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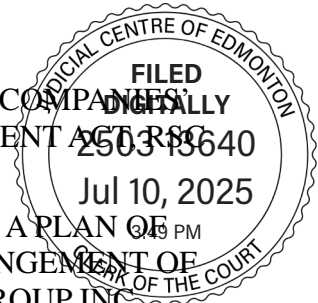
COURT OF KING'S BENCH ALBERTA

JUDICIAL CENTER

EDMONTON

MATTER

IN THE MATTER OF THE COMPANIES'
CREDITORS ARRANGEMENT ACT RSC
1985, c. C-36, as amended
AND IN THE MATTER OF A PLAN OF
COMPROMISE OR ARRANGEMENT OF
COAST AUTOMOTIVE GROUP INC.,
COAST NORTH VANCOUVER AUTO SALES
INC., COAST AUTO DRAYTON INC., AND
2461765 ALBERTA LTD.



APPLICANT

BANK OF MONTREAL

RESPONDENTS

COAST AUTOMOTIVE GROUP INC.,
COAST NORTH VANCOUVER AUTO SALES
INC., COAST AUTO DRAYTON INC., AND
2461765 ALBERTA LTD.

DOCUMENT

PRE-FILING REPORT OF BDO CANADA, IN
ITS CAPACITY AS THE PROPOSED
MONITOR

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF PARTY
FILING THIS DOCUMENT

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- A. CONSENT TO ACT
- B. CASH FLOW FORECAST
- C. INTERIM FINANCING TERM SHEET

I. INTRODUCTION

1. BDO Canada Limited (“**BDO**” or the “**Proposed Monitor**”) understands that the Applicant, the Bank of Montreal (“**BMO**” or the “**Applicant**”), in its capacity as the senior secured lender to Coast Automotive Group Inc. (“**Coast Automotive**”), Coast North Vancouver Auto Sales Inc. (“**Coast North Van**”), Coast Auto Drayton Inc. (“**Coast Drayton Valley**”) and 2461765 Alberta Ltd. (“**246**”, and together with Coast Automotive, Coast North Van, and Coast Drayton Valley, the “**Respondents**”, the “**Coast Auto Group**”, or the “**Company**”), has brought an application (the “**CCAA Application**”) before the Court of King’s Bench of Alberta (the “**Court**”) returnable on July 16, 2025, seeking an initial order (the “**Initial Order**”) pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) which, among other things, provides for (i) a stay of proceedings to allow the Respondents an opportunity to restructure their business and to conduct a court-supervised sale and investment solicitation process (“**SISP**”), (ii) approval of an interim financing term sheet (the “**Interim Financing Term Sheet**”) pursuant to which BMO will fund the Company’s ordinary course working capital needs during the CCAA proceedings (the “**CCAA Proceedings**”), (iii) certain court-ordered charges to secure fees and disbursements of counsel to BMO, the Monitor (as defined herein) and counsel to the Monitor and to secure advances under the interim financing facility (the “**Interim Financing Facility**”) (iv) appointment of the Proposed Monitor as monitor in the CCAA Proceedings (in such capacity, the “**Monitor**”), and (v) expansion of the powers of the Monitor.
2. The Applicant has scheduled a “Comeback Hearing”, returnable on July 25, 2025 (the “**Comeback Hearing**”), should this Court grant the proposed Initial Order.
3. This report (the “**Pre-Filing Report**”) has been prepared by the Proposed Monitor prior to and in contemplation of its appointment as Monitor in these CCAA Proceedings, to provide information to this Court in considering the Applicant’s request for the Initial Order, as well as the relief that will be requested by the Applicant at the Comeback Hearing should the proposed Initial Order be granted.

II. PURPOSE

4. The purpose of this Pre-Filing Report is to provide information to the Court on:
- a) BDO's familiarity and involvement with the Respondents' business and qualifications to act as Monitor, if appointed;
 - b) an overview of the Respondents;
 - c) background on the circumstances leading to the Applicant's decision to commence CCAA Proceedings with respect to the Respondents;
 - d) an overview of the Respondents' 13-week cash flow forecast, on a consolidated basis, for the period July 16, 2025, to October 12, 2025 (the "**Cash Flow Forecast**") and the Proposed Monitor's comments regarding the reasonableness thereof;
 - e) certain relevant matters about the relief sought in the proposed Initial Order; and
 - f) the Proposed Monitor's conclusions and recommendations.

III. TERMS OF REFERENCE

5. In preparing this Pre-Filing Report and making the comments herein, the Proposed Monitor has been provided with, and has relied upon, unaudited financial information, books and records prepared by the Respondents, discussions with management of the Respondents ("**Management**"), discussions with the Applicant and information from other third-party sources (collectively, the "**Information**"). Except as described in this Pre-Filing Report in respect of the Cash Flow Forecast:
- a) the Proposed Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Proposed Monitor has not audited or otherwise attempted to verify the accuracy or completeness of such information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards ("**GAAS**") pursuant to

the Chartered Professional Accountants Canada Handbook and, accordingly, the Proposed Monitor expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information; and

- b) some of the information referred to in this Pre-Filing Report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in the Chartered Professional Accountants Canada Handbook, has not been performed.

- 6. Future oriented financial information referred to in this Pre-Filing 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 ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variation could be significant.
- 7. Unless otherwise indicated, the Proposed Monitor's understanding of the factual matters expressed in this Pre-Filing Report concerning the Respondents and their business is based on the Information, and not independent factual determinations made by the Proposed Monitor.
- 8. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

IV. BDO'S FAMILIARITY WITH COAST AUTO GROUP AND QUALIFICATIONS TO ACT AS MONITOR

- 9. BDO has been involved with the Respondents and the Applicant since August 2024. Through its involvement, BDO gained a detailed understanding of the Respondents' financial position, capital structure, and operations.
- 10. The Coast Auto Group engaged BDO in or around August 28, 2024, to act as the Company's financial advisor to assist with various financial and strategic matters, including providing BMO with an update on the Company's current financial position and

operations. As described in greater detail below, as part of this mandate, BDO gained significant knowledge regarding the financial challenges of the Company and the manner in which they could potentially be resolved. BDO's work with the Company ended at the end of October 2024.

11. In June 2025, BDO was engaged by BMO to help it assess its strategic options. This engagement included a review and monitoring of the Respondents' financial position, weekly cash flow forecasts, credit facility reporting obligations and operations.
12. BDO is a licensed insolvency trustee within the meaning of section 2 of the *Bankruptcy and Insolvency Act* (Canada). BDO is not subject to any of the restrictions set out in section 11.7(2) of the CCAA on who may be appointed as Monitor.
13. BDO has consented to act as Monitor in these proceedings should this Court grant the proposed Initial Order. A copy of BDO's consent to act as Monitor is attached hereto as **Appendix "A"**.
14. The Proposed Monitor has retained Blake, Cassels & Graydon LLP to act as its independent legal counsel in the CCAA Proceedings.
15. Should BDO be appointed as Monitor, it will be able to leverage its familiarity with the Coast Auto Group to safeguard their business and maximize value for creditors on a much more expeditious and efficient basis than if it had no prior involvement or knowledge of the Company's affairs.

V. OVERVIEW OF THE RESPONDENTS

16. This Pre-Filing Report should be read in conjunction with the Affidavit of Shehryar Syed sworn July 9, 2025 (the "**Syed Affidavit**"), which provides additional background and financial information with respect to the Respondents. Any terms not expressly defined herein are otherwise defined in the Syed Affidavit.

17. The Respondents in these proceedings are:

- a) *Coast Automotive*: A private corporation incorporated under the laws of Alberta, with a registered head office at 2500 – 10220 103 Ave NW, Edmonton, Alberta. Coast Automotive is the parent company of the other Respondents and functions as the central management entity, overseeing administrative, treasury, and operational matters for the group;
- b) *Coast North Van*: A franchised Chrysler, Dodge, Jeep, and RAM (“**Stellantis**”) dealership located in North Vancouver, British Columbia, with a registered head office at 250 Howe Street, Vancouver, B.C. Coast North Van operates under the Stellantis brand and offers vehicle sales, service, and financing, operating a leased retail automotive showroom and garage located at 1600 Marine Dr., North Vancouver, British Columbia (“**Coast North Van Dealership**”). Coast North Van also leases two (2) outdoor off-site facilities for the purpose of storing inventory: one (1) at Capilano Mall parking lot in North Vancouver, British Columbia, and another at an old transit depot in North Vancouver (collectively and together with the Coast North Van Dealership, the “**Coast North Van Premises**”).
- c) *Coast Drayton Valley*: A franchised Chrysler, Dodge, Jeep, and RAM dealership located in Drayton Valley, Alberta, with a registered head office at 2500 – 10220 103 Ave NW, Edmonton, Alberta. Coast Drayton Valley is also under the Stellantis brand, operating a showroom and garage (the “**Coast Drayton Valley Dealership**”, together with the Coast North Van Dealership, the “**Dealerships**”) located at 4099 50 Street, Drayton Valley, Alberta (the “**Coast Drayton Valley Premises**”); and
- d) *246*: A non-operating entity incorporated under the laws of Alberta, with a registered head office at 2500 – 10220 103 Ave NW, Edmonton, Alberta. 246 owns the real estate upon which Coast Drayton Valley operates.

