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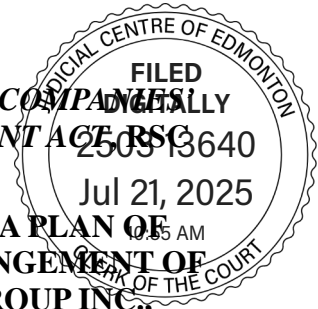
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EDMONTON

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

FIRST REPORT OF BDO CANADA, IN ITS  
CAPACITY AS THE MONITOR

ADDRESS FOR SERVICE AND  
CONTACT INFORMATION OF  
PARTY FILING THIS DOCUMENT

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**FIRST REPORT OF THE MONITOR  
BDO CANADA LIMITED  
July 21, 2025**

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## INTRODUCTION

1. On July 16, 2025 (the “**Filing Date**”), upon application (the “**CCAA Application**”) by the Bank of Montreal (“**BMO**” or the “**Applicant**”) in its capacity as senior secured lender to Coast North Vancouver Auto Sales Inc. (“**Coast North Van**”), Coast Auto Drayton Inc. (“**Coast Drayton Valley**”), and 2461765 Alberta Ltd. (“**246**”), the Honourable Justice M.E. Burns of the Court of King’s Bench of Alberta (the “**Court**”) issued an order (the “**Initial Order**”) granting protection to Coast North Van, Coast Drayton Valley, 246 and Coast Automotive Group Inc. (“**Coast Automotive**” and together with Coast North Van, Coast Drayton Valley, and 246, the “**Respondents**”, the “**Coast Auto Group**”, or the “**Company**”) from their creditors under the *Companies’ Creditors Arrangement Act*, RSC 1985, c. C-36, as amended (the “**CCAA**”). Pursuant to the Initial Order, BDO Canada Limited (“**BDO**”) was appointed as monitor of the Company (in such capacity, the “**Monitor**”).
2. BDO, as proposed monitor, prepared a pre-filing report dated July 8, 2025 (the “**Pre-Filing Report**”) attached (without appendices) as **Appendix “A”** hereto to provide information to the Court for its consideration in respect of the Applicant’s CCAA Application.
3. Capitalized terms not otherwise defined herein have the meanings ascribed to them in the Initial Order or the Pre-Filing Report.
4. Among other things, pursuant to the Initial Order the Court granted:
  - a. an initial stay of proceedings (the “**Stay of Proceedings**”) in favour of the Company until and including July 26, 2025, to stabilize the Company’s operations and permit the Monitor to devise a proposed court-supervised sale and investment solicitation process (“**SISP**”) with a view to ultimately preserving the business as a going concern and maximizing value;
  - b. a charge over the Company’s assets to stand as security for payment by the Company of the professional fees and disbursements of the Applicant’s legal counsel, the Monitor and legal counsel to the Monitor, in an aggregate amount not to exceed \$275,000 (the “**Administration Charge**”);

- c. approval of an interim financing term sheet dated July 16, 2025 (the “**Interim Financing Term Sheet**”) and an interim lender’s charge up to \$350,000, plus interest, costs and fees (the “**Interim Lender’s Charge**”). Pursuant to the Interim Financing Term Sheet, BMO, as interim lender (the “**Interim Lender**”) has agreed to provide interim financing to the Company to fund ordinary course working capital needs during the CCAA proceedings (the “**CCAA Proceedings**”); and
  - d. expanded powers of the Monitor in the CCAA Proceedings.
5. The Initial Order contemplates a comeback application to be heard on July 25, 2025 (the “**Comeback Hearing**”) at which time the Applicant is seeking an Amended and Restated Initial Order (the “**ARIO**”).

## **PURPOSE**

6. The purpose of this first report of the Monitor (the “**First Report**”) is to provide information to the Court with respect to:
- a. the activities of the Monitor since the Filing Date;
  - b. the ARIO sought by the Applicant, including, among other things, the following relief:
    - i. extending the Stay of Proceedings until and including October 19, 2025;
    - ii. approving an increase to the Administration Charge up to the maximum amount of \$600,000;
    - iii. approving an increase to the Interim Lender’s Charge up to the maximum amount of \$2.5 million (plus interest, costs and fees);
    - iv. granting a charge in favour of Dealer Solutions North American, Inc., (“**DSMA**”) as sale agent (in such capacity, the “**Sales Agent**”) up to the maximum amount of \$350,000 (the “**Sales Agent Charge**”);
    - v. granting a charge in favour of the directors and officers of the Company as security for the Company’s obligation to indemnify the

directors and officers for any liabilities they may incur in such capacity from and after the commencement of the CCAA Proceedings, up to the maximum amount of \$250,000 (the “**D&O Charge**”);

