall post a copy of same on the Website.

7.4 NULLITY OF PLAN

In the event that all of the Plan Implementation Conditions have not occurred by the date specified therefor (as extended by the Debtors, as the case may be and pursuant to the terms of the Plan), the Monitor shall issue and file with the Court a certificate to such effect (the "**Certificate of Non-implementation**"). Upon the issuance of such Certificate of Non-Implementation, any settlement of the Affected Claims shall automatically become null, void and of no effect whatsoever and shall remain owing by the Debtors and neither the Debtors, the Affected Creditors, the Monitor nor any other Person affected by the Plan shall be bound, obligated or affected by any of the provisions of the Plan.

SECTION 8
MODIFICATION OF THE PLAN

8.1 MODIFICATION OF THE PLAN

The Debtors reserve the right at any time, and from time to time, with the consent of the Monitor or of the Court, to amend, modify and/or supplement this Plan, including, to remove one or more of the Debtors from the application of the Plan, provided that:

- (1) in the case of an amendment, modification or supplement made by the Debtors before or during the Creditors' Meeting, it is set out in a written document to be filed with the Court and disclosed to the Affected Creditors in accordance with the Meeting Order; or
- (2) in the case of an amendment, modification or supplement made by the Debtors following the Creditors' Meeting (both before and after the Sanction Order), it concerns a matter which, in the opinion of the Monitor, acting reasonably, is not materially prejudicial to the interests of the Affected Creditors under the Plan or the Sanction Order and which is necessary or useful in order to give effect to the substance of the Plan or the Sanction Order. In these circumstances, such amendment, modification or supplement shall not require any further vote by or approval by the Affected Creditors or any approval by the Court.

Any supplementary provision to the Plan filed with the Court shall be deemed to form part of and be integrated into the Plan for all purposes.

8.2 PROXIES

Any Proxies containing or deemed to contain instructions to vote in favour of the Plan as initially submitted to the Affected Creditors shall be deemed to contain instructions to vote in favour of any amended, modified or supplemented plan provided that, in the opinion of the Monitor, acting reasonably, such amendment, modification or supplement does not render the Plan less advantageous to the Affected Creditors having signed and returned such Proxy.

SECTION 9
GENERAL

9.1 CLAIMS BAR DATE

Nothing in the Plan extends or shall be interpreted as extending or amending the Claims Bar Date (or the Restructuring Claims Bar Date, as applicable), or gives or shall be interpreted as giving any rights to any Person in respect of Claims that have been barred or extinguished pursuant to the Claims Process Order.

9.2 SECTIONS 38 AND 95 TO 101 BIA

Notwithstanding Section 36.1 of the CCAA, Section 38 and Sections 95 through 101 of the BIA and any other federal and provincial law or legislation in any foreign jurisdiction (including the United States of America and any of its States) relating to preferences, fraudulent conveyances, transfers at undervalue, paulian actions or other similar void or voidable transaction shall not apply to the Plan or to any payments or distributions made in connection with transactions entered into by or on behalf of the Debtors, whether before or after the Filing Date, including to any and all of the payments, distributions, and transactions contemplated by and to be implemented pursuant to the Plan.

9.3 RESPONSIBILITIES OF THE MONITOR

The Monitor is acting in its capacity as Monitor appointed by the Court in the CCAA Proceedings with respect to the Debtors and not in its personal or corporate capacity for all acts, or decisions to not act in the implementation of the Plan, whether same occurs before or after the Plan Implementation Date. The Monitor will not be responsible or liable for any responsibilities or obligations of the Debtors under the Plan or otherwise, including with respect to the making of distributions or the receipt of any distribution by any Creditor or any other Person pursuant to the Plan. For greater certainty, the Monitor shall not incur any liability whatsoever, including in respect of (a) any amount paid, required to be paid or not paid pursuant to this Plan, (b) any costs or expenses incurred in connection with, in relation to or as a result of any payment made, required to be made or not made. The Monitor will have the powers and protections granted to it by the Plan, the CCAA, the Initial Order, the Claims Process Order, the Meeting Order, the Sanction Order and any other Orders.