18. As of the date of this Pre-Filing Report, we understand that the Respondents employ approximately 72 individuals across their two Dealerships, including 50 employees at Coast North Van located in British Columbia (inclusive of 19 unionized employees) and 22 non-unionized employees at Coast Drayton Valley located in Alberta.
19. Coast North Van's unionized employees, consisting of highly skilled trades and labourers associated with its parts, service and detail departments, are governed by collective agreement with the International Association of Machinists and Aerospace Workers, Automotive Lodge 1857.
20. The Respondents do not operate any other lines of business and do not have any foreign operations.

VI. CIRCUMSTANCES LEADING TO THE APPLICANT'S CCAA FILING

21. In June 2023, Coast Automotive acquired its two Stellantis franchised Dealerships from Foundation Automotive Corp. ("**Foundation**") (such acquisition being, the "**Acquisition**"). Additionally, as part of the Acquisition, 246 purchased the real estate associated with the Coast Drayton Valley location.
22. Prior to the Acquisition, each of Mr. Sundeep Cheema ("**Cheema**") and Mr. Dean Parmar ("**Parmar**", together with Cheema, "**Ownership**") committed to inject \$2 million (on an unsecured, non-interest-bearing basis) for a total of \$4 million in unsecured shareholder loans to support operations. However, BDO understands that only \$2.75 million was ever injected by Ownership resulting in a funding shortfall from the outset of the Acquisition.
23. Additionally, to fund the Acquisition a \$4 million vendor take back loan from Foundation was obtained.
24. Ownership is not active in the day-to-day operations of the business of the Coast Auto Group (the "**Business**") which is largely run by individuals serving in professional management positions (i.e. CFO, general managers, etc.).

25. The Company has faced several operational challenges since the Acquisition, impacting its cash-flows and in turn, its ability to meet its obligations as they become due. The main issues identified to date by BDO are as follows:

- a) Management Issues: BDO understands that Ownership has limited prior automotive retail experience and accordingly has relied on hiring key employees to run the Business and has experienced significant turnover. In particular, Coast North Van has had three (3) different general managers (“GM(s)”) since Acquisition with turnover of GMs at each of Coast North Van and Coast Drayton Valley since September 2024;
- b) Underperforming Stellantis Banner: this original equipment manufacturer has experienced significant headwinds over the last decade, culminating in high inventory levels which are being pushed to its dealer network and reduced new “desired” platforms resulting in a significant decline in customer demand;
- c) Underperforming Service Departments: Coast North Van has higher labour costs than Coast Drayton Valley and Coast Drayton Valley has lower customer traffic resulting in underutilized employees;
- d) Inventory Mismanagement: overstock of new and used vehicles due to bloated inventory levels at Acquisition, together with continuing mismanagement of inventory has resulted in significant aged inventory numbers, increased storage and debt service costs and depressed liquidity;
- e) Low New Inventory Turnover: the Company has struggled to sell its new vehicle inventory, resulting in aged units remaining on the lot which, in turn, depresses liquidity and the Company’s ability to acquire more used inventory, which sells at higher profit margins. Further, low new vehicle sales also result in lower trade-in volumes for used vehicles; and
- f) Failed U.S. Venture: a failed venture to attempt to export used vehicles to the United States in Q4 2023 resulted in \$600,000 in expenses, including a 5-year lease signed without BMO’s approval, further straining liquidity.

26. Due to the on-going challenges set out above, in October 2024, BMO required that the Company hire BDO as its financial advisor. As part of this mandate, BDO issued a summary of findings memorandum dated September 23, 2024 (the “FA Memorandum”) which outlined, among other things, that an equity injection by Ownership of \$15-\$19 million was required to recapitalize the Company’s balance sheet. The following chart illustrates the basis for this conclusion.

Coast Automotive Group					
Required Equity Injection Assessment					
Short-term Liquidity Requirements					
		Limit	O/S Sept 19	(Deficit)/Surplus	
North Vancouver	Operating Line Over Advance (Section B)	\$ 1,000,000	\$ 5,269,427	\$ (4,269,427)	
Drayton Valley	Operating Line Over Advance (Section B)	\$ 1,000,000	\$ 1,489,864	\$ (489,864)	
				<u>\$ (4,759,291)</u>	A
North Vancouver	Re-Chatteling (Section C)			\$ (2,493,680)	
Drayton Valley	Re-Chatteling (Section C)			\$ (575,650)	
	<i>Note: inventory monetization will reduce this amount to the "crystalized" vehicle loss on its sal</i>			<u>\$ (3,069,330)</u>	B
Drayton Valley	SIV unit (Section C)			<u>\$ (86,000)</u>	C
North Vancouver	Re-Classification - Additional Curtailments (Section C)			\$ (500,000)	
Drayton Valley	Re-Classification - Additional Curtailments (Section C)			\$ (250,000)	
	<i>Note: inventory monetization will reduce this amount to the "crystalized" vehicle loss on its sal</i>			<u>\$ (750,000)</u>	D
North Vancouver	Annualized Operating Loses (Section A)			\$ (1,480,866)	
Drayton Valley	Annualized Operating Loses (Section A)			\$ (78,054)	
				<u>\$ (1,558,920)</u>	E
North Vancouver	Annualized Debt Servicing Costs (Section A)			\$ (2,600,795)	
Drayton Valley	Annualized Debt Servicing Costs (Section A)			\$ (1,979,794)	
				<u>\$ (4,580,589)</u>	F
Equity Required in the Short-Term (excluding VTB which can be postponed)				\$ (14,804,130)	
VTB	Current Portion of VTB (August 1, 2024)			\$ (730,000)	
VTB	Current Portion of VTB (February 1, 2025)			\$ (780,000)	
VTB	Current Portion of VTB (August 1, 2025)			\$ (780,000)	
	(Section C)			<u>\$ (2,290,000)</u>	G
Equity Required in the Short-Term (including current portion of VTB)				\$ (17,094,130)	
Longer Term Liquidity Issues					
VTB	To be repaid by August 1, 2027 (Section C)			<u>\$ (3,120,000)</u>	H
Goodwill Loan Impairment Analysis		O/S Financing	Market Value		
North Vancouver	FAC C - GOODWILL LOAN	\$ 2,083,333	\$ 1,250,000	\$ (833,333)	
Drayton Valley	FAC C - GOODWILL LOAN	\$ 1,666,667	\$ 750,000	\$ (916,667)	
				<u>\$ (1,750,000)</u>	I
Excess Equity in Real Estate Assets		90% of Appraisal	O/S Financing		
Drayton Valley		\$ 7,200,000	\$ 3,645,544	<u>\$ 3,554,456</u>	J
Equity Required in the Long-Term (assuming dealerships returns to profitability)				\$ (18,409,674)	

27. The FA Memorandum came to the following key determinations:
- a) it was estimated that the Dealerships would lose approximately \$1.6 million over the following year (October 2024-October 2025), and when debt servicing was included, this amount would increase by approximately \$4.6 million more for a total cash requirement of approximately \$6.2 million; and
 - b) as at September 19, 2024, the Company's combined operating facilities were in an overdraft position of approximately \$6.8 million.
28. As at June 7, 2025, the Company's combined operating facilities had ballooned to an approximately \$13.3 million overdraft position, up approximately \$6.5 million from September 19, 2024, due to ongoing operating losses, debt servicing costs and "vehicle curtailments", being certain mandatory repayments in respect of vehicles financed through BMO which had not sold within the timeline required under the relevant floor plan facility with BMO.
29. We understand that following the issuance of the FA Memorandum, the Applicant's counsel delivered a letter requiring Ownership to inject capital to ensure viability of the Business. As of the date of this Pre-Filing Report, no additional funds have been injected, nor does there appear to be any viable plan for such injection to be made.
30. In support of and as a condition precedent to BMO's prior forbearances, Ownership provided additional collateral in support of the Company's credit facilities with BMO; however this collateral has not yet been monetized by Ownership to reduce BMO's exposure and its net value is not currently known.
31. Given the Company's liquidity constraints (\$13.3 million overdraft balance), it currently has insufficient liquidity to meet its near-term obligations, including payroll, without immediate funding. In this regard, on June 6, 2025 the Company requested that BMO advance a further \$500,000 to it so that it could make payroll. As a condition precedent to providing this funding, BMO required that the Company engage a sale agent in order to complete a marketing and sale of the Business which it failed to do. As such, this amount

was not funded and the Company continued to draw unauthorized amounts from BMO and increase their overdraft balances to meet operating expenses, including payroll.