- vi. approving the key employee retention plan described herein (“**KERP**”) and granting a charge in favour of certain key personnel (the “**Key Personnel**”) of the Company to secure the Company’s obligations under the KERP, up to the maximum amount of \$125,000 (the “**KERP Charge**”);
  - vii. authorizing the Respondents, with the consent of the Interim Lender, to make payments on account of goods and services supplied to them prior to the date of the Initial Order, provided that (a) in the view of the Monitor, such supplier or service provider is critical to the business of the Coast Auto Group (the “**Business**”), and (b) such payments do not, in the aggregate, exceed \$50,000;
  - viii. further expanding the powers of the Monitor in the CCAA Proceedings; and
  - ix. such further and other relief as the Court may deem just and equitable.
- c. an order, sought by the Applicant, approving and authorizing the Monitor and the Sales Agent to conduct the SISP (the “**SISP Approval Order**”), including, among other things, the following relief:
- i. approving the engagement of the Sales Agent to assist the Monitor with carrying out the SISP; and
  - ii. approving a SISP for the marketing and sale of the equity in the Company and/or the Company’s business and assets, including its two (2) dealerships and related assets (the “**Dealership Asset(s)**”) and its owned and leased real estate assets (collectively with the Dealership Assets, the “**Property**”) for the purposes of soliciting

offers to acquire all or substantially all of the Business and Property of the Company, and offers of investment in the Business of the Company;

d. the Sealing Order sought by the Applicant; and

e. the Monitor's comments and recommendations with respect to:

i. the Respondents' 14-week cash flow forecast (the "**Revised Cash Flow Forecast**"), for the period July 16, 2025, to October 19, 2025 (the "**Cash Flow Period**") on a consolidated basis for the Respondents;

ii. BMO's pre-filing credit facilities, the ongoing operation of the Floorplan Credit Facilities (as defined below), the results of a review of BMO's pre-filing security and ongoing paydowns of BMO's Indebtedness (as defined below); and

iii. the reasonableness of the amounts and relative priority of the Administration Charge, Interim Lender's Charge, D&O Charge, Sales Agent Charge and KERP Charge (collectively, the "**Court Ordered Charges**"); and

iv. the proposed SISP and engagement of the Sales Agent.

7. The Initial Order and all other materials filed with the Court in these CCAA Proceedings are accessible on the Monitor's website at: <https://www.bdo.ca/services/financial-advisory-services/business-restructuring-turnaround-services/current-engagements/coast-automotive-group> (the "**Monitor's Website**").

## **TERMS OF REFERENCE AND DISCLAIMER**

8. In preparing this First Report, the Monitor has relied on certain unaudited financial information, the Company's books and records, the Affidavit of Shehryar Syed dated July 9, 2025 (the "**Syed Affidavit**") filed in support of the Initial Application, and discussions with the Company's management ("**Management**") (collectively, the "**Information**").

9. The Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information in such a manner that would wholly or partially comply with standards as set out in the *Chartered Professional Accountants Canada Handbook* (the “**CPA Handbook**”) and, accordingly, the Monitor expresses no opinion or other form of assurance in respect of such Information.
10. Some of the Information referenced in this First Report relates to weekly cash flow forecasts, projections and related assumptions. An examination or review of cash flow forecasts, projections and related assumptions as outlined in the CPA Handbook has not been performed. Some of the Information referenced in this First Report pertains to weekly cash flow forecasts, projections, and related assumptions. The Monitor has not performed an examination or review of these forecasts, projections, or assumptions in accordance with the standards outlined in the CPA Handbook.
11. The Revised Cash Flow Forecast, representing future oriented financial information, is based on Management’s assumptions regarding future events. Actual results will vary from the Revised Cash Flow Forecast and such variations may be material.
12. All monetary amounts contained herein are expressed in Canadian dollars.

## **BACKGROUND INFORMATION**

13. This First Report should be read in conjunction with the Syed Affidavit and the Pre-Filing Report, which can be found on the Monitor’s Website and contain background information with respect to the Company’s business and operations as well as matters leading up to the commencement of these CCAA Proceedings.

