

No. S235026
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

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

AND

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

AND

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

PETITIONERS

SIXTH MONITOR'S REPORT

ERNST & YOUNG INC.

March 7, 2024

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INTRODUCTION

1. On July 17, 2023 (the “**Filing Date**”), pursuant to an order (the “**Initial Order**”) granted by the Supreme Court of British Columbia (the “**Court**”), the Joseph Richard Hospitality Group Ltd. and those 38 other petitioners listed hereto at **Appendix “A”** (each a “**Petitioner**”, and collectively, the “**Petitioners**” or “**JRG**”) were granted protection under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”), and Ernst & Young Inc. (“**EYI**”) was appointed monitor of the Petitioners (in such capacity, the “**Monitor**”).
2. Following the issuance of the Initial Order and a temporary stay of proceedings, the Petitioners made an application to Court seeking various relief, which included request to make certain amendments to the Initial Order.
3. On July 27, 2023, this Honourable Court pronounced the following orders:
 - a) an amended and restated initial order (“**ARIO**”) which, among other things,
 - i. granted an extension to the Initial Stay of Proceedings until and including September 29, 2023 (the “**Stay Period**”);
 - ii. increased the Administration Charge to \$400,000 to secure payment of the fees and disbursements of the Petitioners’ legal counsel, the Monitor, and the Monitor’s legal counsel;
 - iii. increased the Directors’ Charge to \$1,000,000 as security for claims that may be brought against the Petitioners’ directors and officers;
 - iv. created an Intercompany Charge as security for any payment or obligation incurred between any Petitioner;
 - v. elevated the priority of the Administration Charge and the Directors’ Charge in respect of the secured creditors who did not receive notice of the initial

order hearing, but who were provided notice of the July 27, 2023 application; and

vi. added Townhall Holdings (South Surrey) Ltd., Townhall Holdings (Coquitlam) Ltd., and Micky's Investments (Coquitlam) Ltd. (together, the **"Additional Petitioners"**) as Petitioners to this proceeding.

b) a Claims Process Order approving a claims process (the **"Claims Process"**) to identify and quantify creditors' claims against the Petitioners.

4. On August 30, 2023, this Honourable Court issued an Interim Financing Order which, among other things:

a) authorized the Petitioners to obtain and borrow under a credit facility (the **"Interim Financing Credit Agreement"**) from Canadian Western Bank (**"CWB"** or, the **"Interim Lender"**), provided that borrowings under such credit facility do not exceed \$500,000;

b) granted a charge (the **"Interim Financing Charge"**) to a maximum amount of \$500,000 plus interest and applicable fees, costs and other amounts payable under the Interim Financing Credit Agreement;

c) amended the ARIO such that the maximum amount of the Administration Charge is limited to \$250,000;

d) clarified the priority of the charges granted under the ARIO and Interim Financing Order as follows:

i. First: Administration Charge (to a maximum amount of \$250,000);

- ii. Second: Interim Financing Charge (to a maximum amount of \$500,000 plus interest and all applicable fees, costs and other amounts payable under the Interim Financing Credit Agreement);
 - iii. Third: Intercompany Charge; and
 - iv. Fourth: Directors' Charge (to a maximum amount of \$1,000,000).
5. On December 14, 2023, the Court pronounced a number of Orders in the CCAA proceedings, including a "**Creditors' Meeting Order**" which established a procedure for convening a meeting of creditors of the Companies (the "**Meeting**") for the purpose of voting on a Plan of Compromise and Arrangement filed on behalf of the Companies (the "**Plan**"). The Meeting was originally scheduled for February 29, 2024.
6. As described in Affidavit #2 of Mr. Ryan Moreno, made March 5, 2024 ("**Moreno #2**"), the Petitioners made proposals to each of their key stakeholders. The Petitioners have focused on Canadian Western Bank ("**CWB**") and the Canada Revenue Agency ("**CRA**") as the entities who have filed the two most significant claims. While some progress has been made, the Petitioners have not come to final terms with these key stakeholders.
7. On February 27, 2024, the Monitor notified Affected Creditors in accordance with the Meeting Order that pursuant to paragraph 27 of the Meeting Order, the Chair (being the Monitor) postponed the Meeting, which was originally scheduled for 10:00 a.m. (Vancouver time) on February 29, 2024, to 10:00 a.m. (Vancouver time) on March 29, 2024 (the "**Creditors' Meeting Postponement**");
8. The Stay of Proceedings has been extended from time to time in the within proceedings and the current Stay Period expires March 8, 2024.
9. On March 5, 2024, the Petitioners filed a Notice of Application (the "**May 5 Notice of Application**") returnable March 8, 2024, seeking an order(s) to:

- a) extend the Stay Period from March 8, 2024 to May 8, 2024 (the “**Stay Extension Order**”); and
- b) approve the sale of the Roosters Building (defined below).

