

District of Alberta
Division No.: Calgary
Estate No: 25-3062866
Court No: 25-3062866

**IN THE MATTER OF THE BANKRUPTCY OF
8TH AVENUE FRESH INC.
TRUSTEE'S PRELIMINARY REPORT**

The information contained in this report has been prepared from the available books and records of the Company (as subsequently defined) and discussions with management. These books and records have not been reviewed or otherwise audited by the Trustee and, consequently, the Trustee expresses no opinion whatsoever with respect to the validity, the exactness or the reliability of the information contained therein.

BACKGROUND

1. On April 2, 2024 (the "**Filing Date**"), 8th Avenue Fresh Inc. (the "**Company**" or the "**Bankrupt**") made an assignment in bankruptcy and MNP Ltd. was appointed as Trustee of the bankrupt estate. Publicly available documents relating to the bankruptcy are available on the Trustee's website at: <https://mnpdebt.ca/en/corporate/corporate-engagements/8th-avenue-fresh-inc.>
2. The Company was incorporated under *the Business Corporations Act of Alberta* on November 5, 2014. Farhan Daya, Farah Daya, Farhan Kassam and Natasha Kassam are listed as directors. The Company operated a Freshii restaurant located at unit 240, 555 8th Avenue SW in Calgary, Alberta (the "Premises").
3. Prior to the Filing Date, all of the Company's operations had ceased and all employees and contractors had been terminated.
4. On April 4, 2024, the Notice of Bankruptcy, First Meeting of Creditors, a list of creditors and a proof of claim form, along with a proxy, were sent to all known creditors of the Company. Pursuant to subsection 102(4) of the *Bankruptcy and Insolvency Act* ("**BIA**"), notice of the Company's bankruptcy was published in the April 6, 2024, edition of the Calgary Herald newspaper.

ASSETS

5. On the Filing date, the Company reported that the assets included miscellaneous kitchen equipment and utensils with an estimated value of \$25,000 (the "**Assets**").

CONSERVATORY AND PROTECTIVE MEASURES

6. ATB Financial ("**ATB**") is listed as having a secured claim of approximately \$100,000 in respect of which they hold a registered interest in the personal property of the Bankrupt (the "**ATB Claim**").
7. The Trustee did not take possession and control of the Assets of the Company. Based on the estimated liquidation value of the Assets, the costs associated with realizing on the Assets and the quantum of the ATB Claim, there is not anticipated to be any recovery to the unsecured creditors of the Company from the Assets.
8. The Trustee has been in contact with ATB with respect to the Company's Assets.
9. The Trustee has also been in contact with the landlord and was advised that locks had been changed at the Premises.

SUMMARY OF CLAIMS

10. As at the Filing Date, the Company listed the following secured/ priority claims:

11. The ATB Claim - ATB is the only party with a registered security interest in the Alberta Personal Property Registry. The Trustee's legal counsel has reviewed the general security agreement ("**GSA**") between the Bankrupt and ATB, as well as a commitment letter and ATB's security registrations.
 - a. Service Canada is anticipated to have an unsecured claim for unpaid termination pay of approximately \$4,000 related to amounts payable pursuant to the Wage Earners' Protection Program ("**WEPP**").
 - b. At the Filing Date, in addition to Service Canada, the Company listed ordinary unsecured creditors with claims totaling approximately \$511,000.
12. As of the date of this report, the Trustee had received one secured proof of claim for \$125,171.06 and three unsecured claims totaling \$2,882.75 have been reviewed and admitted for voting purposes by the Trustee.
13. At the time that this report was finalized, the Trustee had not received any proxies.

REVIEW OF FRAUDULENT PREFERENCES AND TRANSFERS AT UNDERVALUE

14. The Trustee is required to undertake a review of any transactions that occurred prior to the date of bankruptcy that would constitute a transfer at undervalue or a fraudulent preference as defined by subsections 95 and 96 of the BIA (the "**Review**") and expects to commence the Review shortly.

OTHER MATTERS

Books and Records

15. The Trustee is in possession of certain books and records that were provided by the Company.

Legal

16. The Trustee retained Caron & Partners LLP ("**C&P**") for the purpose of providing a legal opinion on the ATB Security. C&P provided a legal opinion to the Trustee confirming that, subject to the usual assumptions and qualifications, the security interests created by the GSA in favour of ATB are valid and enforceable as against the Bankrupt.

Directive 16 Third-Party and Guarantees

17. Sterling Hotel Group has provided the Trustee with a retainer in the amount of \$7,333.33 to cover professional fees.

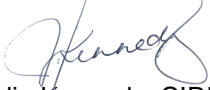
ESTIMATED REALIZATION

18. Given the estimated liquidation value of the Assets and the quantum of the ATB Claim, the Trustee intends to release any interest in the Assets to ATB and does not anticipate that there will be any proceeds available for distribution to the Company's unsecured creditors.

Dated at Calgary, Alberta this 17th day of April 2024.

MNP Ltd.

In its capacity as Trustee of the Estate of
8th Avenue Fresh Inc. and not in its personal capacity



Julie Kennedy, CIRP, LIT
Vice President