

District of: Nova Scotia
Division No.: 01-Halifax
Court No.: 45474
Estate No.: 51-2944215

**MINUTES OF THE FIRST MEETING OF CREDITORS
IN THE MATTER OF THE BANKRUPTCY OF**

East Hants Unplugged Ltd.

ORDINARY ADMINISTRATION

THE MEETING was held by teleconference via Microsoft Teams Toll Free (877) 252-9279, Conference ID 601 615 306# and was called to order at 2:08 p.m. (Atlantic Standard Time), on May 30, 2023.

ATTENDANCE: See attendance sheet marked as **Exhibit "A"**, attached.

Eric Findlay (Trustee) chaired the meeting, pursuant to subsection 105(1) of the Bankruptcy & Insolvency Act (BIA).

51(3) – The Official Receiver, or the nominee thereof, shall be the chairman of the meeting referred to in subsection (1) and shall decide any questions or disputes arising at the meeting, and any creditor may appeal any such decision to the court.

THE CHAIR introduced themselves, stated their authority to chair the meeting, and advised those present that only creditors with claims proven before the start of the meeting were eligible to vote.

THE CHAIR declared the meeting properly called, and a quorum being present, duly constituted.

The purpose of the meeting was outlined as follows:

- to consider the affairs of the bankrupt, **East Hants Unplugged Ltd.**;
- to affirm the appointment of the trustee or substitute another;
- to appoint inspectors and;
- to give such directions to the trustee as the creditors may see fit with reference to the administration of the estate.

THE CHAIR advised those in attendance that it was prepared to share the following documents:

- The Company's Statement of Affairs
- The Trustee's affidavit calling the first meeting of creditors
- Proof of the publication of the meeting in the Chronicle Herald newspaper

THE CHAIR read the Trustee's preliminary report and advised those in attendance that it would be published to the bankruptcy case website. A copy of the report is attached hereto as **Exhibit "B"**.

QUESTION PERIOD followed the Trustee's report, with the following put forth to the Trustee:

Carolyn Cameron of Kings Produce Ltd raised a question regarding the quality & remaining shelf life of the finished inventory.

Barry McLeod advised that all the finished products have been pasteurized which provides extended shelf-life.

Barry McLeod further advised that there may be a leak in one or more of the cans on a pallet of finished goods and that it should be found and removed before the leak spreads and spoils additional inventory.

The Trustee & Mr. McLeod agreed to make arrangements to inspect the leaking inventory and remediate as necessary.

Carolyn Cameron raised a question as to the Trustee's ability to sell the remaining inventory.

The Trustee confirmed that the NLSC had extended a temporary six-month license to allow the sale of the Company's alcohol inventory at the Company's existing permitted locations.

Josh Santimaw, representing Sobey's Capital Incorporated questioned the substance and status of the two Purchase and Sale Agreements noted in the Company's Statement of Affairs.

The Trustee advised that an unsolicited offer was received from Coast to Coast Marketing Ltd for the remaining finished goods inventory of non-alcoholic products, together with the Company's intellectual property, goodwill, the brand name, trademarks, and recipes, etc.

The Trustee further advised that Coast to Coast Marketing Ltd. has an exclusive sales contract with Sobey's for the sale of the Company's non-alcoholic beverages. Coast to Coast Marketing Ltd. also has a non-exclusive sales contract with Loblaws for the sale of the Company's non-alcoholic beverages. The Trustee advised that due to the existing relationships between Coast to Coast and the two largest grocers in the region, selling the Company's line of non-alcoholic products to a party other than Coast to Coast may be problematic.

Carolyn Cameron advised that Noggins Corner Farm Ltd., expressed an interest to purchase the Company's remaining alcohol inventories as long as the NSLC would agree to extend the Company's existing permit at the Coburg Rd. outlet.

Josh Santimaw requested a report on the valuation of the inventory and indicated he would need to review the pending offers with this client.