## **INITIAL ACTIVITIES OF THE MONITOR**

14. Since the commencement of these CCAA Proceedings, the Monitor has:
  - a. established the Monitor’s Website;
  - b. undertaken the necessary steps to prepare a notice containing information regarding the CCAA Proceedings (the “**Notice to Creditors**”), based on the

contact information of known creditors with claims against the Company in excess of \$1,000, as provided by the Company. A copy of the Notice to Creditors will be posted on the Monitor's website once it has been mailed;

- c. filed the statutory Forms 1 and 2 containing certain prescribed information regarding the proceedings with the Office of the Superintendent of Bankruptcy;
- d. reviewed the terms of the Initial Order with Management as they relate to the administration of pre-filing and post-filing payment obligations;
- e. completed an inventory count of the Company's new, used and leased vehicles at the Dealership Assets;
- f. assisted the Company with stakeholder communications;
- g. responded to correspondence received from creditors and other parties with respect to the CCAA Proceedings;
- h. participated in various discussions with the Company regarding operations, treasury functions and key stakeholders; and
- i. created a weekly monitoring protocol with the Company to allow the Monitor to review and report on the Company's weekly cash receipts and disbursements.

#### **REVISED CASH FLOW FORECAST**

15. The Respondents have, with the assistance of the Monitor, prepared the Revised Cash Flow Forecast for the 14-week period from July 16, 2025, to the week ending



October 19, 2025, for the purposes of projecting the Respondents' estimated liquidity needs during the Cash Flow Period. A copy of the Revised Cash Flow Forecast is attached hereto as **Appendix "B"**.

16. The Revised 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 Revised Cash Flow Forecast has been prepared by the Respondents, with the assistance of the Monitor, using probable and hypothetical assumptions (the "**Assumptions**") as set out in the notes to the Revised Cash Flow Forecast.
17. The Monitor has reviewed the Revised 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 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 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 Revised Cash Flow Forecast;
  - b. as at the date of this First Report, the Assumptions are not suitably supported and consistent with the plans of the Respondents or do not provide a reasonable basis for the Revised Cash Flow Forecast, given the probable and hypothetical assumptions; or
  - c. the Revised Cash Flow Forecast does not reflect the Assumptions.
18. The Monitor notes that the Revised Cash Flow Forecast has been prepared solely for the purpose described above and since the Revised 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.
19. The Revised Cash Flow Forecast shows that during the Cash Flow Period, the Respondents will experience a net cash outflow of approximately \$2,493,000. 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, discussed further below.

## **ENHANCED POWERS OF THE MONITOR**

20. The Initial Order granted the Monitor certain enhanced powers, which 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 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 sale and investment solicitation process;
  - 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 Initial Order.

21. The proposed ARIO grants additional powers to the Monitor that are expected to be necessary during the extended Stay of Proceedings and the pendency of these CCAA Proceedings, including the ability to:
- a. conduct and control the financial affairs and operations of the Respondents and carry on business of any of the Respondents, including, without limitation, by:
    - i. controlling the Respondents' receipts and disbursements;
    - ii. executing banking and other transactions and executing any documents or taking any other action that is necessary or appropriate for the purpose of the exercise of this power;
    - iii. executing such documents as may be necessary in connection with any proceedings before this Court or pursuant to any Order of this Court;
    - iv. taking any action or steps that any of the Respondents can take pursuant to the CCAA, this Order or further order of this Court, including making distributions or payments;
    - v. negotiating and entering into agreements with respect to the Business or the Property;
    - vi. applying to the Court for any orders which may be necessary or appropriate in order to convey the Property of any Respondent to a purchaser or purchasers thereof;
    - vii. exercising any rights of the Respondents;
    - viii. exercising any shareholder, partner, member or other rights and privileges available to any of the Respondents for and on behalf and in the name of any of them;
    - ix. taking any and all corporate governance actions for the Respondents, including, without limitation, exercising any powers which may be properly exercised by any board of directors of the Respondents;

- x. making and pursuing claims under any insurance policy pursuant to which any Respondent is insured;
  - xi. settling, extending or compromising any indebtedness owing to or by the Respondents;
  - xii. initiating, prosecuting and continuing the prosecution of any and all proceedings and defending all proceedings now pending or hereafter instituted with respect to the Respondents, the Business or the Property and to settle or compromise any such proceeding; and
  - xiii. applying for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and in the name of the Respondents;
- b. preserve, protect and exercise control over the Business or Property, or any parts thereof, including, without limitation, to:
  - i. receive, collect and exercise control over all proceeds of sale of any of the Property;
  - ii. sell and monetize any of the Property;
  - iii. exercise all remedies of the Respondents in collecting monies owed or hereafter owing to the Respondents and to enforce any security held by the Respondents; and
  - iv. execute, assign, issue and endorse documents of whatever nature in respect of any of the Property for any purpose pursuant to this Order; and
- c. take any steps, enter into any agreements, execute any documents, incur any obligations or take any other action necessary, useful or incidental to the exercise of any of the aforesaid powers, and in each case where the Monitor takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons, including the Respondents, and without interference from any other Person.