32. The Applicant has determined that the *status quo* is not sustainable and more insight into operational issues and a clear path towards a going-concern sale or investment in the Business through the SISP is required. For this reason, BDO understands that commencement of CCAA Proceedings with BDO being appointed as Monitor with expanded powers as set out in the proposed Initial Order is a necessary pre-condition before BMO will provide any further funding to the Company. At this time, the Applicant is only prepared to fund such critical amounts needed to preserve the Business until the proposed Initial Order is granted.
33. As at the date of this Pre-Filing Report, the Proposed Monitor understands that the Respondents do not oppose the relief being sought by the Applicant and intend to work collaboratively with the Applicant and, if appointed, the Monitor throughout the CCAA Proceedings.

VII. OVERVIEW OF RESPONDENTS' 13-WEEK CASH FLOW FORECAST

34. The Respondents have prepared a Cash Flow Forecast for the 13-week period from July 16, 2025, to the week ending October 12, 2025 (the “**Cash Flow Period**”) for the purposes of projecting the Respondents’ estimated liquidity needs during the Cash Flow Period. A copy of the Cash Flow Forecast is attached hereto as **Appendix “B”**.
35. The Cash Flow Forecast is presented on a weekly basis and represents Management’s estimates of the projected cash flow during the Cash Flow Period. The Cash Flow Forecast has been prepared by the Respondents using probable and hypothetical assumptions (the “**Assumptions**”) as set out in the notes to the Cash Flow Forecast.
36. The Proposed Monitor has reviewed the Cash Flow Forecast to the standard required of a Court-appointed monitor by section 23(1)(b) of the CCAA. In accordance with this standard, the Proposed Monitor conducted inquiries, performed analytical procedures, held discussions, and read documents related to the Information supplied to it by certain key

members of Management and employees of the Respondents. Based on the Proposed Monitor's review, nothing has come to its attention that causes it to believe, in all material respects, that:

- a) the Assumptions are not consistent with the purpose of the Cash Flow Forecast;
- b) as at the date of this Pre-Filing Report, the Assumptions are not suitably supported and consistent with the plans of the Respondents or do not provide a reasonable basis for the Cash Flow Forecast, given the probable and hypothetical assumptions; or
- c) the Cash Flow Forecast does not reflect the Assumptions.

- 37. The Proposed Monitor notes that the Cash Flow Forecast has been prepared solely for the purpose described above and since the Cash Flow Forecast is based on Assumptions regarding future events, actual results will vary from the information presented even if the Assumptions occur, and the variations could be material. Readers are cautioned that it may not be appropriate for other purposes.
- 38. The Cash Flow Forecast shows that during the initial 10-day Stay Period (as defined herein) the Respondents will experience a net cash outflow of approximately \$357,477 and that during the 13-week Cash Flow Period, this amount will increase to \$2,414,315. The Cash Flow Forecast projects that during the Cash Flow Period the Respondents should have sufficient liquidity, with the support of the Interim Financing Facility, subject to approval of the Interim Financing Term Sheet, but would otherwise be unable to meet their obligations as they become due.
- 39. The proposed Initial Order contemplates approval of an Interim Financing Term Sheet and an Interim Lender's Charge (as defined herein), with authorized borrowings in the initial principal amount of \$350,000 during the initial Stay Period (the "**Initial Maximum Amount**"), with an increase to such authorized borrowings to \$2,500,000 following the Comeback Hearing (as defined herein). As detailed below, the Proposed Monitor believes that the amount of the Interim Financing Facility and Interim Lender's Charge is

appropriate and necessary given the Cash Flow Forecast and is limited to the amounts reasonably necessary.

VIII. RELIEF SOUGHT BY THE APPLICANT

40. The proposed Initial Order seeks, among other things, a stay of proceedings the granting of various Court-ordered charges, and other relief to stabilize and protect the Respondents' Business pending the Comeback Hearing, with a view to ultimately pursuing a SISP.

Stay of Proceedings

41. The Applicant seeks a stay of proceedings against the Respondents for an initial period of ten days through and including July 25, 2025 (the "**Stay Period**"), which is necessary to preserve enterprise value and develop and implement a value maximizing SISP.
42. The Proposed Monitor is of the view that the Stay Period is appropriate in the circumstances and is necessary to maintain funding from the Applicant which, in turn, permits the Respondents to continue operations pending the Comeback and ultimately, a SISP process.

Charges

43. The Applicant seeks the following charges:
- a) the Administration Charge; and
 - b) the Interim Lender's Charge.

The Administration Charge

44. The proposed Initial Order provides for a charge up to a maximum amount of \$275,000 (the "**Administration Charge**") in favour of counsel to the Applicant, the Monitor and the Monitor's independent counsel, as security for the professional fees and disbursements incurred prior to and after the commencement of the CCAA Proceedings. Professional fee

obligations secured by the Administration Charge will be paid in the ordinary course from funding provided by the Interim Financing Facility.

45. The Proposed Monitor is of the view that given the current liquidity constraints of the Respondents, the proposed Administration Charge is required. The Proposed Monitor is of the view that the Administration Charge is necessary for the effective participation of the professionals in the CCAA Proceedings and believes the quantum of the Administration Charge is reasonable in the circumstances based upon a review and assessment of the anticipated professional costs to be incurred during this matter.
46. The Proposed Monitor understands that should the proposed Initial Order be granted, the Applicant intends to request that the Administration Charge be increased to a maximum amount of \$600,000 at the Comeback Hearing.

Interim Financing Facility and Interim Lender's Charge

47. The Applicant is seeking approval of the Interim Financing Term Sheet attached as **Appendix "C"** to this Pre-Filing Report between BMO, as the interim lender (in such capacity, the "**Interim Lender**"), and the Respondents, as borrowers (collectively the "**Borrowers**"), pursuant to which the Interim Lender has agreed to provide the Interim Financing Facility to fund the Respondents' working capital needs during these CCAA Proceedings.
48. The material items, terms and conditions of the Interim Financing Term Sheet include the following:
 - a) a maximum principal amount of \$2,500,000 advanced as follows (the "**Maximum Amount**"):
 - i. \$350,000 during the initial Stay Period, subject to fulfillment of certain advance conditions; and
 - ii. subject to the Court granting an amended and restated initial order at the Comeback Hearing, additional advances in amounts as required by the

Borrowers and subject to certain additional advance conditions, up to the Maximum Amount;

- b) the purpose of the Interim Financing Facility is to fund:
 - i. the Respondents' operating expenditures during the CCAA Proceedings;
 - ii. interest, fees and other amounts owing to the Interim Lender;
 - iii. the reasonable and documented legal and advisory fees and expenses, including, the Applicants' counsel, and the Monitor and its counsel;
- c) the Interim Financing Facility will accrue interest at the Bank of Montreal Prime (currently 4.95%) plus 4.5% per annum calculated on the daily outstanding balance owing under the Interim Financing Facility, not in advance, which interest shall accrue and be paid on the Maturity Date;
- d) the Interim Financing Facility is to be repaid on the maturity date, which is defined as the earlier of:
 - i. October 12, 2025 (or such later date as the Interim Lender in its discretion may agree to in writing with the Borrower);
 - ii. the date on which:
 - i. the stay of proceedings under the CCAA Proceedings is lifted without the consent of the Interim Lender, or
 - ii. the CCAA Proceedings are terminated for any reason;
 - iii. the closing of the purchase and sale of substantially all of the assets or shares of the Borrowers which has been approved by an order entered by the Court; or
 - iv. the occurrence of an Event of Default.