AFFIRMATION OF APPOINTMENT OF TRUSTEE: The Chair called for a motion to affirm MNP Ltd., as the Licensed Insolvency Trustee for the estate.

The motion was moved by Carolyn Cameron and was seconded by Josh Santimaw. The motion was carried.

THE APPOINTMENT OF INSPECTORS: The Chair called for those interested in acting as estate inspector to put their names forward. A brief discussion followed regarding the duties and responsibilities of the inspectors. The following were identified and agreed to act as Inspectors:

1. Josh Santimaw, counsel for Sobey's Capital
2. Carolyn Cameron, representing Kings Produce Limited
3. Nancy Hartnett, representing Coast to Coast Marketing

The Trustee advised those in attendance that Inspectors are not permitted to purchase, directly, or indirectly, estate assets.

With no objections to the appointment of these individual as Inspectors, the motion passed.

GENERAL INSTRUCTIONS TO THE TRUSTEE: The Chair called for creditors to provide instruction to Trustee. No instructions put forward. The Trustee confirmed to the creditors that an inspector's meeting would follow immediately after the creditors' meeting.

THERE BEING NO FURTHER BUSINESS, at 3:46p.m. AST, the Chair called for a motion to adjourn the meeting. The motion was moved by Nancy Hartnett and was seconded by Josh Santimaw. The motion was carried.

THE MEETING was adjourned at 3:46 pm AST.

RESPECTFULLY SUBMITTED this 21st day of June, 2023.

MNP Ltd., Trustee for the Estate of East Hants Unplugged Ltd., in bankruptcy

Per:



J. Eric Findlay, CIRP, LIT, CPA
Chairperson & Senior Vice President

East Hants Unplugged Ltd.
First Meeting of Creditors - Attendance List
May 30, 2023

Exhibit "A"

Attendee	Representing
Eric Findlay	MNP Ltd., Licensed Insolvency Trustee
Justin Noftall	MNP Ltd., Senior Consultant
Shelia Cooke	MNP Ltd., Senior Administrator
Barry MacLeod	Director of East Hants Unplugged Ltd.
Nancy Hartnett	Coast to Coast Marketing
Joshua J. Santimaw	Sobey's Capital Incorporated
Andrew Bishop	Noggins Corner Farm
Roland Zimmerman	Kings Court Estate Winery
Carolyn Cameron	Kings Produce Limited

East Hants Unplugged Ltd.

Trustee's Report to the Creditors on the Preliminary Administration

Directive No. 30

May 30, 2023

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District of: Nova Scotia
Division No.: 01-Halifax
Court No.: 44436
Estate No.: 51-126302



Notice and Disclaimer

In preparing this Report, the Trustee has relied upon the limited information and records available from East Hants Unplugged Ltd. The Trustee's review of this information does not constitute an audit of the financial position or operating results of the Company as hereinafter defined. In addition, any financial information presented by the Trustee is preliminary and the Trustee is not yet in a position to project the outcome of the administration of the bankrupt estate.

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Background

East Hants Unplugged Ltd., (“EHUL” or the “Company”) was registered and incorporated in Nova Scotia on March 30, 2016. The Company was a producer, wholesaler and retailer of a variety of Ciders, ready to drink Cocktails, craft beer, non-alcoholic craft sodas and mocktails.

The company was primarily financed by one of its shareholders who has advised that they are not willing to continue to fund the Company’s losses. The Company attributes its financial difficulties to an underperforming distribution network, increasing competition and a reduction in sales during the COVID-19 pandemic.

On May 15, 2023, the Company made a voluntary assignment into bankruptcy and MNP LTD was appointed as the Trustee, subject to affirmation at the First Meeting of Creditors.