PURPOSE OF THIS REPORT

10. The purpose of this Fourth Report is to provide this Honourable Court with:
 - a) condensed background information with respect to the Petitioners;
 - b) information respecting the proposed sale of the Roosters Building;
 - c) the actual receipts and disbursements of the Petitioners for the period from December 3, 2023 to February 25, 2024 (the “**Sixth Report Variance Period**”), as compared to the cash flow forecast attached to the Fifth Report as Appendix “A” (the “**Fifth Report Cash Flow Forecast**”);
 - d) the Petitioners’ statement of projected cash flow (the “**Sixth Cash Flow Forecast**”) for the period from to May 8, 2024 (the “**Sixth Cash Flow Period**”). The Fourth Cash Flow Forecast, together with its underlying assumptions, is attached hereto as **Appendix “A”**; and
 - e) the Monitor’s recommendations.
11. EYI is filing this report (the “**Sixth Report**”) in its capacity as court-appointed Monitor of the Petitioners. Court materials filed in these proceedings, including the materials filed by the Petitioners in support of the ARIO, are available at the website established by the Monitor in respect of these proceedings at: www.ey.com/ca/JRG (the “**Monitor’s Website**”).
12. This report should be read in connection with the materials filed with this Honourable Court in connection with the May 5 Notice of Application, including Moreno #2.

13. Capitalized terms not otherwise defined in this Sixth Report have the meanings given to them in the Initial Order, the ARIO, the First Report, the Second Report, the Third Report, Fourth Report, the Fifth Report, and the various materials filed by the Petitioners in support of the March 5 Notice of Application.
14. Unless otherwise stated all monetary amounts contained herein are expressed in Canadian Dollars.

TERMS OF REFERENCE

15. In preparing this Sixth Report and making the comments herein, the Monitor has been provided with, and has herein relied upon, unaudited financial information, books, records and financial information prepared by the Petitioners, discussions with management of the Petitioners, and information from other third-party sources (collectively, the "**Information**").
16. Except as described in this Sixth Report, the Monitor has not audited, reviewed, or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Canadian auditing standards pursuant to the Chartered Professional Accountants of Canada Handbook.
17. Future oriented financial information referred to in this Sixth Report was prepared based on Management's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not readily and currently ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variations could be material.
18. Unless otherwise indicated, the Monitor's understanding of factual matters expressed in this Sixth Report concerning the Petitioners and their business is based on the Information, and not independent factual determinations made by the Monitor.

19. For the purposes of this report, “**Management**” means Mr. André Bourque (“**Mr. Bourque**”) and Mr. Ryan Moreno (“**Mr. Moreno**”), both founders of JRG, as well as Mr. Alfred Zagloul (the current Chief Financial Officer “**CFO**”) and Mr. George Tachejian (“**Mr. Tachejian**”) (Vice President).

CONDENSED BACKGROUND INFORMATION

20. The Petitioners operate a series of restaurants, pubs, liquor stores, events and hospitality businesses, and wineries in the Lower Mainland region of British Columbia. They are collectively known as the “**Joseph Richard Group**”, which was founded by Mr. Bourque and Mr. Moreno in 2009. JRG is known throughout the lower mainland for their style of upscale-casual pub restaurants.
21. In particular, the First Bourque Affidavit describes that the Petitioners operate 22 establishments and ventures (the “**Hospitality Entities**”), which are primarily held in companies owned in whole or part by Joseph Richard Investments Ltd. (“**JRIL**”) and Joseph Richard Hospitality Group Ltd. (“**Hospitality**”).
22. The First Report of the Monitor describes that the Petitioners have two (2) primary “**Secured Creditors**” as follows:
- a) Canadian Western Bank (“**CWB**”) who, according to the Proof of Claim filed by CWB, was owed approximately \$36.2 million under three separate facilities advanced to the Petitioners; and
 - b) Bank of Montreal (“**BMO**”) who, according to the Proof of Claim filed by CWB, was owed approximately \$2.3 million by Petitioners.
23. The Petitioners’ assets including the following holding companies, entities and enterprises that possess real property or are currently in operation:

Enterprise	PPR Registrations by	
	CWB	BMO
JRG Cloverdale Holdings Ltd. (“ JRGCVL ”), which owns a building located at 5708 176 th Street in Surrey (the “ Clover Building ”) that houses the current head office of the JRG as well as the Henry (see below).	X	
1164312 B.C. Ltd. (“ 116 ”) which owns a strata development (the “ Roosters Building ”) in Pitt Meadows Both the Clover Building and the Rooster Building are currently listed for sale with Colliers International.	X	
JRG Cloverdale Ventures Ltd., which operates the Henry, a bar in Surrey located in the Clover Building.	X	
S & L Kitchen & Bar Holdings Abbotsford Ltd., which operates S+L Kitchen & Bar Abbotsford, in a leased facility in Abbotsford, British Columbia.	X	
S & L Kitchen & Bar Holdings Langley Ltd., which operates S+L Kitchen & Bar Langley, in a leased facility in Langley, British Columbia.	X	
S & L Kitchen & Bar Holdings South Surrey Ltd. , which operates S+L Kitchen & Bar South Surrey, in a leased facility in Surrey.	X	
Livelihood Public House Ltd., which operated Livelihood, a pub restaurant in a leased facility Port Moody. This entity has since ceased operations in CCAA.	X	
Oak & Thorne Public House Ltd. which operates Oak & Thorne, a bar in a leased facility Langley.	X	
Whiskey Charlie Holdings Ltd., which operates Whiskey Charlie, a café in a leased facility at the Pitt Meadows Airport in Pitt Meadows.	X	
The Italian Osteria and Cheese Bar Ltd., which operates The Italian Osteria & Cheesebar, a restaurant in a leased Langley.	X	
Steveston Hospitality Services Ltd., which operates the following ventures under a management agreement: <ul style="list-style-type: none"> • the Steveston Café and Hotel, a hotel in Richmond, British Columbia • the Steveston Hotel Liquor Store, a liquor store in Richmond • the Buck & Ear, a bar in Richmond. 	X	
Townhall Holdings (Abbotsford) Ltd., which operates Townhall Abbotsford, a pub restaurant in a leased facility Abbotsford.	X	
Townhall Holdings (Chilliwack) Ltd., which operates Townhall Chilliwack, a pub restaurant in a leased facility in Chilliwack.	X	

Townhall Holdings (Maple Ridge) Ltd., which operates Townhall Maple Ridge, a pub restaurant in a leased Maple Ridge.	X	
Townhall Holdings Ltd., which operates Townhall Langley in a leased facility in Langley.	X	
JRG Glass House Estates Winery Ltd., which operates a winery in a leased facility in Langley.		X ¹
JRG Queens LRS Ventures Ltd., which operates a liquor store in a leased facility New Westminster.		X
Blank Canvas Catering Ltd., which operates Blank Canvas Catering, a private dining and catering company in the Lower Mainland.		X
JRG Ledgeview Holdings Ltd., which operates under a management agreement Tavern on the Green, a pub restaurant, and Hillside Event Space, a private event space, both at the Ledgeview golf course in Abbotsford.		X
JRG Clover Station LRS Ltd., which operates a liquor store in a leased facility Surrey.		

24. As is noted above, one of the Petitioners is JRG Clover Station LRS Ltd. (the “**Clover Station Liquor Store**”), which operates a liquor store in a leased facility Surrey. Neither BMO nor CWB have registered in the BC PPR against the Clover Station Liquor Store. The Province of British Columbia (the “**Province**”) registered a security interest in the Personal Property Registry of the Clover Station Liquor Store on June 22, 2023.
25. The Petitioners have advised the Monitor that they do not own (directly or indirectly) the liquor store license for the Clover Station Liquor Store but rather manage the liquor store on behalf of the license holder. Assuming that it is the Clover Station Liquor Store (and not the liquor license holder) that owns the liquor inventory, the Monitor is of the view that the value of Clover Station Liquor Store in liquidation is minimal and likely less than 50% of inventory cost value when factoring in liquidation costs and professional fees. If the liquor store license holder owns

¹ BMO's original PPR registration dated July 26, 2021 was in the name of "JRG Glass House Estate Winery Ltd." On August 15, 2023, during the stay period, a provincial Crown charge was filed pursuant to the provincial *Sales Tax Act* in the PPR against "JRG Glass House Estates Winery Ltd." On February 13, 2024, during the stay period, BMO amended its PPR registration to name "JRG Glass House Estates Winery Ltd." as the debtor.

the liquor, then the liquidation value of the Clover Station Liquor Store is minimal. The Petitioners have advised the Monitor that the average inventory value in the Clover Station Liquor Store is approximately \$65,000. Given the average inventory value, in consultation with the Monitor, the Petitioners are of the view that the Province would be able to recover less than \$32,500 in respect of the Province's secured claim (the "**Province of British Columbia Secured Claim**").