## **COURT-ORDERED CHARGES**

22. The Initial Order granted an Administration Charge up to a maximum amount of \$275,000 and an Interim Lender's Charge up to a maximum amount of \$350,000, plus interest, costs and fees. The Applicant will be seeking orders to increase the amounts secured by these charges and will be seeking the following additional charges:
- a. the Sales Agent Charge;
  - b. the D&O Charge; and
  - c. the KERP Charge.

### ***Administration Charge***

23. The Applicant is seeking to increase the maximum amount secured by the Administration Charge to a maximum amount of \$600,000.
24. The Monitor is of the view that the increased quantum of the Administration charge is necessary and appropriate for the reasons set out in the Pre-Filing Report.

### ***Interim Financing and the Interim Lender's Charge***

25. The Initial Order approved the Interim Financing Term Sheet and authorized the Monitor to enter into same, for and on behalf of the Respondents. An overview of the Interim Financing Term Sheet and basis for the recommendation of same by the Monitor is set out in the Pre-Filing Report and not repeated herein.
26. In the proposed ARIO, the Applicant is seeking to increase the maximum amount secured by the Interim Lender's Charge to \$2,500,000, plus interest, costs and fees to ensure that the maximum amount available under the Interim Financing Term Sheet is secured by the Interim Lender's Charge.
27. The Revised Cash Flow Forecast illustrates that the Respondents have a critical and immediate need for interim financing. Without access to the \$2,500,000 in advances that are made available pursuant 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 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 the Interim Lender's support; and
  - b. the professionals associated with the 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.
28. The Interim Lender's Charge ranks subordinate to the Administration Charge, but ahead of the proposed Sales Agent Charge, D&O Charge and KERP Charge.
29. The requested increase to the Interim Lender's Charge is a condition to advances continuing to be made available pursuant to the Interim Financing Term Sheet. As such, the Monitor is of the view that such increase is appropriate in the circumstances to maintain the Company's Business in the normal course and to fund these CCAA Proceedings.

***Sales Agent Engagement Letter and Sales Agent Charge***

30. Prior to the Filing Date, the Company had considered three (3) potential parties, including the Sales Agent to act as sales agent and the Monitor understands the Company met with two (2) of the potential parties. The Company selected a sales agent, who in the Monitor's view does not have sufficient staffing to complete this mandate in the expedited SISP timeline. The Monitor has prior experience with DSMA and is of the view that DSMA is better suited for the role than the sales agent selected by the Company prior to the Filing Date.
31. The Monitor, in consultation with the Applicant, selected DSMA to act as Sales Agent to administer the SISP, subject to Court approval, for the following reasons:
- a. DSMA provided an hourly rate fee structure, which is advantageous in the circumstances;
  - b. DSMA has considerable experience conducting similar sales processes in the automotive dealership industry;

- c. DSMA possesses the industry-specific and institutional expertise necessary to ensure that the SISP effectively and broadly canvasses potential interested parties;
  - d. DSMA is independent of the Company; and
  - e. DSMA is well qualified to administer the SISP in a manner that is thorough, transparent, and efficient, and that serves the best interests of the Company's stakeholders.
32. The Monitor, in consultation with the Interim Lender, intends to enter into an engagement letter with the Sales Agent, subject to Court approval. A copy of the proposed sales agent engagement letter (the "**Sales Agent Engagement Letter**") is attached hereto as **Appendix "C"**. The proposed SISP Order seeks approval of the Sales Agent Engagement Letter.
33. The proposed ARIO provides for a Sale Agent Charge (in the maximum amount of \$350,000) in favour of the Sales Agent.
34. The Monitor is of the view that given the current liquidity constraints of the Respondents, the proposed Sales Agent Charge is required. The Monitor notes that such charges are standard in the context of CCAA proceedings and serve as protection for the Sales Agent's fees and disbursements in carrying out its mandate pursuant to the Sales Agent Engagement Letter.
35. The Sales Agent Charge is proposed to rank subordinate to the Administration Charge and the Interim Lender's Charge, but ahead of the D&O Charge and the KERP Charge.

#### ***D&O Charge***

36. The proposed ARIO provides for a D&O Charge up to a maximum amount of \$250,000 in favour of the directors and officers of the Respondents as security for the Company's obligation to indemnify the directors and officers for any liabilities

they may incur in such capacity from and after the commencement of these CCAA Proceedings.