49. The Interim Financing Facility is to be secured by a Court ordered priority charge (the “**Interim Lender’s Charge**”) over all of the Respondents’ present and after-acquired property, subject only to the Administration Charge.
50. The Interim Financing Facility will be available to the Respondents up to the amount of the Initial Maximum Amount upon the issuance of the Initial Order approving the Interim Financing Term Sheet and the Interim Lender’s Charge. At the Comeback Hearing, the Applicant intends to seek an increase to the amount that the Respondents are permitted to borrow under the Interim Financing Facility, up to the Maximum Amount.
51. Prior to the Comeback Hearing, no payments will be made to BMO for amounts owing to it from the ordinary course sale of vehicles financed by BMO. In this regard, following its appointment, the Monitor will instruct its counsel to conduct a review of BMO’s security and intends to report the results of same to the Court in advance of the Comeback Hearing.
52. The Proposed Monitor notes the following in respect of the Interim Financing Facility:
- a) the availability under the Interim Financing Facility accords with the Respondents’ Cash Flow Forecast and is expected to provide sufficient liquidity to the Respondents through the Cash Flow Period (as set out in greater detail below);
 - b) the interest and fees payable under the Interim Financing Facility are well within the range of similar interim financing facilities approved by this Court in the context of other CCAA Proceedings;
 - c) the Interim Lender is the incumbent secured lender and an experienced interim financing facility provider, and the Proposed Monitor is of the view that the Interim Lender can fulfill its obligations under the Interim Financing Term Sheet, if approved; and
 - d) the Interim Financing Facility grants the Interim Lender standard reporting and oversight functions and will not unnecessarily burden the Respondents, the Monitor or their advisors in the circumstances.

53. The Cash Flow Forecast illustrates that the Respondents have a critical and immediate need for interim financing. Without access to the Interim Financing Facility, the Respondents will be unable to continue operations during the Cash Flow Period as:
- a) the Respondents' have payroll periods prior to and following the Comeback Hearing, together with other overhead operating expenses (including insurance, utilities and technology costs) all of which are critical to their operations, which they cannot presently fund without BMO's support; and
 - b) the professionals associated with the proposed CCAA Proceedings have accrued and will accrue fees and disbursements and need assurance that their fees and disbursements will be paid during the CCAA Proceedings.
54. Provided the Interim Financing Facility is approved by the Court, based on the Cash Flow Forecast, the Proposed Monitor believes that the Respondents will have sufficient liquidity during the Stay Period. The Proposed Monitor is satisfied that the amounts set out in the Cash Flow Forecast to be paid both prior to and following the Comeback Hearing are necessary and reasonable in the circumstances.
55. The Interim Financing Facility is conditional on the granting of the Interim Lender's Charge, and as such, the Proposed Monitor is also of the view that the Interim Lender's Charge is appropriate in the circumstances to maintain the Respondents' Business in the normal course and fund these CCAA Proceedings. Unless and until an amended and restated initial order is granted by the Court at the Comeback Hearing, the Interim Lender's Charge will only secure amounts advanced during the Stay Period.
56. In summary, the Proposed Monitor believes that the terms offered by the Interim Lender in the Interim Financing Term Sheet are reasonable in the circumstances.

Enhanced Powers of the Monitor

57. As part of the relief sought in the proposed Initial Order, the Applicant is requesting that the Court grant the Monitor enhanced powers. These enhanced powers are intended to support the orderly administration of the Respondents' business and affairs pending the

Comeback Hearing, with a view to preserving the Business and maximizing value for the benefit of the Respondents' stakeholders.

58. The enhanced powers of the Monitor are described in the proposed Initial Order and include the authority to, among other things:
- a) execute the Interim Financing Term Sheet for and on behalf of the Respondents;
 - b) carry on the Business and control the Respondents' receipts and disbursements;
 - c) preserve, protect and exercise control over the Property (as defined in the proposed Initial Order), or any parts thereof, including the Respondents' bank accounts;
 - d) request proposals from sale advisors or agents and engage for and on behalf of the Respondents, a sale advisor or agent to assist with any subsequent SISF;
 - e) report to, meet with and discuss with such affected persons as the Monitor deems appropriate all matters relating to the Business and the Property, and to share information, subject to such terms as to confidentiality as the Monitor deems advisable;
 - f) oversee and direct the preparation and dissemination of financial and other information of the Respondents in the CCAA Proceedings, including cash flow statements; and
 - g) perform such other duties or take any steps reasonably incidental to the exercise of its powers as set out in the proposed Initial Order.
59. The enhanced powers will allow the Monitor to facilitate the safeguarding of the Business and the continuation of the CCAA Proceedings in a cost effective and efficient manner pending the Comeback Hearing at which point it is expected that the Applicant will seek to further expand the Monitor's powers.

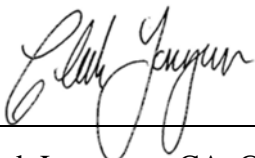
60. The granting of enhanced powers as set out in the proposed Initial Order is a condition of BMO making the Interim Financing Facility available to the Respondents. As set out above, in the absence of the Interim Financing Facility, the Company will be unable to meet its payroll and other obligations.
61. Accordingly, the Proposed Monitor is of the view that granting the enhanced powers is appropriate in the circumstances and consents to the enhanced powers if so, ordered by the Court.

IX. CONCLUSIONS AND RECOMMENDATIONS

62. The Proposed Monitor has reviewed the Applicant's CCAA Application materials and has consented to act as the Monitor of the Respondents, should this Court grant the Initial Order.
63. For the reasons stated herein, the Proposed Monitor is of the view that the relief requested by the Applicant as set forth in the proposed Initial Order is necessary, reasonable, and justified and will provide the Respondents the best opportunity to preserve value and maximize recoveries for its stakeholders.
64. The Proposed Monitor is supportive of the Applicant's request for relief pursuant to the CCAA and the terms of the proposed Initial Order.

**BDO CANADA LIMITED, in its capacity
as Proposed Monitor of the Respondents, and
not in its corporate or personal capacity.**

Per:



Clark Lonergan, CA, CPA, CIRP, LIT
Partner/Senior Vice President

Appendix “A”
CONSENT TO ACT

Clerk's stamp:

COURT FILE NUMBER

COURT

COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE

EDMONTON

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, RSC 1985, c C-36, as amended

AND IN THE MATTER OF THE COMPROMISE OR ARRANGEMENT OF COAST AUTOMOTIVE GROUP INC., COAST NORTH VANCOUVER AUTO SALES INC., COAST AUTO DRAYTON INC., and 2461765 ALBERTA LTD.

DOCUMENT

CONSENT TO ACT AS MONITOR

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT

MILLER THOMSON LLP
Eighth Avenue Place East
43rd Floor, 525 8th Avenue S.W.
Calgary, AB T2P 1G1

Attention: James W. Reid / Monica Faheim /
Kira Lagadin

Telephone: 403.298.2418 / 416.597.6087 /
403.206.6355

E-mail: jwreid@millerthomson.com
mfaheim@millerthomson.com
klagadin@millerthomson.com

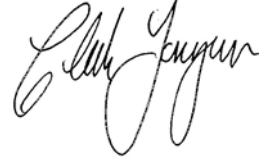
File No. 0148476.0131

BDO Canada Limited ("**BDO**") hereby consents to act as Court-appointed monitor of Coast Automotive Group Inc., Coast North Vancouver Auto Sales Inc., Coast Auto Drayton Inc. and 2461765 Alberta Ltd. in respect of the within proceedings, subject to the granting of an initial order pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 substantially in the form affixed to the Applicant's Originating Application, subject to such changes as are acceptable to BDO.

DATED at Toronto, Ontario this 8th day of July, 2025

BDO CANADA LIMITED

By:

A handwritten signature in black ink, appearing to read "Clark Lonergan", written over a horizontal line.

Name: Clark Lonergan
Title: Partner

[Signature page to the Monitor's Consent to Act]

Appendix “B”
CASH FLOW FORECAST

Coast Automotive Group Inc., Coast North Vancouver Auto Sales Inc., Coast Auto Drayton Inc., and 2461765 Alberta Ltd. (the "Companies" or the "Debtors")

Combined Cash Flow Forecast for the Period

July 16th, 2025 to October 12, 2025

(\$ CAD)