26. Whiskey Charlie Holdings Ltd. ("**Whiskey Charlie**") also does not have against it a registration in the BC PPR by BMO or CWB, and has no other registered secured creditors. Whiskey Charlie operates a café out of the Pitt Meadows airport, on leased premises. Whiskey Charlie's assets consist of minimal equipment. All proofs of claim filed against Whiskey Charlie Holdings Ltd. are for less than \$2,000, which means they will be paid in full under the Plan, as discussed below.
27. There are also two Petitioners without ongoing operations in respect of which BMO or CWB has not filed registrations in the BC PPR – Oceanside Yacht Club and Public House Ltd. and Townhall Holdings (Coquitlam) Ltd. These entities hold no assets and have no realizable value.
28. Additional background information on JRG and the CCAA Proceedings is available on the Monitor's Website.

THE PROPOSED SALE OF THE ROOSTERS BUILDING

29. The Fifth Report noted that both the Clover Building and the Roosters Building were listed for sale with Colliers International.
30. The Roosters Building is a strata property in Pitt Meadows, British Columbia with a civic address of 19040 Lougheed Highway, Pitt Meadows, British Columbia.

31. Moreno #2 describes that CWB requested that the Petitioners retain Colliers to market the Roosters Building; and accordingly, retained Colliers in or about December 2023. Colliers listed the Roosters Building for \$3.3 million.
32. Attached as Exhibit "B" to Moreno #2 is a copy of the listing brochure for the Roosters Building that was distributed to Colliers' comprehensive network of buyers.
33. Attached as Exhibit "D" to Moreno #2 is a copy of a marketing report prepared by Colliers (the "**Colliers Report**") which summarizes its efforts to sell the Roosters Building for the highest price, including:
 - a) signs on the Roosters Building;
 - b) a listing on the Colliers website;
 - c) a property Eblast sent to 289 commercial agents; and
 - d) commercial broadcasts and investor eblasts sent to over 5,000 and 4,000 people, respectively.
34. Colliers ultimately received two offers:
 - a) a verbal offer of \$2.8 million; and
 - b) an offer of \$2.7 million, subsequently negotiated up to \$3.2 million (the "**Offer**") from 1358224 B.C. Ltd. (the "**Purchaser**"), a copy of which is attached as Exhibit "E" to Moreno #2.
35. The Offer included a deposit of \$150,000. It is firm and binding and subject only to Court approval. The closing date is set for the later of: (i) 15 days after Court approval; or April 15, 2024.
36. The May 5 Notice of Application notes that Colliers recommends the Offer be accepted by the Court, given its strong structure, including significant deposits within a short closing timeline that will provide stakeholders with as much certainty as possible.

37. The Offer has been approved by CWB who has valid first ranking security over the Roosters Building as validated by an independent security review undertaken by Bennett Jones LLP who is representing the Monitor in the within proceedings.
38. Colliers further advised the Monitor that they informed parties who expressed interest in buying the Roosters Building of the March 8 hearing date to approve the sale of the Roosters Building should they wish to present the Petitioners with alternative offers.
39. The Petitioners have advised the Monitor that, as of the date and time of filing this Report, they are not aware of any alternative offers.
40. The Monitor has reviewed the contents of Moreno #2 and the Colliers Report and concurs with Colliers' recommendation that the Court approve the Offer. The Monitor further notes that the listing agents for the Roosters Building include Mr. Bill Randall and Mr. Hart Buck who are two of the most experienced and notable commercial property agents dealing with insolvency transactions in British Columbia.
41. The Petitioners are not seeking a distribution order at this time, so the expectation is that the sale proceeds would be held by the Monitor in trust, net of an industry standard brokerage fee and other costs of sale and outstanding property taxes which would be paid in conjunction with closing.
42. In sum, the Monitor approves of the process that led to the Offer, and in the Monitor's opinion, the Offer would be more beneficial to creditors than a sale or disposition under a bankruptcy.