37. Management has advised the Monitor that both Coast North Van and Coast Drayton Valley have active directors and officers insurance policies with HUB International Limited, expiring on June 28, 2026. The Monitor notes that the D&O Charge would only apply to the extent that the directors and officers do not have coverage under any existing insurance policy, or to the extent such coverage is insufficient to pay amounts for which the directors and officers are entitled to be indemnified.
38. It is the Monitor's view that the continued support and services of the directors and officers of the Respondents during the CCAA Proceedings would be beneficial to the Respondents' efforts to preserve value and maximize recoveries for stakeholders through the completion of the CCAA Proceedings. The Monitor understands that the Company's directors and officers require the comfort of the D&O Charge while they assist the Monitor through these CCAA proceedings, which the Monitor believes will be beneficial to efforts to preserve value and maximize recoveries for stakeholders through completion of the CCAA Proceedings.
39. The Monitor has reviewed the underlying assumptions upon which the Respondents have based the estimate of the potential liability in respect of the directors' statutory obligations. The Monitor is of the view that the D&O Charge is reasonable in relation to the quantum of the estimated potential liability and is appropriate in the circumstances.
40. The D&O Charge is proposed to rank subordinate to the Administration Charge, the Interim Lender Charge, and the proposed Sales Agent Charge and ahead of the proposed KERP Charge.

#### **KEY EMPLOYEE RETENTION PLAN AND KERP CHARGE**

41. Given the uncertainty attendant with the Company's present circumstances, there is reduced incentive for key employees of the Coast Auto Group ("**Key Personnel**") to remain involved in these CCAA Proceedings and assist with the SISF. The



Monitor is of the view that the continued aid and contribution of Key Personnel, given their knowledge and skillsets, is imperative to stabilizing operations, preserving going concern value and assisting with a SISP for the benefit of all stakeholders.

42. The KERP, the confidential particulars of which are attached hereto as **Confidential Appendix “A”**, was developed by the Monitor, in consultation with the Respondents and the Interim Lender, to incentivize and encourage Key Personnel to remain with the Respondents and support the SISP. These Key Personnel have significant experience and specialized expertise that cannot be easily replicated or replaced.
43. The proposed KERP provides for a total pool of up to \$125,000 to be available for one-time bonuses to Key Personnel who continue their employment with the Respondents, in good standing, until the earlier of: (i) the closing of the sale of a Transaction in respect of the Dealership Asset at which such Key Personnel work, (ii) October 30, 2025, or (iii) the date upon which the services of such Key Personnel are no longer required and their employment is terminated without cause. For greater certainty, to the extent that Key Personnel are terminated for cause or terminate their own employment prior to their KERP being fully earned, no KERP payment will be made to them.
44. The KERP payments are proposed to be paid in Week 14 (to coincide with the end of the SISP) and are supported by the Interim Lender.
45. In the Monitor’s view:
  - a. the Key Personnel are critical to the preservation of the Company’s enterprise value and the success of the SISP and are likely to seek alternative employment absent the KERP;
  - b. it would be detrimental to these CCAA Proceedings and the SISP if the Respondents were required to find replacements for Key Personnel during this critical period; and
  - c. the KERP not only provides appropriate incentives for the Key Personnel to

remain in their current positions but also ensures that they are properly compensated for their assistance during these CCAA Proceedings and the SISP.

46. For the foregoing reasons, the Monitor recommends that the Court approve the KERP.

### ***KERP Charge***

47. To secure payments to Key Personnel under the KERP in the ARIO, the Applicant is seeking a KERP Charge, up to a maximum amount of \$125,000, which is proposed to rank subordinate to the Administration Charge, the Interim Lender's Charge, the Sales Agent Charge and the D&O Charge.
48. The Monitor is of view that an order to granting the KERP Charge is reasonable and necessary to ensure that payments under the KERP are protected and can be made in priority to unsecured creditors.

### **SEALING ORDER**

49. The Applicant is seeking an Order (Restricted Court Access) sealing the KERP attached as Confidential Appendix "A" to this First Report on the Court file.
50. Confidential Appendix "A" contains personal confidential and sensitive information relating to the Key Personnel and is not of the nature that would ordinarily be made public by the Respondents in the ordinary course of business.
51. The disclosure of this personal information could be prejudicial to the Key Personnel both personally and professionally. The sealing order sought by the Applicant would remain in effect until further order of the Court.

### **PROPOSED SALES INVESTMENT AND SOLICITATION PROCESS**

52. At the Comeback Hearing, the Applicant is seeking approval of a SISP, a copy of which is attached hereto as **Appendix "D"**.
53. The SISP has been developed by the Monitor, in consultation with the Sales Agent

and the Applicant, and is intended to solicit interest in, and opportunities for, a sale of, or investment in, all or part of the Company's Property (the "**Opportunity**").