Week Beginning		1	2	3	4	5	6	7	8	9	10	11	12	13	Total
Week Ending		7/20/2025	7/27/2025	8/3/2025	8/10/2025	8/17/2025	8/24/2025	8/31/2025	9/7/2025	9/14/2025	9/21/2025	9/28/2025	10/5/2025	10/12/2025	
Receipts	Notes														
New Vehicle Sales	1	81,416	122,124	284,956	81,416	162,832	284,956	284,956	81,416	162,832	284,956	284,956	81,416	162,832	2,361,061
Used Vehicle Sales	1	201,542	302,313	705,396	201,542	403,083	705,396	705,396	201,542	403,083	705,396	705,396	201,542	403,083	5,844,708
Parts & Service Sales	2	49,147	79,800	99,750	87,400	92,150	99,750	99,750	87,400	92,150	99,750	99,750	87,400	92,150	1,166,347
GST/PST Collected	3	32,905	48,740	106,218	34,704	63,295	106,218	106,218	34,704	63,295	106,218	106,218	34,704	63,295	906,734
Total Receipts		365,009	552,976	1,196,320	405,061	721,361	1,196,320	1,196,320	405,061	721,361	1,196,320	1,196,320	405,061	721,361	10,278,850
Operating Disbursements															
Lien Payouts	4	71,009	106,513	248,531	71,009	142,018	248,531	248,531	71,009	142,018	248,531	248,531	71,009	142,018	2,059,257
Vehicle Purchases	5	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Parts Purchases	6	28,500	28,500	28,500	28,500	28,500	28,500	28,500	28,500	28,500	28,500	28,500	28,500	28,500	370,500
Payroll (Including Taxes)	7	-	210,000	-	320,000	-	210,000	-	-	320,000	-	210,000	-	-	1,270,000
Labour & Materials Inefficiencies	8	-	-	2,850	34,850	2,850	23,850	2,850	2,850	34,850	2,850	23,850	2,850	2,850	137,350
Consultants	9	14,000	-	-	-	14,000	-	-	-	-	14,000	-	-	-	42,000
Employee Benefits	10	-	-	17,600	-	-	-	-	-	-	-	-	17,600	-	35,200
WCB	11	-	-	-	-	9,000	-	-	-	-	9,000	-	-	-	18,000
Property Taxes	12	-	-	220,000	-	-	-	-	-	-	-	-	-	-	220,000
Corporate Credit Card Repayment	13	-	45,000	-	-	-	45,000	-	-	-	-	45,000	-	-	135,000
Vendor Payments	14	33,029	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	813,029
Rent Payments	15	-	-	63,487	-	-	-	-	63,487	-	-	-	63,487	-	190,461
Insurance Payments	16	-	-	42,974	-	-	-	-	42,974	-	-	-	42,974	-	128,922
Professionals & Restructuring Costs	17	165,000	-	135,000	-	175,000	-	125,000	10,000	125,000	-	125,000	10,000	125,000	995,000
Contingency	18	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	325,000
GST/PST Paid	19	15,089	12,438	22,806	8,438	17,188	12,438	14,688	16,556	14,688	8,438	18,688	16,556	14,688	192,694
GST/PST Remittance (Refund)	20	-	-	-	-	-	126,786	-	-	-	366,105	-	-	-	492,891
Debt Service															-
Floor Plan Payments to/(from) BMO	21	169,754	254,631	594,138	169,754	339,508	594,138	594,138	169,754	339,508	594,138	594,138	169,754	339,508	4,922,862
BMO Floor Plan Interest	22	-	-	125,000	-	-	-	-	115,000	-	-	-	105,000	-	345,000
DIP Interest	23	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Disbursements		521,380	747,082	1,590,886	722,550	818,063	1,379,243	1,103,707	610,130	1,094,563	1,361,562	1,383,707	617,730	742,563	12,693,165
Net Cash Inflow/(Outflow)		(156,371)	(194,106)	(394,566)	(317,489)	(96,702)	(182,923)	92,613	(205,068)	(373,202)	(165,242)	(187,387)	(212,668)	(21,202)	(2,414,315)
Cumulative Net Cash Flow		(156,371)	(350,477)	(745,043)	(1,062,532)	(1,159,235)	(1,342,158)	(1,249,545)	(1,454,613)	(1,827,815)	(1,993,057)	(2,180,444)	(2,393,113)	(2,414,315)	(2,414,315)
Opening Cash Balance		-	3,629	23	5,457	7,968	1,265	3,342	95,955	887	2,685	2,443	56	7,387	-
DIP Facility Funding	23	160,000	190,500	400,000	320,000	90,000	185,000	-	110,000	375,000	165,000	185,000	220,000	15,000	2,415,500
Net Cash Inflow/(Outflow)		(156,371)	(194,106)	(394,566)	(317,489)	(96,702)	(182,923)	92,613	(205,068)	(373,202)	(165,242)	(187,387)	(212,668)	(21,202)	(2,414,315)
Closing Cash Balance		3,629	23	5,457	7,968	1,265	3,342	95,955	887	2,685	2,443	56	7,387	1,185	1,185
Cumulative DIP Drawn	23	160,000	350,500	750,500	1,070,500	1,160,500	1,345,500	1,345,500	1,455,500	1,830,500	1,995,500	2,180,500	2,400,500	2,415,500	2,415,500

Coast Automotive Group Inc., Coast North Vancouver Auto Sales Inc. ("North Van"), Coast Auto Drayton Inc. ("Drayton Valley"), and 2461765 Alberta Ltd. (together, the "Companies" or the "Debtors")

Combined Cash Flow Forecast for the Period

July 16th, 2025 to October 12, 2025

(\$ CAD)

Notes to the Unaudited 13-Week Cash Flow Forecast of the Applicants

In preparing this cash flow forecast (the "13-Week Cash Flow Forecast") the Debtors have relied upon unaudited financial information and the Debtors have not attempted to further verify the accuracy or completeness of such information. The 13-Week Cash Flow Forecast includes estimates concerning the operations of the Debtors and additional information discussed below with respect to the requirements of a Companies Creditors Arrangements Act ("CCAA") filing. Since the 13-Week Cash Flow Forecast is based upon assumptions of future events and conditions that are not ascertainable, the actual results achieved during the period will vary from the 13-Week Cash Flow Forecast, even if the assumptions materialize, and such variation may be material. There is no representation, warranty or other assurances that any of the estimates, forecasts or projections will be realized.

Overview

The 13-Week Cash Flow Forecast includes the receipts and disbursements of all of the Debtors during the 13-Week Cash Flow Forecast period. The Debtors, with the assistance of BDO Canada Limited in its capacity as the monitor of the Debtors (the "Monitor") have prepared the 13-Week Cash Flow Forecast based primarily on estimated disbursements related to the ongoing operations and to the CCAA proceedings.

Assumptions:

- 1 Estimated vehicle sales net of vehicle trade-ins. Developed while considering current market conditions, and the cyclical sales cycle. Sales forecast in the first two weeks are reduced amid CCAA filing
- 2 Parts and service receipts calculated based on historical sales figures and sales mix.
- 3 GST and PST collected on receipts.
- 4 Projected potential lien payout amounts calculated based on forecasted trade-in vehicles, percentage of trade-in vehicles with liens, and an average lien amount.
- 5 Vehicle purchases at \$nil as the Debtors does not anticipate purchasing any vehicles for resale.
- 6 Calculated using historical average gross margin on projected parts sales.
- 7 Payroll made up of salaried employee and hourly employee amounts. Employee payroll is administered twice a month through an external service provider (inclusive of taxes).
- 8 To account for any labour or parts cost overruns.
- 9 Payment for full time controller paid as a contractor instead of regular payroll.
- 10 Continuation of employee benefit plan with the Company's current insurance provider, First Canadian.
- 11 Monthly payments for Workers Compensation Board projected based on historical payments.
- 12 Projected property tax lump sum payment for North Van location.
- 13 Periodic repayment of the BMO Mastercard used for operating expenses.
- 14 Payment of go-forward vendor payments, consistent with historical weekly run rate.
- 15 Rent payments for North Van's main dealership lot and 2 offsite car lots.
- 16 Continuation of insurance policy premiums to be paid as scheduled.
- 17 Costs of the Monitor and its counsel, the Debtors' counsel, Debtors sales agent, and DIP Lender professional fees.
- 18 Contingency of \$25,000 per week (inclusive of GST/PST) is assumed to cover unanticipated costs.
- 19 GST and PST paid on disbursements.
- 20 GST and PST remittance paid monthly for previous month's net GST collected and PST collected.
- 21 Represents the net of principal repayment of floor line financing on vehicles sold and/or financing provided for vehicles traded in.
- 22 Estimated based on previous floor line interest run rates, with slight reduction later in the period to account for projected floor line paydowns.
- 23 Relates to DIP financing from lender, up to a maximum of \$2,500,000. Interests are accrued and settled outside of the 13-Week Cash Flow Forecast period.

Appendix “C”
INTERIM FINANCING TERM SHEET

July __, 2025

Coast Automotive Group Inc.

Coast Auto Drayton Inc.

Coast North Vancouver Auto Sales Inc.