COST-RATIONALIZING INITIATIVES SINCE THE FILING DATE

43. As detailed in the First Report, each of the Petitioners were severely impacted by the COVID-19 pandemic, including by the public-health mandated business closures. These required the Petitioners to obtain significant unanticipated borrowings to meet their ongoing obligations.

Such impacts were not unique to the Petitioners, as hospitality operators industry-wide faced significant challenges throughout the pandemic.

44. The financial pressures also contributed to the loss of key financial personnel and the state of the Petitioners financial operations was deficient and has been reconstructed in CCAA.

45. Emerging from the pandemic, the Monitor understands that the hospitality industry has continued to face ongoing challenges including, among others:

- a) inflationary pressures affecting cost of goods;
- b) increased debt servicing costs due to the compounding effects of increased interest rates and pandemic-necessitated borrowings;
- c) softened restaurant spending noted by:
 - i. OpenTable reporting year-over-year reduction in seated diners in Vancouver of 14% in January 2024, as compared to the same time period for 2023; and
 - ii. Restaurant Canada's recent quarterly report estimates that sixty-two per cent of restaurants are operating at a loss or barely breaking even;
- d) various regulatory changes causing increasing operational costs, including minimum wage increases and additional employee entitlements.

46. Since the Filing Date, the Petitioners have taken steps to rationalize their costs and expenses to address these challenges, including, most notably:

- a) the permanent closure of an unprofitable bar and restaurant called Livelyhood in Port Moody that lost approximately \$250,000 last year; and
- b) through headcount reductions, reducing bi-weekly payroll payments by \$140,000 in January 2023, representing an annualized reduction in payroll costs of approximately \$3,500,000.

47. Moreover, at CWB's request, the Petitioners recently engaged Integrated Hospitality Management, a hospitality consultant with more than 350 years of combined senior management experience, to undertake an operational review of select locations to further improve performance and reduce costs to emerge from this recessionary period. The hospitality consultant is expected to report to MNP regarding their findings.

CASH FLOW VARIANCES SINCE THE THIRD REPORT

48. The table below summarizes the Petitioners' actual cash receipts and disbursements as compared to the Fifth Report Cash Flow Forecast for the Sixth Report Variance Period (i.e., December 3, 2023 to February 25, 2024).

	Budget	Actual	Variance
Opening Balance	483,930	483,930	
Receipts			
Restaurants and operations	9,360,000	8,380,473	(979,527)
Other receipts	105,000	25,295	(79,705)
Total Receipts	9,465,000	8,405,768	(1,059,232)
Operating Disbursements			
Cost of Goods Sold - Restaurants and operations	(2,808,000)	(2,674,414)	133,586
Labour - Restaurants	(3,448,443)	(2,621,986)	826,457
G&A	(1,500,000)	(1,660,977)	(160,977)
Rent	(630,000)	(784,938)	(154,938)
Sales Tax	(250,000)	(464,579)	(214,579)
Contingency	(120,000)	-	120,000
Total Operating Disbursements	(8,756,443)	(8,206,893)	549,550
Restructuring Disbursements			
Professional Fees	(400,000)	(135,000)	265,000
Total Restructuring Disbursements	(400,000)	(135,000)	265,000
Financing Receipts / (Disbursements)			
DIP Facility - principal draw / (repayment)	(300,000)	-	300,000
Total Financing Receipts / (Disbursements)	(300,000)	-	300,000
Net Cash Flow	8,557	63,875	55,318
Closing Cash Balance	492,487	547,805	

49. The Monitor reports that all variances derive from materially (13%) lower revenues than forecast. The Monitor is currently working with several bar and restaurant operators, both in and out of insolvency proceedings, and notes that the Petitioners' decline in revenues is consistent with other operators as well as the OpenTable reporting for Vancouver (noted above).
50. The Petitioners based their revenue forecasts based on previous years' results and incorporated a 'recessionary environment' discount; although the discount was not enough.
51. In a recent quarterly report, the Keg Restaurants noted "*it is currently difficult to predict sales levels of KRL with any level of certainty, as ongoing interest rate increases, persistent inflation and diminishing disposable income may have an adverse effect on consumer confidence and discretionary spending.....*".
52. The Monitor concurs with this assessment and notes this is the most challenging environment operators in the Hospitality Industry have ever faced. The Monitor is of the view that the decline in sales is outside of the control of the Petitioners and is the product of the current economic environment.
53. The Monitor further notes that the Petitioners' operations were materially impacted by heavy snow periods and freezing temperatures which caused the closure of most bars and restaurants in the lower mainland for several days in January including many of the locations operated by the Petitioners.
54. Notwithstanding the above, the Monitor is of the view that the Petitioners have undertaken material cost cutting efforts to allow for break-even or small profits in the near term through the cost cutting initiatives noted above.

