



No. S235026
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

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

AND

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

AND

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

PETITIONERS

PROPOSED MONITOR'S FIRST REPORT TO COURT

May 8, 2024

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I. INTRODUCTION AND PURPOSE OF THE REPORT

Introduction

1. On July 17, 2023, the Joseph Richard Hospitality Group Ltd. and those 38 other petitioners listed on **Appendix A** (the “**Petitioners**”) were granted protection under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) pursuant to an order granted by the Supreme Court of British Columbia (the “**Court**”). Ernst & Young Inc. was appointed as monitor of the Petitioners (in its capacity as court-appointed monitor the “**Original Monitor**”).
2. The background of these CCAA proceedings is provided in Original Monitor’s Seventh Report of the Monitor, dated April 30, 2024.
3. The Petitioners have filed a notice of application that, among other things, seeks an order:
 - i. approving the sales process (the “**Sales Process**”);
 - ii. substituting MNP Ltd. as the court-appointed monitor (in its capacity as substituted court-appointed monitor, the “**Incoming Monitor**”) in place of the Original Monitor, with enhanced powers;
 - iii. extending the stay of proceedings to August 30, 2024 (the “**Stay Extension**”);
 - iv. granting a new administration charge in the amount of \$250,000 (the “**New Administration Charge**”); and
 - v. increasing the interim financing facility (the “**Interim Financing Facility**”) from Canadian Western Bank (the “**Interim Lender**”) and corresponding interim finance charge (the “**Interim Financing Charge**”) from \$500,000 to \$750,000.

Purpose of the Report

4. The Incoming Monitor has prepared this report (the “**Report**”), in its capacity as proposed substitute monitor, to provide the Court on the following updates:
 - i. additional information on the Sales Process;
 - ii. a cash flow forecast for the period April 29, 2024 to September 1, 2024; and
 - iii. recommendations regarding the proposed increase to the Interim Financing Charge.

Terms of Reference

5. In preparing this Report and in making the comments herein, the Incoming Monitor has been provided with and relied upon information received from the Petitioners including financial information prepared by the Petitioners, none of which has been audited. Further, the Incoming Monitor has relied upon discussions with the Petitioners and their legal counsel, legal counsel to the lenders, and its counsel. The Incoming Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information and, accordingly, the Incoming Monitor expresses no opinion or other form of assurance in respect of such information contained in this Report.
6. Certain information referred to in this Report consists of forecasts and projections. The Incoming Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Incoming Monitor expresses no opinion or other form of assurance in respect of the information.
7. This Report has been prepared for the use of this Honourable Court and the Petitioners' stakeholders as general information relating to the restructuring proceedings. Accordingly, this Report may not be appropriate for any other purpose. The Incoming Monitor assumes no responsibility or liability for losses incurred by the reader as a result of the circulation, publication, reproduction or use of this Report contrary to the provisions of this paragraph.
8. For the purposes of this Report, "**Management**" refers to Mr. Andre Bourque, Mr. Ryan Moreno, Mr. Alfred Zagloul and Mr. George Tachejian.
9. This report should be read in conjunction with the previous seven reports to Court filed by the Original Monitor in these CCAA proceedings.

II. SALES PROCESS

10. The proposed Sales Process is attached to this Report as **Appendix B**. The capitalized terms not otherwise defined in this Report have the definitions attributed to them in the Sales Process.

11. The purpose of the Sales Process will be to solicit offers for the purchase of the Petitioners' operating locations. The Incoming Monitor will be overseeing the Sales Process with the cooperation from the Petitioners and in consultation with the Interim Lender.
12. The Incoming Monitor intends to engage MNP's Corporate Finance group ("MNPCF") to market and sell the Petitioners' operating locations. The Incoming Monitor will seek Court approval to engage MNPCF for the Sales Process within a week of the date of this Report, subject to the Court's availability.
13. Subject to Court approval, the proposed Sales Process is summarized in the table below:

Phases	Target Date	Description
Deadline to finalize marketing package	June 20, 2024	The Incoming Monitor will prepare marketing materials and distribute it to the potential bidders who has signed a confidentiality agreement.
Due Diligence	June 24 to July 25, 2024	The potential bidders who in the Incoming Monitor's judgement appear to have: a) <i>bona fide</i> interest; and b) the financial wherewithal and operational expertise, will be considered a qualified bidder (" Qualified Bidder ") Qualified Bidders will be invited to a data room to carry out their due diligence.
Bid submission deadline	August 1, 2024	Qualified Bidders may submit a bid to the Incoming Monitor at the address specified in Schedule "B" of the Sales Process to be received no later than 5:00pm PST on August 1, 2024. A bid shall be a qualified bid (" Qualified Bid ") if it meets the numerous terms detailed in the Sales Process. The Qualified Bid must provide for a cash deposit of 10% of the purchase price. The Incoming Monitor will review all bids to determine the highest or otherwise best bids. The Incoming Monitor will in consultation with the Petitioners and consent of CWB as the Interim Lender, select the successful bid(s) and backup bid(s). Subject to entering into a final agreement with a purchaser, the Incoming Monitor will apply to Court for the approval of the successful bid(s).
Outside Closing Date	October 4, 2024	The closing of the transaction(s) shall not be later than the outside closing date.

14. The Incoming Monitor may terminate, amend or modify the Sales Process in consultation with the Interim Lender.
15. The Sales Process contemplates a 6-week period from marketing to bid submission. Having discussed with MNPCF, the Incoming Monitor believes that the 6-week period is sufficient to canvass the market and allow for due diligence for the following reasons:
 - i. There is a limited and known buyer group for this industry. The Sales Process contemplates a direct marketing campaign to select sophisticated groups. These select groups will be able to perform their due diligence in an expediated manner.
 - ii. While the business will be marketed to national groups, it is likely the local and regional groups who are the most likely to purchase the Petitioners' operations.
 - iii. The most likely prospective purchasers are already aware of the Petitioners' CCAA proceedings, and a potential Sales Process.
16. Further, there is sufficient flexibility to amend the timelines in the Sales Process if necessary or desirable to ensure a robust process in the circumstances.
17. The Incoming Monitor believes that terms and timelines contained in the Sales Process are fair and reasonable and sufficient to canvass the market.
18. The Interim Lender, BMO Bank of Montreal (a primary secured creditor of the Petitioners), and Management are supportive of a sale transaction as outlined in the Sales Process to enable the businesses to exit from these CCAA proceedings.
19. Accordingly, the Incoming Monitor recommends that the Court grant the proposed order approving the Sales Process as the best mode to canvass the market and realize on the Petitioners' operations.

III. FORECAST CASH FLOW

20. Management, with the assistance of the Original Monitor, has prepared the forecast for the period April 29, 2024 to September 1, 2024 (the "Forecast Cash Flow"). The Forecast Cash Flow is attached to this Report as **Appendix C** and is summarized below:

	\$000's
Receipts	
Restaurants and operations	11,850
Sales Taxes	1,185
Other receipts	180
	<u>13,215</u>
Operating Disbursements	
Labour	(4,224)
Cost of Goods Sold - Restaurants and operations	(3,555)
G&A	(2,250)
Rent	(1,250)
Sales Tax	(920)
Professional Fees	(450)
Contingency	(180)
	<u>(12,829)</u>
Net Cash Flow	386
Opening Balance	<u>110</u>
Closing Cash Balance	<u>496</u>

21. Based on the Incoming Monitor's view of the Forecast Cash Flow and the assumptions set out in the notes thereto, the Incoming Monitor's believes that in all material respects:
- i. the probable and hypothetical assumptions set forth therein are consistent with the purposes of Forecast Cash Flow;
 - ii. the probable and hypothetical assumptions developed by Management are suitably supported and consistent with the plans of the Petitioners or provide a reasonable basis for the Forecast Cash Flow; and,
 - iii. the Forecast Cash Flow reflect the probable and hypothetical assumptions.
22. Since the Forecast Cash Flow is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, the Incoming Monitor expresses no assurance as to the accuracy of the Forecast Cash Flow. The Incoming Monitor expresses

no opinion or other form of assurance with respect to the accuracy of any financial information presented in this Report, or relied upon by us in preparing this Report.