2461765 Alberta Ltd.

Each via its Court-appointed Monitor, BDO Canada Limited

Attention: Clark Lonergan (clonergan@bdo.ca)

Re: Interim Financing for Coast Automotive Group Inc., Coast Auto Drayton Inc., Coast North Vancouver Auto Sales Inc., and 2461765 Alberta Ltd. (each a “Borrower” and collectively, the “Borrowers”)

- A. Pursuant to the Order of the Honourable Justice M.E. Burns of the Court of King’s Bench of Alberta (the “**Court**”) issued July 16, 2025 (the “**Initial Order**”), Bank of Montreal commenced proceedings under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (the “**CCAA**”, and such proceedings, the “**CCAA Proceedings**”) in respect of the Borrowers. Pursuant to the Initial Order, BDO Canada Limited was appointed as monitor in the CCAA proceedings (in such capacity and not in its personal or corporate capacity, the “**Monitor**”).
- B. The Initial Order authorizes the Borrowers to obtain interim financing to fund their ordinary course working capital needs during the CCAA Proceedings, and authorizes the Monitor to execute this term sheet (the “**Interim Financing Term Sheet**”) for and on behalf of the Borrowers.
- C. Bank of Montreal (in such capacity, the “**Interim Lender**” or “**BMO**”) is prepared to make available interim financing to the Borrowers on the terms and conditions set out in this Interim Financing Term Sheet. Unless otherwise indicated, all amounts are expressed in Canadian currency. All times expressed herein refer to Mountain time.
- D. The Interim Lender intends to return to Court on July 25, 2025 (the “**Comeback Hearing**”) to seek:
 - a. An amended and restated Initial Order (as may be further amended and restated from time to time, the “**ARIO**”); and
 - b. An order approving, and authorizing the Monitor (and a court-approved sales agent) to conduct a sale and investment solicitation process (the “**SISP**”, and such Order the “**SISP Order**”).

Borrowers: Coast Automotive Group Inc., Coast Auto Drayton Inc., Coast North Vancouver Auto Sales Inc., and 2461765 Alberta Ltd.

Interim Lender: Bank of Montreal

Joint and Several: Each of the Borrowers agrees, acknowledges and confirms that the Interim Facility (as defined below) has been made available to all of them, and, in each case, that each individual Borrower’s ability to drawdown the full amount available for each Advance (as defined below) is not restricted except as specifically provided for in this Interim Financing Term Sheet. All covenants, agreements and Obligations (as defined below) of the Borrowers

contained herein shall be on a joint and several basis, and each of the Borrowers shall be jointly and severally liable for and obligated to repay all Obligations under the Interim Facility. Each Borrower acknowledges and confirms that it is fully responsible for all such Obligations even though it may not have requested a single Advance.

Each Borrower's liability for payment of the Interim Facility shall be a primary Obligation, absolute and unconditional, and shall constitute full-recourse obligations of each Borrower, enforceable against each of them to the full extent of their respective assets and properties. Each Borrower expressly waives any right to require the Interim Lender to marshal assets in favour of any Borrower or any other person or to proceed against any other Borrower or any collateral provided by any person, and agrees that the Interim Lender may proceed against any Borrower or any collateral in such order as it shall determine in its sole and absolute discretion. To the extent permitted by law, any release or discharge, by operation of law, of any Borrower from the performance or observance of any obligation, covenant or agreement contained herein shall not diminish or impair the liability of any other Borrower in any respect. Each Borrower unconditionally and irrevocably waives each and every defence, right to discharge, compensation and set-off of any nature which, by statute or under principles of suretyship, guaranty or otherwise, would operate to impair or diminish in any way the obligation of any Borrower hereunder, and acknowledges that such waiver is by this reference incorporated into each security agreement, collateral assignment, pledge and/or other document from any Borrower now or later securing the Interim Facility, and acknowledges that as of the date of this Interim Financing Term Sheet no such defence or set-off exists. Each Borrower waives any and all rights (whether by subrogation, indemnity, reimbursement or otherwise) to recover from any other Borrower any amounts paid or the value of any Property (as defined in the Initial Order) given by such Borrower pursuant hereto or otherwise until the Obligations are irrevocably paid in full in cash.

Interim Facility:

A super-priority, debtor-in-possession non-revolving demand credit facility (the "**Interim Facility**") up to the maximum principal amount of CAD \$2,500,000 (the "**Maximum Amount**").

Purpose:

The purpose of the Interim Facility is to fund (i) working-capital needs of the Borrowers; (ii) the Interim Lender's Expenses (as defined below); (iii) professional fees and expenses incurred by BMO's counsel, the Monitor and its counsel, and the sales agent in respect of the CCAA Proceedings and the SISP, in each case in accordance with the cash flow forecast approved by the Monitor and the Interim Lender (the "**Cash Flow Forecast**"); and (v) such other costs and expenses of the Borrowers as may be agreed to by the Interim Lender and the Monitor in writing.

The amount and purpose of the Interim Facility may be amended by the Borrowers and the Interim Lender, with the consent of the Monitor, in writing or by further order of the Court. The Borrowers may not use the proceeds of the Interim Facility to pay any pre-filing obligations of the Borrowers, except

in accordance with the Cash Flow Forecast or with the prior written consent of the Interim Lender and the Monitor.

Repayment & Maturity: The balance of the principal, interest and all obligations owing under the Interim Facility shall be due in full in cash on the date (the “**Maturity Date**”), which is the earliest of:

- (i) the occurrence of an Event of Default (as defined below);
- (ii) the date on which (A) the stay of proceedings under the CCAA Proceedings is lifted without the consent of the Interim Lender, or (B) the CCAA Proceedings are terminated;
- (iii) the date upon which a transaction for the sale of all or substantially all of the business and assets of the Borrowers is completed;
- (iv) October 12, 2025 (or such later date as the Interim Lender in its sole discretion may agree to in writing with the Borrowers).

The Interim Lender’s commitment in respect of the Interim Facility shall expire on the Maturity Date and all amounts outstanding under the Interim Facility including accrued Interest and the Interim Lender’s Expenses (collectively, the “**Obligations**”) shall be repaid in full on the Maturity Date without the Interim Lender being required to make demand upon the Borrowers or to give notice that the Facility has expired and the Obligations are due and payable.

Advances: The Interim Facility shall be available to the Borrowers upon the satisfaction or waiver of the funding conditions set out in this Interim Financing Term Sheet. The Interim Facility shall be advanced in multiple draws (“**Advances**” and each, an “**Advance**”) in accordance with the Cash Flow Forecast. All Advances shall be deposited in the bank account of the Borrowers, which shall be controlled by the Monitor.

Nothing in this Interim Financing Term Sheet creates a legally binding obligation on the Interim Lender to advance any amount under the Interim Facility at any time unless the Interim Lender is satisfied in its sole discretion, acting reasonably, that (a) the Borrowers are in compliance with every provision of this Interim Financing Term Sheet, the Initial Order, and, when applicable, the ARIO and the SISP Order, and any other order of the Court; (b) the funding conditions set forth in this Interim Financing Term Sheet have been satisfied or waived; (c) the Borrowers are operating within the parameters of the Cash Flow Forecast; and (d) that no fact exists or event has occurred which materially changes the manner in which the Interim Lender previously evaluated the risks inherent in advancing amounts to the Borrowers under the Interim Facility, whether or not the Interim Lender was or should have been aware of such facts or events at any time.

Interest: Interest shall accrue on the Interim Facility at a rate equal to the Canadian Prime Rate then in effect at BMO plus 4.5% per annum (the “**Interest**”).

Interest shall be calculated on the daily outstanding balance owing under the Interim Facility, not in advance, and shall accrue and be paid on the Maturity Date.

Expenses:

The Borrowers shall reimburse the Interim Lender for all reasonable and documented fees and expenses (collectively, the “**Interim Lender’s Expenses**”) incurred by the Interim Lender in connection with the preparation, registration and ongoing administration of the Interim Facility, including in connection with the Initial Order as it may be amended or restated, the Interim Financing Charge and with the enforcement of the Interim Lender’s rights and remedies hereunder or at law or in equity, including, without limitation all reasonable and documented legal fees and disbursements incurred by the Interim Lender, on a full indemnity basis.

For greater certainty, “**Interim Lender’s Expenses**” shall include all reasonable and documented fees and expenses incurred by the Interim Lender in connection with the CCAA Proceedings and all Court attendances in respect thereof. The Interim Lender’s Expenses shall form part of the Obligations and shall accrue interest at the rate set out above. All such expenses and interest thereon shall be secured by the Interim Financing Charge (as defined herein) whether or not any funds under the Interim Facility are advanced.

Security:

All of the Obligations shall be secured by a Court-ordered charge (the “**Interim Financing Charge**”) over all present and after-acquired property, assets and undertakings of the Borrowers (including for greater certainty and without limitation, insurance proceeds, intellectual property, goods, documents of title, investment property, securities now owned or hereafter owned or acquired by or on behalf of the Borrowers and those assets set forth on the financial statements of the Borrowers), including all proceeds therefrom and all causes of action of the Borrowers (the “**Collateral**”).