55. The Petitioners are a major employer in British Columbia providing approximately 650 jobs and they are working diligently to sustain their operations and survive through this challenging period.
56. Most of the Petitioners costs including rent, facilities costs, and even payroll (similar staffing levels are required despite a 13% drop in sales) are sticky and the Monitor is of the view that any rebound in the economy will result in significant profits. The Monitor estimates incremental margins in excess of 60% should sales increase.

THE SIXTH REPORT CASH FLOW FORECAST

57. Management, with the assistance of the Monitor, has prepared the Sixth Report Cash Flow Forecast for the period of February 26, 2024 to May 8, 2024 (the “**Forecast Period**”). A copy of the Fifth Cash Flow Forecast is attached hereto as **Appendix “B”** and is summarized below:

	Total
Opening Balance	547,805
Receipts	
Restaurants and operations	7,100,000
Other receipts	150,000
Total Receipts	7,250,000
Operating Disbursements	
Cost of Goods Sold - Restaurants and operations	(2,048,625)
Labour - Restaurants	(2,701,600)
G&A	(1,200,000)
Rent	(756,000)
Sales Tax	(335,000)
Contingency	(100,000)
Total Operating Disbursements	(7,141,225)
Restructuring Disbursements	
Professional Fees	(250,000)
Total Restructuring Disbursements	(250,000)
Financing Receipts / (Disbursements)	
DIP Facility - principal draw / (repayment)	-
Total Financing Receipts / (Disbursements)	-
Net Cash Flow	(141,225)
Closing Cash Balance	406,580

58. Based on the Monitor's view of the Sixth Report Cash Flow Forecast and the assumptions set out in the notes thereto, nothing has come to its attention that causes it to believe that, in all material respects:

- a) the probable and hypothetical assumptions set forth therein are not consistent with the purposes of the Sixth Report Cash Flow Forecast;
- b) as at the date of this Fifth Monitor's Report, the probable and hypothetical assumptions developed by Management are not suitably supported and consistent with the plans of the Petitioners or do not provide a reasonable basis for the Sixth Report Cash Flow Forecast; and

c) the Sixth Report Cash Flow Forecast does not reflect the probable and hypothetical assumptions.

59. As described in the Terms of Reference section above, since the Sixth Report Cash Flow Forecast is based on assumptions regarding future events, actual results will vary from the information presented even if the probable and hypothetical assumptions occur, and the variations may be material. Accordingly, the Monitor expresses no assurance as to whether the Sixth Report Cash Flow Forecast will be achieved.
60. The Sixth Report Cash Flow Forecast has been prepared solely for the purposes described above and readers are cautioned that it may not be appropriate for other purposes.

STAY EXTENSION

61. The Stay is currently set to expire March 8, 2024. The Stay Extension is sought in order to allow the Petitioners to advance their restructuring, and, in particular, to allow discussions with major stakeholders to continue to allow for a restructuring of the Petitioners.
62. The Monitor has considered the onus on the Petitioners to demonstrate that the Stay Extension is appropriate, having regard to:
- a) the circumstances that may justify granting the Stay Extension; and
 - b) whether the Petitioners have acted, and are acting, in good faith and with due diligence to advance its restructuring, including the proposed sale of the Roosters Building.
63. In the Monitor's view: (a) the Stay Extension is appropriate and is indeed necessary to allow the Petitioners' restructuring to continue as proposed, and to maintain their enterprise value meanwhile; and (b) the Petitioners have acted and continue to act and operate in good faith and with due diligence to advance their restructuring since the date of the Initial Order.

CONCLUSION AND RECOMMENDATIONS

64. For the reasons stated herein, the Monitor supports the relief sought by the Petitioners at the and recommends that this Honourable Court grant the relief sought.

All of which is respectfully submitted this 7th day of March, 2024.

