



## ACQUISITION OPPORTUNITY: TORONTO CRAFT BREWERY



### BACKGROUND TO THE ACQUISITION OPPORTUNITY

On October 15, 2021, Junction Craft Brewing Inc. (“**Junction**” or the “**Company**”) filed a notice of intention to make a Proposal (an “**NOI**”) pursuant to the *Bankruptcy and Insolvency Act* (Canada). Richter Advisory Group Inc. (“**Richter**”) was named trustee (the “**Trustee**”) under the Company’s NOI.

On November 8, 2021, the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) issued an order, which, among other things, (i) authorized the Trustee, on behalf of Junction, to undertake a sale solicitation process (the “**Sale Process**”) for the sale of Junction’s business and/or assets and (ii) approved a share purchase agreement, as amended (the “**Stalking Horse Agreement**”) for the acquisition of Junction’s business by the stalking horse bidder (the “**Stalking Horse Bidder**”).

### OVERVIEW OF THE COMPANY

Junction was founded in 2011 and operates primarily as a brewer and seller of hand-crafted beers and other beverage products from an approximately 16,513 square foot leased premises located at 150 Symes Road, Toronto, Ontario (the “**Premises**”). Junction’s operations include: (i) the sale of its owned brewed beer under various brands, both at the Premise, through its on-site taproom and through retailers including the Liquor Control Board of Ontario and The Beer Store, and (ii) the production of beer, cold brew coffee, non-alcoholic sparkling beverages and spirit-based drinks, on a contract basis on behalf of approximately twenty different parties (the “**Brewing Partners**”). Junction is a turnkey operation that has invested substantial capital in the Premises since moving to it in 2018. Junction currently has approximately twenty-six employees and operates seven days a week.



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## ACQUISITION HIGHLIGHTS

The Premises is an award-winning heritage building that previously operated as former City of Toronto 1930's art-deco incinerator and was carefully and extensively restored in 2018.

### Locally Recognized Brands

Junction, together with its associated beverage brands Caribru and Loop, are highly visible, well-established and respected craft beer brands throughout Toronto and Ontario.

### Multiple Revenue Streams

In addition to the revenue generated through the production and sale of alcoholic and non-alcoholic beverages, including the production of beverage products for and on behalf of the Brewing Partners, Junction also earns rental and other income from hosting weddings, fundraisers and corporate functions at the Premises.

### Potential for Future Growth

The Company was significantly impacted by the COVID-19 pandemic. However, Junction's production and sales infrastructure has positioned it to become profitable in the coming years.



## SOLICITATION PROCESS

Below is a summary of the key aspects of the Sale Process:

- Interested parties are required to execute a non-disclosure agreement (an “NDA”) and return it to the Trustee in order to gain access to confidential information maintained in a data room.
- **Parties will be required to submit a qualifying offer (“Qualifying Offer(s)”) to the Trustee by 5 p.m. (Toronto time) on December 9, 2021 (the “Offer Deadline”).**
- A Qualifying Offer is required, among other things, to be at least \$50,000 in excess of the aggregate of: (i) the Stalking Horse Agreement, estimated to be approximately \$1,155,000, (ii) a break fee of \$50,000 and (iii) a cost amount of \$25,000 (the “Minimum Required Offer”).
- To be considered by the Trustee, a Qualifying Offer is, *inter alia*: (i) to be on an “as is, where is” basis, (ii) required to be greater than or equal to the Minimum Required Offer, and (iii) to be accompanied by a cash deposit of not less than 10% of the Qualifying Offer. The Trustee may waive compliance with one or more of the Qualifying Offer requirements and deem such non-compliant offer to be a Qualifying Offer.
- If no Qualifying Offers are received by the Offer Deadline, the Stalking Horse Bidder will be deemed to be the winning bid in the Sale Process. If one or more Qualifying Offers are received by the Offer Deadline, the Trustee will conduct an auction, to be held on the third business day after the Offer Deadline, to determine and select the winning bid in the Sale Process. **The outside closing date of the Sale Process is contemplated to be December 29, 2021.**
- Additional information with respect to the Company's NOI proceedings can be found at the Trustee's website: <https://www.richter.ca/insolvencycase/junction-craft-brewing-inc/>.

If you would like to execute an NDA, or further discuss this opportunity or the Sales Process, please direct your enquiries to:

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