54. The Opportunity may include one or more of a restructuring, recapitalization or other form of reorganization of the business and affairs of the Company as a going concern or a sale of all, substantially all or one or more components of the Company's Property as a going concern or otherwise.
55. Below is a summary of the key features of the SISP and the milestones contemplated thereby. Any terms not expressly defined in this section are as defined in the SISP attached hereto as **Appendix "D"**.

***SISP Summary and Proposed Timelines***

56. A summary of the key milestones of the SISP are as follows:

<b>Milestone</b>	<b>Deadline</b>
Go to Market	Tuesday, August 5, 2025
Expression of Interest Date (" <b>EOI Deadline</b> ")	Friday, September 5, 2025 (12:00 PM MT)
EOI Selection Date	Tuesday, September 9, 2025
Binding Bid Deadline	Thursday, September 26, 2025(12:00 PM MT)
Selection of Qualified Bids	Tuesday, September 30, 2025
Selection of Successful Bidder(s) and Execution of Definitive Transaction Agreement(s)	October 3, 2025
Hearing of the Sale Approval Motion	Subject to Court availability, week of October 13, 2025
Closing the Transaction (Outside Date)	No later than Wednesday, November 12, 2025

57. Pursuant to the SISP, the various deadlines herein may be extended by and at the discretion of the Monitor, in consultation with the Sales Agent and Interim Lender.

### ***Solicitation of Interest***

- a. If approved by this Honourable Court and no later than Tuesday, August 5, 2025:
  - i. the Sales Agent, with approval of the Monitor, will prepare a list of potentially interested parties, including (i) parties that have approached the Company, the Monitor, or the Sales Agent indicating an interest in the Opportunity, and (ii) local and international strategic and financial parties who the Sales Agent, with the approval of the Monitor, believes may be interested in purchasing all or part of the Property or investing in the Company pursuant to the SISP (the “**Known Potential Bidders**”).
- b. the Sales Agent, with the approval of the Monitor, will prepare:
  - i. a process summary (the “**Teaser Letter**”) describing the Opportunity, outlining the process under the SISP and inviting recipients of the Teaser Letter to express their interest pursuant to the SISP; and
  - ii. a non-disclosure agreement in form and substance satisfactory to the Monitor which inures to the benefit of any purchaser of the Business or Property of the Company, or any portion thereof (the “**NDA**”).
- c. the Sales Agent will send the Teaser Letter and NDA to all Known Potential Bidders, and to any other party who requests a copy of the Teaser Letter and NDA or who is identified to the Company or the Sales Agent as a potential bidder as soon as reasonably practicable after such request or identification, as applicable.

### ***Key Activities and Dates:***

58. **Go to Market:** If approved by this Honourable Court, the marketing efforts will commence no later than Tuesday, August 5, 2025.
59. **EOI Deadline:** The solicitation of non-binding expressions of interest (“**EOIs**”) will proceed with a submission deadline of 12:00 p.m. (Mountain Time) on Friday, September 5, 2025, or such later date as may be modified in the bid process letter

circulated by the Sales Agent with the Monitor's approval. While EOIs may be non-binding, they must include the information and disclosures set out in the SISP.

60. **EOI Selection:** The Sales Agent will notify each potential bidder in writing as to whether their EOI has been selected to continue in the process (a "**Selected EOI**") by Tuesday, September 9, 2025, or such later date as determined appropriate by the Monitor in consultation with the Sales Agent and Interim Lender.
61. **Binding Bid Deadline:** Bidders with a Selected EOI that wish to make a formal proposal ("**Bidders**") must submit a binding bid (a "**Binding Bid**") to the Monitor and Sales Agent by 12:00 p.m. (Mountain Time) on Friday, September 26, 2025 (the "**Binding Bid Deadline**"), or such later date as may be modified in the bid process letter circulated by the Sales Agent with the Monitor's approval. Binding Bids must comply with all of the requirements set out in the SISP, and in each case, be delivered in the form of a signed agreement based upon the relevant template (if any) included in the virtual data room with all exhibits and schedules thereto completed (a "**Definitive Transaction Agreement**").
62. **Qualified Bid Selection:** The Sales Agent, in consultation with the Monitor and the Interim Lender, will assess the Binding Bids and determine which constitute "**Qualified Bids**" in accordance with the criteria set out in the SISP. The Sales Agent will notify each Bidder as to whether their Binding Bid has been designated a Qualified Bid by Tuesday, September 30, 2025, or such later date as determined appropriate by the Monitor.