9.4 LIMITATIONS OF LIABILITY

The Monitor, its legal counsel, and the Debtors' legal counsel shall not be liable to any Person for any act or omission in connection with, or arising out of, the CCAA Proceedings, the Claims Process Order, the Plan, the pursuit of sanctioning of the Plan, the consummation and implementation of the Plan or the administration of the Plan or the funds to be distributed under the Plan, except for their own wilful misconduct or gross negligence.

9.5 NOTICES

Any notice or other communication to be given hereunder must be in writing and reference this Plan and may, as hereinafter provided, be made or given by personal delivery, ordinary mail or email addressed to:

Monitor: Ernst & Young Inc.
1133 Melville St Suite 1900
Vancouver, BC V6E 4E5

Attention: Mike Bell
Email: mike.bell@parthenon.ey.com

With a copy to: Bennett Jones LLP
666 Burrard Street, Suite 2500
Vancouver, BC V6C 2X8

Attention: David Gruber
Email: gruberd@bennettjones.com

Debtors: Farris LLP
700 W Georgia St #2500
Vancouver, BC V7Y 1B3

Attention: Rebecca Morse
Tevia Jeffries
Email: rmorse@farris.com
tjeffries@farris.com

or to such other address as any party may from time to time notify the others in accordance with this Section. Any such communication so given or made shall be deemed to have been given or made and to have been received on the day of delivery if delivered, or on the day of sending by electronic communication, provided that such day in either event is a Business Day and the communication is so delivered or sent before 5:00 p.m. (Vancouver time) on such day; otherwise, such communication shall be deemed to have been given and made and to have been received on the following Business Day.

Any notices or communication to be made or given hereunder by the Monitor or the Debtors to a Creditor may be sent by e-mail, ordinary mail, registered mail, courier or to the e-mail address, address specified by such Creditor in its Proof of Claim, or in any subsequent written notice of change of address given to the Monitor. A Creditor shall be deemed to have received any document sent pursuant to the Plan four (4) Business Days after the document is sent by ordinary or registered mail and on the Business Day immediately following the day on which the document is sent by courier, or e-mail.

9.6 SEVERABILITY

If, prior to the Sanction Date, any term or provision of the Plan is held by the Court to be invalid, void or unenforceable, the Court, at the request of the Debtors which request shall be made in consultation with the Monitor, shall have the power to either:

- (1) sever such term or provision from the balance of the Plan and provide the Debtors with the option to proceed with the implementation of the balance of the Plan as of and with effect from the Plan Implementation Date; or
- (2) alter and interpret such term or provision to make it valid and enforceable to the maximum extent practicable, consistent with the original purpose of

the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted.

Notwithstanding any such severing, holding, alteration or interpretation, and provided the Debtors proceed with the implementation of the Plan, the remainder of the terms and provisions of the Plan shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such severing, holding, alteration or interpretation.

9.7 FURTHER ASSURANCES

Each of the Persons directly or indirectly named or referred to in or subject to Plan will execute and deliver all such documents and instruments and do all such acts and things as may be necessary or desirable to carry out the full intent and meaning of the Plan and to give effect to the transactions contemplated herein.

9.8 SUCCESSORS AND ASSIGNS

The Plan shall be binding upon and shall enure to the benefit of the heirs, administrators, executors, legal personal representatives, successors and permitted assigns of the Debtors, the Directors and Officers, the Affected Creditors or any other Persons affected by or benefiting from the provisions of the Plan.

[The remainder of this page is intentionally left blank]

SIGNED in Vancouver, province of British, Canada, this 8th day of December, 2023.

Joseph Richard Hospitality Group
Ltd. and those entities listed in
Schedule "A"

DocuSigned by:
Per: Ryan Moreno
38D4B20A3F1483...

Ryan Moreno

Joseph Richard Hospitality Group
Ltd. and those entities listed in
Schedule "A"

DocuSigned by:
Per: Andre Bourque
1D9AC246C9DD433...

Andre Bourque

Joseph Richard Hospitality Group
Ltd. and those entities listed in
Schedule "A"

DocuSigned by:
Per: George Tachejian
14DF58F4F28346D...

George Tachejian