23. The Forecast Cash Flow has been prepared solely for the purpose described above and may not be appropriate for other purposes.

IV. INCREASE IN INTERIM FINANCING FACILITY

24. As at the date of this Report, the Interim Lender has advanced \$300,000 of the \$500,000 of the authorized Interim Financing Facility.
25. Based on the Forecast Cash Flow, the Petitioners do not expect to require working capital during the Stay Extension. However, as noted in the Original Monitor's Seventh Report to Court, the Petitioners have been experiencing declines in revenues, which has resulted in post-filing arrears.
26. Although the Forecast Cash Flow was prepared on a conservative basis, the Petitioners' revenues are difficult to predict and is dependent on the overall state of the economy and a number of variables that are difficult to predict.
27. The increase in the Interim Financing Facility and corresponding increase in the Interim Financing Charge from \$500,000 to \$750,000 is necessary to ensure that all post-filing obligations incurred are paid in the event the revenues fall below the forecast.
28. The Interim Lender has agreed to provide the additional financing to increase the Interim Financing Facility up to \$750,000 and extend the maturity date to October 31, 2024. The proposed First Amending Agreement to the Interim Financing Facility is attached to this Report as **Appendix D**.
29. Further, 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. We understand that the amounts secured under the existing Administration Charge of \$250,000, securing fees of the Original Monitor, its legal counsel and the Petitioners' legal counsel, are being paid in full from sales proceeds from the property located at 19040 Loughheed Highway in Pitt Meadows. The existing Administration Charge is accordingly being terminated.

30. The New Administration Charge is accordingly required to ensure the security of the fees and disbursements of the Incoming Monitor and its counsel while they, among other things, implement the Sales Process.
31. The Incoming Monitor recommends that the Court authorize and approve the additional Interim Financing Facility and the corresponding increase in the Interim Financing Charge from \$500,000 to \$750,000, and the New Administration Charge in the amount of \$250,000.

V. EXTENSION OF STAY OF PROCEEDINGS

Conduct of Petitioners

32. Based upon the circumstances discussed herein, the Incoming Monitor believes that the Petitioners have continued to act in good faith and with due diligence during the course of these CCAA proceedings.

Extension of Stay of Proceedings

33. The stay of proceedings currently expires on May 9, 2024. The Stay Extension is being sought to August 30, 2024.
34. The Incoming Monitor supports the Stay Extension as more time is needed to conduct the Sales Process and no creditor of the Petitioners will be materially prejudiced by the Stay Extension.

VI. RECOMMENDATIONS

35. The Incoming Monitor recommends that the Court approve:
 - i. the Sales Process;
 - ii. the increase to the Interim Financing Facility and the corresponding increase in the Interim Financing Charge from \$500,000 to \$750,000;
 - iii. the New Administration Charge in the amount of \$250,000; and,
 - iv. the Stay Extension to August 30, 2024.

All of which is respectfully submitted this 8th day of May, 2024.

MNP Ltd.

in its capacity as proposed Incoming Monitor of the Joseph Richard Hospitality Group and those Petitioners listed on Appendix A and not in its personal capacity

Per:



Mario Mainella, CPA, CA, CIRP

Per:



Kevin Koo, CPA, CIRP

Appendix A
List of Petitioners

List of Petitioners

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

Non-Petitioner Entities:

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

Appendix B
Sales Process

**SALE PROCESS
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 (“**EY**”) 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, 2024, an order substituting MNP Ltd. as monitor of the Company (in such capacity, the “**Monitor**”) and discharging EY (the “**Substitution Order**”); and
 - (d) on May 9, 2024, 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: <https://mnpdebt.ca/en/corporate/corporate-engagements/joseph-richard-group>.
4. The purpose of the Sale Process is to solicit offers for one or more 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 owned by the Petitioners listed in Schedule A.
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
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 Submission Deadline	August 1, 2024
Outside Closing Date	October 4, 2024

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 this Sales Process on a confidential basis, provide information to the Interim Lender.
11. To the extent that any Qualified 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 Qualified 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 Qualified 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 offering summary together with any additional marketing materials the Monitor considers appropriate (a “**Marketing Package**”) and distribute it, along with a draft form of confidentiality agreement (the “**Confidentiality Agreement**”), to the Known Potential Bidders.
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 qualify as a be a potential bidder (each such person so deemed, a “**Qualified Bidder**”).

DUE DILIGENCE

18. The Monitor shall provide Qualified 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 Qualified Bidders to evaluate their interest in submitting a Bid. This information may include management presentations and other matters that Qualified 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 Qualified 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 Qualified Bidders. For avoidance of doubt, and without limiting the terms of any applicable Confidentiality Agreements, selected due diligence materials may be withheld from certain Qualified Bidders if the Monitor determines such information to represent proprietary or sensitive competitive information.

SELECTION OF BINDING BIDS

19. Any Qualified Bidder may submit a Bid to the Monitor in the manner and at the address specified in **Schedule “B”** 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 October 4, 2024 (the "Outside Closing Date"), subject to the order ultimately approving the Transaction;
- (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 Qualified 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 in consultation with 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 Qualified 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 Qualified Bidders of their respective status as soon as 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 Outside Closing Date, or such later date as the Monitor may request. 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, if directed by the Monitor shall 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 as soon as practicable after the Successful Bidder is identified.
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 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 Successful Bid and any necessary or appropriate related relief required to consummate the Transaction contemplated by that Successful Bid. Court approval shall be a condition precedent to the consummation of any Transaction(s) 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 Qualified 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 Known 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 the Monitor may, in consultation with the Interim Lender, 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.
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.
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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 C

Forecast Cash Flow

For the Period April 29, 2024 to September 1, 2024

In the matter of the CCAA Proceedings of Joseph Richard Group
For the Period to April 23, 2024 to September 1, 2024
SCAD