ERNST & YOUNG INC.

in its capacity as Monitor
of Joseph Richard Hospitality Group
and those Petitioners listed in Appendix "A"
and not in its personal or corporate capacity

Per:

A handwritten signature in black ink, appearing to be 'M Bell', written over a light blue horizontal line.

Michael Bell, CPA, CA, CIRP, LIT
Senior Vice President

APPENDIX "A"

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.
Lowercase Capital Consulting Ltd.
Micky's Investments (Coquitlam) Ltd.
Monkey See Tiki Bar Ltd.
Oak & Thorne Public House Ltd.
Oceanside Yacht Club And Public House Ltd.
S & L Kitchen & Bar Holdings Abbotsford Ltd.
S & L Kitchen & Bar Holdings Langley Ltd.
S & L Kitchen & Bar Holdings South Surrey Ltd.
Steveston Hospitality Services Ltd.
Sudo Asian Kitchen Holdings (Langley) Ltd.
The Italian Osteria and Cheese Bar Ltd.
The Phat Bird Public House Ltd.
The Study Public House Ltd.
Townhall Holdings (Abbotsford) Ltd.
Townhall Holdings (Chilliwack) Ltd.
Townhall Holdings (Coquitlam) Ltd.
Townhall Holdings (Maple Ridge) Ltd.
Townhall Holdings (South Surrey) Ltd.
Townhall Holdings Ltd.

Whiskey Charlie Holdings Ltd.

Non-Petitioner Entities:

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

APPENDIX "B"

In the matter of the CCAA Proceedings of Joseph Richard Group
Third Cash Flow Forecast
For the Period to May 8, 2024 (the "Revised Forecast Period")
\$CAD

	Forecast										Total
	03-Mar-24	10-Mar-24	17-Mar-24	24-Mar-24	31-Mar-24	07-Apr-24	14-Apr-24	21-Apr-24	28-Apr-24	05-May-24	
Opening Balance	547,805	371,830	452,330	532,830	666,930	601,030	433,130	517,230	601,330	546,080	547,805
Receipts											
Restaurants and operations	675,000	700,000	700,000	710,000	710,000	710,000	710,000	710,000	725,000	750,000	7,100,000
Other receipts	10,000	10,000	10,000	60,000	10,000	10,000	10,000	10,000	10,000	10,000	150,000
Total Receipts	685,000	710,000	710,000	770,000	720,000	720,000	720,000	720,000	735,000	760,000	7,250,000
Operating Disbursements											
Cost of Goods Sold - Restaurants and operations	(192,375)	(199,500)	(199,500)	(205,900)	(205,900)	(205,900)	(205,900)	(205,900)	(210,250)	(217,500)	(2,048,625)
Labour - Restaurants	(226,600)	(275,000)	(275,000)	(275,000)	(275,000)	(275,000)	(275,000)	(275,000)	(275,000)	(275,000)	(2,701,600)
G&A	(120,000)	(120,000)	(120,000)	(120,000)	(120,000)	(120,000)	(120,000)	(120,000)	(120,000)	(120,000)	(1,200,000)
Rent	(252,000)	-	-	-	-	(252,000)	-	-	-	(252,000)	(756,000)
Sales Tax	(35,000)	-	-	-	(150,000)	-	-	-	(150,000)	-	(335,000)
Contingency	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(100,000)
Total Operating Disbursements	(835,975)	(604,500)	(604,500)	(610,900)	(760,900)	(862,900)	(610,900)	(610,900)	(765,250)	(874,500)	(7,141,225)
Restructuring Disbursements											
Professional Fees	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(250,000)
Total Restructuring Disbursements	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(250,000)
Financing Receipts / (Disbursements)											
DIP Facility - principal draw / (repayment)	-	-	-	-	-	-	-	-	-	-	-
Total Financing Receipts / (Disbursements)	-	-	-	-	-	-	-	-	-	-	-
Net Cash Flow	(175,975)	80,500	80,500	134,100	(65,900)	(167,900)	84,100	84,100	(55,250)	(139,500)	(141,225)
Closing Cash Balance	371,830	452,330	532,830	666,930	601,030	433,130	517,230	601,330	546,080	406,580	406,580

Notes:

- JRG is forecasting revenues consistent with same periods in 2023.
- Miscellaneous receipts and supplier rebates.
- Cost of Goods Sold calculated as 29% 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 estimates of the cost of the Monitor, the Monitor's Counsel, and the Debtor Companies Counsel.