***Selection of a Successful Bid***

63. The Monitor, in consultation with the Sales Agent and the Interim Lender, will, by Friday October 3, 2025:
  - a. review each Qualified Bid, the finalized Definitive Transaction Agreement and accompanying exhibits and schedules with consideration of the following:

- i. the amount of consideration being offered, and, if applicable, the proposed form, composition, and allocation of same;
    - ii. the value of any assumption of liabilities or waiver of liabilities;
    - iii. the likelihood of Stellantis Canada Inc. accepting the purchaser and identified individual/party as the dealer principal;
    - iv. the likelihood of the Bidder's ability to close a Transaction by Wednesday, November 12, 2025 or earlier (including factors such as the Transaction structure and execution risk, including conditions to, timing of, and certainty of closing; termination provisions; availability of financing and financial wherewithal to meet all commitments and required governmental or other approvals); the likelihood of the Court's approval of the Successful Bid (as defined below), if required; the net benefit to the Company; and
    - v. any other factors the Monitor may reasonably deem relevant;
  - b. identify and select the highest or otherwise best bid received (the "**Successful Bid**", and the Bidder making such bid, the "**Successful Bidder**"), and notify or inform the Successful Bidder that its bid or Qualified Bid is the Successful Bid; and
  - c. if the Monitor, in consultation with the Sales Agent and the Interim Lender, determines it to be appropriate to do so, the Monitor may identify a particular bid other than the Successful Bid as a backup bid (the "**Backup Bid**", and the bidder making such bid the "**Backup Bidder**"), and notify or inform the Backup Bidder that its bid or Qualified Bid is the Backup Bid.
64. The Successful Bid will be subject to approval by this Honourable Court.
65. In the Monitor's view, the proposed SISP is a fair, reasonable, and transparent process that is consistent with sale processes approved in other insolvency proceedings in this industry. The Monitor is of the view that the proposed SISP will sufficiently canvass the market for and maximize the value of the Property, to the

benefit of Company's creditors and stakeholders more generally. Accordingly, the Monitor recommends that this Honourable Court approve the proposed SISP.

## **BMO CREDIT FACILITIES, SECURITY REVIEW AND POST-FILING PAYMENTS OF BMO INDEBTEDNESS**

### ***Credit Facilities and Security Review***

66. As described in greater detail in the Syed Affidavit, Coast North Van, Coast Drayton Valley and 246 have a number of pre-filing secured credit facilities with BMO (collectively, the “**Pre-Filing Credit Facilities**”), including certain floor plan facilities pursuant to which BMO finances the acquisition of new and used vehicles by Coast North Van and Coast Drayton Valley (the “**Floorplan Credit Facilities**”).
67. The Monitor has been provided with an independent legal opinion from its legal counsel, Blake Cassels & Graydon LLP, which addresses the laws of Alberta and British Columbia, and provides that, subject to the customary assumptions and qualifications contained therein, the security granted to BMO by 246, Coast Drayton Valley, and Coast North Van is valid and enforceable.
68. As of July 9, 2025, BMO was owed in excess of \$36 million under the Pre-Filing Credit Facilities (together with all applicable interest, fees and expenses, the “**Indebtedness**”).

### ***Floorplan Credit Facilities***

69. In order for the Coast Auto Group to continue to operate as a going concern and purchase new or used vehicles in the ordinary course, it is necessary that Coast North Van and Coast Drayton Valley continue to have access to the Floorplan Credit Facilities, which BMO is prepared to permit, provided that the relief sought at the Comeback Hearing is granted.
70. Based on the Revised Cash Flow Forecast, the Monitor is of the view that: (a) insufficient proceeds will be generated from operations in the ordinary course to pay the Indebtedness in full, and (b) the Monitor, during the Stay of Proceedings, will hold sufficient cash reserves from post-filing proceeds of sale of BMO's collateral to satisfy amounts secured by priority liens and for which it does not have any

immediate requirement, provided that advances pursuant to the Interim Financing Facility remain available. In the absence of such advances being available, the Respondents will be unable to continue to operate.