	Forecast																		Total
	06-May-24	12-May-24	19-May-24	26-May-24	02-Jun-24	09-Jun-24	16-Jun-24	23-Jun-24	30-Jun-24	07-Jul-24	14-Jul-24	21-Jul-24	28-Jul-24	04-Aug-24	11-Aug-24	18-Aug-24	25-Aug-24	01-Sep-24	
Receipts																			
Restaurants and operations	600,000	600,000	600,000	600,000	675,000	675,000	675,000	675,000	675,000	675,000	675,000	675,000	675,000	675,000	675,000	675,000	675,000	675,000	675,000
Sales Taxes	60,000	60,000	60,000	60,000	67,500	67,500	67,500	67,500	67,500	67,500	67,500	67,500	67,500	67,500	67,500	67,500	67,500	67,500	67,500
Other receipts	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Total Receipts	670,000	670,000	670,000	670,000	752,500	752,500	752,500	752,500	752,500	752,500	752,500	752,500	752,500	752,500	752,500	752,500	752,500	752,500	752,500
Operating Disbursements																			
Cost of Goods Sold - Restaurants and operations	(180,000)	(180,000)	(180,000)	(180,000)	(202,500)	(202,500)	(202,500)	(202,500)	(202,500)	(202,500)	(202,500)	(202,500)	(202,500)	(202,500)	(202,500)	(202,500)	(202,500)	(202,500)	(202,500)
Labour	(94,000)	(375,000)	(100,000)	(375,000)	(100,000)	(400,000)	(130,000)	(400,000)	(130,000)	(400,000)	(130,000)	(400,000)	(130,000)	(530,000)	(400,000)	(130,000)	(400,000)	(130,000)	(4,224,000)
G&A	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)
Rent	(125,000)	(125,000)	-	-	(250,000)	-	-	-	-	(250,000)	-	-	-	(250,000)	-	-	-	-	(250,000)
Sales Tax	-	-	-	-	(200,000)	-	-	-	-	-	-	-	-	-	-	-	-	-	(250,000)
Contingency	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(240,000)	-	-	-	(240,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(920,000)
Total Operating Disbursements	(634,000)	(818,000)	(418,000)	(880,000)	(687,500)	(737,500)	(487,500)	(737,500)	(797,500)	(887,500)	(487,500)	(337,500)	(1,187,500)	(687,500)	(737,500)	(487,500)	(737,500)	(987,500)	(12,378,000)
Restructuring Disbursements																			
Professional Fees	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(450,000)
Total Restructuring Disbursements	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(450,000)
Financing Receipts / (Disbursements)																			
DIP Facility - principal draw / (repayment)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Financing Receipts / (Disbursements)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Flow	111,000	(170,000)	230,000	(248,000)	40,000	(16,000)	260,000	(10,000)	20,000	(260,000)	260,000	390,000	(380,000)	140,000	(10,000)	260,000	(10,000)	(230,000)	386,000
Opening Balance	110,000	221,000	81,000	281,000	36,000	76,000	66,000	326,000	316,000	336,000	76,000	336,000	726,000	346,000	486,000	476,000	736,000	726,000	110,000
Closing Cash Balance	221,000	51,000	281,000	36,000	76,000	66,000	326,000	316,000	336,000	76,000	336,000	726,000	346,000	486,000	476,000	736,000	726,000	496,000	496,000

- Notes:
- JRG is forecasting revenues consistent with same periods in 2023.
 - Miscellaneous receipts and supplier rebates.
 - Cost of Goods Sold calculated as 30% of revenues.
 - Labour consists of all Joseph Richard Group salaries and wages, including insurance and benefits.
 - G&A consists of administrative and operational costs.
 - Rent consists of operating location rent and lease payments.
 - The Cash Flow Forecast incorporates a contingency in the amount of \$10K per week.
 - Professional Fees are estimated costs of the Monitor and the Monitor's Counsel.

Appendix D
First Amending Agreement to the Interim Financing Facility

FIRST AMENDING AGREEMENT

THIS FIRST AMENDING AGREEMENT (this "Agreement") made as of May ____, 2024.

BETWEEN:

THE JOSEPH RICHARD HOSPITALITY GROUP LTD. and those entities enumerated in Schedule "A" hereto

(collectively, the "Borrower")

AND:

CANADIAN WESTERN BANK

(the "Interim Lender")

WHEREAS:

A. The Borrower commenced proceedings under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c C-36, in Supreme Court of British Columbia (the "Court") Action No. S235020 and obtained an initial order made therein July 17, 2023.

B. The Court granted an order on August 30, 2023, among other things, authorizing the Borrower, to obtain and borrow under a facility (the "Interim Facility") from the Interim Lender to finance the continuation of the Borrower's business and preservation of its property, provided the borrowings thereunder shall not exceed \$500,000.

C. The Borrower and the Interim Lender entered into an interim financing term sheet dated as of August 29, 2023 (the "Term Sheet") pursuant to which the Interim Lender advanced a credit facility to the Borrower.

D. On May 9, 2024, the Court granted an order, among other things, increasing the authorized borrowings amount under the Interim Facility. Accordingly, the parties wish to amend the Term Sheet to reflect such increase and to extend the maturity date thereunder.

E. Unless otherwise defined herein, capitalized terms used in this Agreement shall have the meanings ascribed to such terms in the Term Sheet as amended by this Agreement.