The Interim Financing Charge shall be a super-priority charge which shall rank ahead of all existing, liens, claims, trusts and charges, but shall be subject to and shall rank behind an administration charge (the “**Administration Charge**”) in the maximum amount of \$600,000 to secure payment of the fees, expenses and disbursements of: (a) BMO’s counsel; (b) the Monitor and its legal counsel; and (c) any fees incurred by any third party sales agent engaged by the Monitor in connection with the SISP and SISP Order.

Funding Conditions:

The availability of the Interim Facility is subject to and conditional upon the following, which may be waived by the Interim Lender in writing:

1. With respect to Advances up to the amount of \$350,000 (the “**Maximum Interim Amount**”) prior to the Comeback Hearing, the Court shall have issued the Initial Order in a form satisfactory to the Interim Lender:

- (a) approving this Interim Financing Term Sheet and authorizing the Monitor to execute this Interim Financing Term Sheet for and on behalf of the Borrowers;
- (b) authorizing the Borrowers to borrow up to the Maximum Interim Amount by way of Advances;
- (c) granting the Interim Lender the Interim Financing Charge in favour of the Interim Lender over all present and future assets, properties and undertakings of the Borrowers as security for repayment of all Obligations, ranking in priority to all interests save and except for the Administrative Charge and the interests of any person who is a “secured creditor” as defined in the CCAA that has not been served with the notice of application for the Initial Order;
- (d) granting the Interim Lender the right, upon the occurrence of an Event of Default, to terminate the Interim Facility and to enforce the rights and remedies available to it on not more than seven (7) days’ notice to the Borrowers and the Monitor;
- (e) providing that the Interim Financing Charge shall be valid and effective to secure all of the Obligations without the necessity of making any registrations or filings and whether or not any other documents have been executed by the Borrowers;
- (f) restricting the granting of additional liens on the Collateral other than the Interim Financing Charge as permitted herein;
- (g) declaring that the granting of the Interim Financing Charge, the execution and delivery of all other documents and instruments contemplated herein, and the payment of all amounts by the Borrowers to the Interim Lender, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable laws;
- (h) declaring the Initial Order, including the Interim Financing Charge granted thereunder, binding upon a trustee in bankruptcy of the Borrowers, the Monitor, any receiver, interim-receiver, receiver-manager or any other officer of the Court appointed in respect of the Borrowers; and
- (i) granting the requested expansion of the Monitor’s powers.

2. With respect of Advances up to the Maximum Amount following the Comeback Hearing:

- (a) the ARIO shall have been granted in a form satisfactory to the Interim Lender:
 - i. authorizing the Borrowers to borrow up to the Maximum Amount by way of Advances;
 - ii. elevating the priority of the Interim Financing Charge above all liens and encumbrances other than the Administration Charge; and
 - iii. further expanding the Monitor's powers;
- (b) the SISP shall have been approved in a form satisfactory to the Interim Lender;
- (c) all vehicles sold by the Borrowers including and after the date of the CCAA Proceedings have had their respective floor plan financing (the "**Floor Plan**") repaid with respect to those vehicles as per the terms of the Floor Plan credit facilities; and
- (d) all vehicles sold by the Borrowers prior to the date of the CCAA Proceedings for which the vehicle sale proceeds have not been received but are subsequently received after the date of the Initial order, shall have been repaid with respect to those vehicles as per the terms of the Floor Plan credit facilities.

3. With respect to all Advances:

- (a) the Borrowers' cash management system shall continue in the manner approved by the Initial Order unless otherwise consented to in writing by the Interim Lender and the Monitor in their reasonable discretion;
- (b) other than in the ARIO, anticipated to be granted at the Comeback Hearing, the Initial Order shall not be amended or varied in a manner adverse to the Interim Lender, or stayed, without the consent of the Interim Lender, and shall continue to be in full force and effect;
- (c) the Interim Lender shall have received and approved the Cash Flow Forecast, and such Cash Flow Forecast shall not have been waived or amended without the prior written consent of the Interim Lender, and the Borrowers shall be in material compliance with respect to same;
- (d) the Interim Lender shall be satisfied that the Borrowers have complied with and are continuing to comply in all material

respects with all applicable laws, regulations and orders of the Court in the CCAA Proceedings; and

- (e) no Event of Default shall have occurred or shall be reasonably expected to occur as a result of such Advance and no Event of Default shall have occurred and be continuing;
- (f) such Advance shall not cause the aggregate amount of all outstanding Advances to exceed the amount then authorized by the Initial Order or ARIO;
- (g) all of the conditions contained in this Interim Financing Term Sheet shall have been satisfied and shall as at the time of the making of any Advance in question continue to be satisfied; and
- (h) all amounts requested for a particular Advance shall be consistent with Cash Flow Projections for the applicable period, or otherwise expressly agreed to by the Interim Lender in advance.

The making of an Advance hereunder without the fulfillment of one or more conditions set forth in this Interim Financing Term Sheet shall not constitute a waiver of any such condition, unless expressly so waived in writing by the Interim Lender, and the Interim Lender reserves the right to require fulfillment of such condition in connection with any Advance.

Indemnity:

Each of the Borrowers agrees to indemnify and hold harmless the Interim Lender, their respective officers, directors, employees, representatives, advisors, solicitors and agents (collectively, the “**Indemnified Persons**”) from and against any and all actions, lawsuits, proceedings (including any investigations or inquiries), claims, losses, damages, liabilities or expenses of any kind or nature whatsoever which may be incurred by or suited against or involve any of the Indemnified Persons as a result of, in connection with or in any way related to the Interim Facility or this Interim Financing Term Sheet, except to the extent that such actions lawsuits, proceedings, claims, losses, damages, liabilities or expenses result from the gross negligence or willful misconduct of such Indemnified Persons.

Covenants:

Until such time as the Obligations have been repaid to the Interim Lender in full, the Borrowers covenant and agree to:

- (a) provide the Interim Lender with any additional financial information reasonably requested by the Interim Lender, in its absolute, sole, and unfettered discretion;
- (b) use the Advances under the Interim Financing Facility for the purposes for which they are being provided, as set out in this Interim Financing Term Sheet, or such other purposes as may be agreed to by the Interim Lender and the Monitor, in writing;

- (c) provide the Interim Lender and the Monitor with prompt written notice of any event which constitutes, or which, with notice, lapse of time, or both, would constitute an Event of Default;
- (d) keep and maintain books of account and other accounting records in accordance with generally accepted accounting principles;
- (e) provide the Interim Lender and its advisors, on reasonable written notice and during normal business hours, full access to the books and records of the Borrowers;
- (f) pay all claims which, under law, may rank prior to or *pari passu* with the Interim Financing Charge due and payable from and after the commencement of the CCAA Proceedings, as and when such amounts are due;
- (g) pay all accrued Interim Lender's Expenses at the time of each Advance;
- (h) not declare any dividend, or make any payment to any director, officer, investor or related party of the Borrowers (except salary and wages in the normal course) without the prior written consent of the Interim Lender;
- (i) conduct all business, operations and activities in compliance with the Cash Flow Forecast;
- (j) not, without the prior written consent of the Interim Lender, incur any borrowings or other secured indebtedness, obligations or liabilities, other than the Interim Financing Facility, or create or grant any security (other than the Administration Charge and the Interim Financing Charge) over any of the Borrowers' Property, whether ranking in priority to, or subordinate to, the Interim Financing Charge;
- (k) comply with all orders of the Court in the CCAA Proceedings and all applicable laws;
- (l) keep the Borrowers' assets fully insured against such perils and in such manner as would be customarily insured by companies owning similar assets naming BMO as first loss payee and to ensure all assets secured by the Interim Financing Charge are in existence and in the possession and control of the Borrowers; and
- (m) provide, or cause to be provided to the Interim Lender, on Friday of each week, in each case, in form and substance satisfactory to the Interim Lender: (i) a 13-week cash forecast of the Borrowers covering the following 13-weeks from the time of reporting such forecast (an "**Updated Cash Flow Forecast**"); (ii) a cash flow variance analysis (as compared to the Cash Flow Forecast) along with an explanation of any material variances; (iii) copies of all bank

statements; (iv) an accounts receivable listing; and (v) any other documents the Interim Lender may reasonably request, in its discretion. If an Updated Cash Flow Forecast is accepted by the Interim Lender, it shall thereafter constitute the Cash Flow Forecast for the purposes of this Term Sheet.