Trustee’s Preliminary Evaluation of Assets and Details of Security Interests

Inventory & equipment

The bulk of the Company’s finished inventory (41,184 cans & 80 kegs) is located at a dry storage warehouse in Burnside, NS. There is a lesser amount of finished inventory (3,240 cans) at a distributor’s warehouse in Bedford, NS. In addition, there are some raw materials at the Company’s principal retail and manufacturing location in Elmsdale, NS. The Company’s Elmsdale location also includes a variety of equipment, furniture and materials, including a complete SmartBrew automated commercial craft brewing system with four 12-hectolitre tanks. The Company maintains a smaller outlet manufacturing and retail store on Coburg Rd. We have attended onsite and taken inventory at all locations except the Coburg Rd. location which we intend to do in the near future.

Offers

The Trustee has received an unsolicited offer to purchase the Company’s goodwill, which includes all registered and unregistered trademarks, trade names, business names, company names and logos, phone numbers, fax numbers, email addresses, domain names, websites social media sites, post office boxes and all other intangibles including the business style, “Chill Street Craft Beverage Co.” and all remaining non-alcoholic products.

Other parties have expressed interest to us in acquiring certain of the Company’s remaining alcoholic product inventories. We have had discussions with the Nova Scotia Liquor Corporation, who regulates the production and sale of alcohol in the province and have confirmed that the Company’s existing permitted sales locations can be used by the Trustee for up to 6 months following the transfer of the permit(s).

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Security

The Bank of Nova Scotia provided operational financing for the Company's day-to-day activities and had a General Security Agreement recorded against the Company's assets. The Company's Bank of Nova Scotia debt was guaranteed by at least one of the Company's shareholders and has been paid in full. There were no other security registrations present in PPSA searches at the time of the bankruptcy.

The Wage Earner Protection Program Act (WEPPA) provides eligible employees of a bankrupt company up to \$8,278.83 for unpaid wages and vacation pay earned in the six-month period before the bankruptcy, together with any termination or severance pay that is owing. The WEPPA program is partially funded by the estate in bankruptcy with the first \$2,000 of each claim being paid from the proceeds of the sale of the Company's assets. We have not yet calculated the amount that may be owing under this program, but suspect it to be less than \$10,000.

Books & Records

The Trustee has possession of the Company's books and records in both electronic and paper format.

Conservatory & Protective Measures

The Trustee has not taken any conservatory or protective measures. The Company's assets appear to be safely stored and protected. Rent costs will begin to accrue to the estate in bankruptcy after the creditors' meeting and will need to be paid from the proceeds of the asset sales.

Claims

A claim's register will be tabled at the meeting.

Legal Proceedings, Reviewable Transactions and Preference Payments

The Trustee is not aware of any legal proceedings, reviewable transactions or preference payments.

Third-Party Guarantee

The Trustee expects to be able to fund the administration of this proceeding from the sale of the Company's assets but has received a limited guarantee of its fees and costs from one of the Company's shareholders in the event the realization of Company assets are insufficient.

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Trustee acting for secured creditors - s.13.4(1.1) disclosure

Not applicable

Projected Distribution

The distribution to unsecured creditors is based on the sale value of the Company's assets, less the costs of the administration of the bankruptcy proceeding, such as rent & lease payments, appraisers, insurance, and the Trustee's fees and out of pocket expenses. Net funds realized are first paid to secured creditors, (WEPPA claim) then to any preferred creditors, (lessors for arrears of rent to a maximum of 3 months, further limited to the value of inventory on the leased premises).

None of the company's assets have been appraised yet. The values on the statement of affairs are largely derived from the Company's accounting records. The Trustee recommends hiring an equipment appraiser to value the Company's equipment.

The projected amount to be distributed to creditors will be better known once we have the equipment appraised and have a better understanding as to the marketability of the Company's remaining inventories.

MNP LTD

In its capacity as Trustee for the estate of East Hants Unplugged Ltd., in bankruptcy

A handwritten signature in black ink, appearing to be 'J. Eric Findlay', written over a horizontal line.

J. Eric Findlay, CPA, CIRP, LIT
Senior Vice President