THEREFORE the parties hereto covenant and agree that in consideration of the sum of \$1.00 now paid by each party to the other, the receipt and sufficiency of which is hereby acknowledged the parties agree that the Term Sheet shall be amended as follows:

1. The Term Sheet is hereby amended as follows:

(a) the Section titled "Principal Amount" is deleted in its entirety and replaced with the following:

“Up to \$750,000 CAD (the "Loan "), or such greater amount as the Lender may agree.”;

- (b) the Section titled “**Maturity**” is deleted in its entirety and replaced with the following:

“The Loan, including any outstanding principal, interest and fees, shall become fully due and payable on the earliest of the occurrence of any of the following (such earliest date being the "Maturity Date"): (i) the date on which the Lender demands repayment after the occurrence of an event of default; (ii) the implementation of a plan of arrangement and compromise within the CCAA Proceedings, which has been approved by the requisite majorities of the Borrower’s respective creditors, by an order made by the Court; (iii) the sale of all or substantially all of the assets of the Borrower; (iv) the termination of the CCAA Proceedings; (v) the complete or partial lifting of stay of proceedings in the CCAA Proceedings; and (iv) October 31, 2024, or such other later date as may be communicated in writing by the Lender at its sole and unfettered discretion.”;

- (c) the Section titled “**Events of Default**” is deleted in its entirety and replaced with the following:

“In this Interim Financing Term Sheet, “event of default” means the occurrence of any of the following events or circumstances:

1. If the Order, the interim financing order made August 30, 2023, the sale process order made May 9, 2024 or the substitution order made May 9, 2024 have been vacated, stayed or otherwise caused to be ineffective or is otherwise amended in a manner not approved by the Lender, in its sole discretion;
2. Any steps are taken by the Borrower or any other person to challenge the Order or the validity, enforceability or priority of the DIP Charge in favour of the Lender; and
3. Failure to pay any and all amounts, including, without limitation, any principal, interest, fees, prepayment obligations or any other amounts, that are or may become owing to the Lender under, or in relation to, the Loan.”;

- (d) the Section titled “**Reporting**” is deleted in its entirety; and

- (e) the Section titled “**Loan Agreement and Closing Documents**” is deleted in its entirety and replaced with the following:

“Notwithstanding anything to the contrary in this Interim Financing Term Sheet, the parties agree that no definitive loan agreement (“**Loan Agreement**”) or other closing documents shall be required in respect of the Loan and this Interim Financing Term Sheet shall be the sole and definitive agreement governing the terms of the Loan.”

2. This Agreement shall be read and construed along with the Term Sheet and be treated as a part of

such agreements and all terms, covenants and conditions save as herein amended, shall be and continue to be of full force and effect and time shall continue to be of the essence of such agreements.

3. Each of the undersigned acknowledges and agrees that any and all security (including any guarantees) that it has granted to the Interim Lender continues to remain in full force and effect in accordance with its terms. The rights and powers conferred by this Agreement are in addition to and without prejudice to any other rights and remedies which the Interim Lender has under the Term Sheet and any and all other security granted to the Interim Lender and shall not operate as a merger of any simple contract debt or in any way suspend the fulfillment, or prejudice or affect the rights, remedies and powers of the Interim Lender in respect of the said obligations or any securities held by the Interim Lender for the fulfillment hereof.
4. This Agreement shall enure to the benefit of and be binding upon the parties hereto, their respective heirs, executors, administrators, successors and assigns as the case may be and whenever the singular or masculine genders are used in this Agreement the same shall be constructed as meaning the plural or feminine or body corporate or neuter genders where the context so requires and all covenants shall be deemed to be joint and several.
5. This Agreement may be executed in counterparts, whether on originals or on facsimile copies, each of which when delivered, whether delivered by facsimile transmission or otherwise, will be deemed to be an original and all of which together will constitute one and the same document.

Signature Page to Follow

The parties hereto have executed this Agreement as of the date first above written.

Borrower:

THE JOSEPH RICHARD HOSPITALITY GROUP LTD.

Per: _____
Name:
Title:

Interim Lender:

CANADIAN WESTERN BANK

Per:
Name:
Title:

List of Petitioners

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