Events of Default:

Without limiting the right of the Interim Lender to demand payment at anytime, if any one or more of the following events (each an “**Event of Default**”) has occurred, is continuing and has not been cured within the applicable period:

1. the Borrowers fail to pay when due any principal, fees or other amounts due hereunder when due and payable;
2. any other breach by any Borrower in the observance or performance of any provision, covenant, term, condition or other provision of this Interim Financing Term Sheet or other document delivered to the Interim Lender in respect thereof;
3. seeking or support by any Borrower of, or the issuance of, any Court order (in the CCAA Proceedings or otherwise) which is adverse to the interests of the Interim Lender, including, for certainty but without limitation, any change to the Interim Facility or the Interim Financing Charge (or the relative priority thereof);
4. failure of the Borrowers to comply with the terms of the SISP as approved by the SISP Order, including meeting any deadlines set forth therein;
5. occurrence of an event that will, in the reasonable opinion of the Interim Lender, materially impair the Borrowers’ financial condition, operations or ability to perform under this Term Sheet or any order of the Court;
6. the stay of proceedings resulting from the CCAA Proceedings is terminated or lifted in whole or in part without the consent of the Monitor and the Interim Lender;
7. substantially all of the business or assets of the Borrowers are sold, except pursuant to the SISP, as may be otherwise approved by the Interim Lender in writing in advance, or as otherwise set out herein;
8. sold out of trust (“**SOT**”) vehicles not cured within five (5) days of vehicle audit reports;
9. filing of any plan of reorganization, arrangement or liquidation to which the Interim Lender does not consent;
10. replacement of BDO as Monitor of the Borrowers; or

11. any of the Borrowers becomes bankrupt or the appointment of a receiver, receiver and manager, or other officer of the Court is made, all or any significant part of the assets of a Borrower.

Remedies and Enforcement:

Upon the occurrence and continuance of an Event of Default beyond any applicable cure period, the Interim Lender may, upon written notice to the Borrower and the Monitor, have the right, subject to the Interim Lender obtaining an Order from the Court lifting the stay under the CCAA Proceedings:

1. terminate the Interim Facility;
2. on prior written notice to the Borrowers of no less than seven (7) days;
 - a) seek the appointment of a receiver, an interim receiver or a receiver and manager over the Property (as defined in the Initial order), or to seek the appointment of a trustee in bankruptcy of the Borrowers;
 - b) enforce the Interim Financing Charge and realize on the Property and any other collateral securing the Obligations;
 - c) exercise the rights and powers of a secured lender and mortgagee pursuant to the *Personal Property Security Act* (Alberta) and any legislation of similar effect; and
 - d) exercise all such other rights and remedies available to the Interim Lender under this Term Sheet, the Initial Order, the ARIO, the SISP Order or any other order of the Court or applicable law.

No failure or delay on the part of the Interim Lender in exercising any of its rights and remedies shall be deemed to be a waiver of any kind.

Evidence of Indebtedness:

The Interim Lender shall maintain records evidencing the Interim Facility. The Interim Lender's accounts and records constitute, in the absence of manifest error, conclusive evidence of the indebtedness of the Borrowers to the Interim Lender pursuant to this Interim Financing Term Sheet.

Court Officer & Monitor's Capacity:

The Monitor shall be authorized to have direct discussions with the Interim Lender, and the Interim Lender shall be entitled to receive information from the Monitor as may be requested by the Interim Lender from time to time.

The Interim Lender acknowledges and agrees that the Monitor, acting in its capacity as monitor in the CCAA Proceedings will have no liability or obligation in connection with this Interim Financing Term Sheet or Interim Facility whatsoever, whether in its personal or corporate capacity or otherwise.

General:

Further Assurances and Documentation: The Borrowers shall do all things and execute all documents deemed necessary or appropriate by the Interim Lender for the purposes of giving full force and effect to the terms, conditions, undertakings hereof and the Interim Financing Charge to be granted pursuant to the Initial Order, as it may be amended and restated from time to time.

Severability: If any provision of this Interim Financing Term Sheet is or becomes prohibited or unenforceable in any jurisdiction, such prohibition or unenforceability shall not invalidate or render unenforceable the provision concerned in any other jurisdiction nor shall it invalidate, affect or impair any of the remaining provisions of this Interim Financing Term Sheet.

Governing Law: This Interim Financing Term Sheet shall be construed in accordance with and be governed by the laws of the Province of Alberta and the federal laws of Canada applicable therein.

Counterparts: This Interim Financing Term Sheet may be executed in any number of separate counterparts by any one or more of the parties thereto, and all of said counterparts taken together shall constitute one and the same instrument. Delivery of an executed counterpart of this Interim Financing Term Sheet by email, PDF or by other electronic means shall be as effective as delivery of a manually executed counterpart

Assignment: The Interim Lender may assign all or part of its rights and obligations under this Interim Financing Term Sheet without notice to and without the Borrowers' consent, provided that the Monitor is satisfied that such assignee has the financial capacity to act as the Interim Lender. The Borrowers may not assign or transfer all or any part of their rights or obligations under this Interim Financing Term Sheet, any such transfer or assignment being null and void and of no force or effect. This Interim Financing Term Sheet shall enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

Time: Time shall be of the essence in all provisions of this Interim Financing Term Sheet.

Termination by Borrowers: At any time following the indefeasible payment in full in immediately available funds of all of the amounts owing under the Interim Facility, including, without limitation, principal, interest, costs and expenses contemplated hereunder, the Borrowers shall be entitled to terminate this Interim Financing Term Sheet upon written notice to the Interim Lender; provided that any termination of this Interim Financing Term Sheet shall not in any way release the Borrowers from their obligations to BMO in connection with any other loans and other accommodations extended to the Borrowers by BMO.

Entire Agreement, Amendments and Waiver: This Interim Financing Term Sheet and any other written agreement delivered pursuant to or referred to in this Interim Financing Term Sheet constitute the whole and entire agreement between the parties in respect of the Interim Facility. There are no verbal

agreements, undertakings or representations in connection with the Interim Facility. No amendment or waiver of any provision of this Interim Financing Term Sheet will be effective unless it is in writing signed by the Borrowers and the Interim Lender. No failure or delay on the part of the Interim Lender in exercising any right or power hereunder or under the Interim Financing Charge shall operate as a waiver thereon. No course of conduct by the Interim Lender will give rise to any reasonable expectation which is in any way inconsistent with the terms and conditions of this Interim Financing Term Sheet and the Interim Financing Charge or the Interim Lender's rights thereunder.

Notices:

Any notice, request or other communication hereunder to any of the parties shall be in writing and be well and sufficiently given if delivered personally or sent by electronic mail to the attention of the person as set forth below:

In the case of the Interim Lender:

BMO FINANCIAL GROUP
100 King Street West, 19th Floor
Toronto, ON M5X 1A1
Attention: Shehryar Syed
Email: shehryar.syed@bmo.com

With a copy, which shall not constitute notice, to:

MILLER THOMSON LLP
525-8th Avenue S.W., 43rd Floor
Eighth Avenue Place East
Calgary, Alberta T2P 1G1
Attention: James Reid
Email: jwreid@millerthomson.com

In the case of the Borrowers:

DUNCAN CRAIG LLP
Suite 2800-10060 Jasper Avenue
Edmonton, AB T5J 3V9
Attention: Ryan Quinlan
Email: rquinlan@dcllp.com

c/o the Monitor:

BDO CANADA LIMITED
222 Bay St. Suite 2200, Toronto, ON M5K 1H6
Attention: Clark Lonergan
Email: clonergan@bdo.ca

With a copy to:

BLAKE, CASSELS & GRAYDON LLP

199 Bay St. #4000, Toronto, ON

M5L 1A9

Attention: Kelly Bourassa /Aryo Shalviri

Email: kelly.bourassa@blakes.com / aryo.shalviri@blakes.com

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ACCEPTANCE

TO THE LENDER:

For good and valuable consideration received, the Borrowers accept and agree to comply with the provisions of the Interim Financing Term Sheet set out above, on a joint and several basis.

Dated this ____ day of July, 2025.

Coast Automotive Group Inc.

Per: _____
Name: Clark Lonergan
Title: BDO Canada Limited in its capacity
as Court-Appointed Monitor of Coast
Automotive Group Inc. and not in its
personal or corporate capacity

I have authority to bind the corporation.

Coast Auto Drayton Inc.

Per: _____
Name: Clark Lonergan
Title: BDO Canada Limited in its capacity
as Court-Appointed Monitor of the
Coast Auto Drayton Inc. and not in its
personal or corporate capacity

I have authority to bind the corporation.

Coast North Vancouver Auto Sales Inc.

Per: _____
Name: Clark Lonergan
Title: BDO Canada Limited in its capacity
as Court-Appointed Monitor of Coast
North Vancouver Auto Sales Inc. and
not in its personal or corporate
capacity

I have authority to bind the corporation.

2461765 Alberta Ltd.

Per: _____

Name: Clark Lonergan

Title: BDO Canada Limited in its capacity
as Court-Appointed Monitor of
2461765 Alberta Ltd. and not in its
personal or corporate capacity

I have authority to bind the corporation.