71. The Interim Financing Term Sheet provides that: (i) as a condition precedent to advances being made available after the Comeback Hearing, all vehicles sold by the Respondents have had the amount financed through the Floorplan Credit Facilities repaid pursuant to the terms thereof, and (ii) the Respondents shall conduct all business and operations in compliance with the approved Revised Cash Flow Forecast.
72. The Revised Cash Flow Forecast, which has been approved by the Interim Lender, contemplates certain paydowns of the Indebtedness, including (i) payment of interest under the Floorplan Credit Facilities, and (ii) paydown of the Floorplan Credit Facilities upon the sale of vehicles financed thereunder. The Revised Cash Flow Forecast does not contemplate any other paydowns of BMO's indebtedness.
73. The Monitor has considered the types of claims and potential claims that would or could rank in priority to BMO's security. As set out below, the Monitor is of the view that there are no amounts owing which are payable in priority to BMO or which could not otherwise be addressed pursuant to the Revised Cash Flow Forecast.
74. Pursuant to and in accordance with the terms of the Initial Order, the Company has paid all pre-filing and post-filing employee wages, source deductions, withholding taxes, and employee contributions as required. As at the date of this First Report, the Monitor is not aware that any of these amounts are owing by the Company or that any claims have been asserted against the Company that remain unpaid. To the extent the Monitor becomes aware of any of these amounts, they will be remitted as required.
75. Accordingly, the Monitor requests authority from this Honourable Court to make payments to BMO under the Floorplan Credit Facilities in accordance with Revised Cash Flow Forecast.



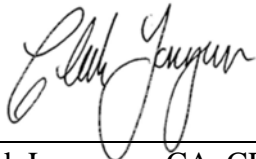
## CONCLUSION

76. For the reasons set out above, the Monitor is of the view that the relief sought by the Applicant at the Comeback Hearing is reasonable and respectfully recommends that the relief sought by the Applicant be granted.

**All of which is respectfully submitted this 21<sup>st</sup> day of July 2025.**

### **BDO Canada Limited**

In its capacity as the Monitor of Coast Automotive Group Inc.,  
Coast North Vancouver Auto Sales Inc., Coast Auto Drayton Inc.,  
and 2461765 Alberta Ltd. and not in its personal or corporate capacity



Per:

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

**Appendix “A”**

**PRE-FILING REPORT**

COURT FILE NUMBER

2503-13640

COURT

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

**PROPOSED MONITOR**

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## **APPENDICIES**

- 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.

<b>Coast Automotive Group</b>				
<b>Required Equity Injection Assessment</b>				
<b>Short-term Liquidity Requirements</b>				
		<b>Limit</b>	<b>O/S Sept 19</b>	<b>(Deficit)/Surplus</b>
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) A</u>
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) B</u>
Drayton Valley	SIV unit (Section C)			<u>\$ (86,000) C</u>
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) D</u>
North Vancouver	Annualized Operating Loses (Section A)			\$ (1,480,866)
Drayton Valley	Annualized Operating Loses (Section A)			\$ (78,054)
				<u>\$ (1,558,920) E</u>
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) F</u>
<b>Equity Required in the Short-Term (excluding VTB which can be postponed)</b>				<b>\$ (14,804,130)</b>
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) G</u>
<b>Equity Required in the Short-Term (including current portion of VTB)</b>				<b>\$ (17,094,130)</b>
<b>Longer Term Liquidity Issues</b>				
VTB	To be repaid by August 1, 2027 (Section C)			<u>\$ (3,120,000) H</u>
<b>Goodwill Loan Impairment Analysis</b>		<b>O/S Financing</b>	<b>Market Value</b>	
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) I</u>
<b>Excess Equity in Real Estate Assets</b>		<b>90% of Appraisal</b>	<b>O/S Financing</b>	
Drayton Valley		\$ 7,200,000	\$ 3,645,544	<u>\$ 3,554,456 J</u>
<b>Equity Required in the Long-Term (assuming dealerships returns to profitability)</b>				<b>\$ (18,409,674)</b>

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 SISP;
  - 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.

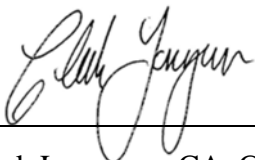
60. The granting of enhanced powers as set out in the proposed Initial Order is a condition of BMO making the Interim Financing Facility available to the Respondents. As set out above, in the absence of the Interim Financing Facility, the Company will be unable to meet its payroll and other obligations.
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:**



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

**Appendix “B”**

**REVISED CASH FLOW FORECAST**

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

Combined Cash Flow Forecast for the Period

July 16th, 2025 to October 19, 2025

(\$ CAD)

Week Beginning		1	2	3	4	5	6	7	8	9	10	11	12	13	14	Total
Week Ending		2025-07-20	2025-07-27	2025-08-03	2025-08-10	2025-08-17	2025-08-24	2025-08-31	2025-09-07	2025-09-14	2025-09-21	2025-09-28	2025-10-05	2025-10-12	2025-10-19	
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	284,956	2,646,017
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	705,396	6,550,104
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	99,750	1,266,097
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	106,218	1,012,952
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	1,196,320	11,475,170
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	248,531	2,307,788
Vehicle Purchases	5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Parts Purchases	6	28,500	28,500	30,125	30,125	30,125	30,125	30,125	30,125	30,125	30,125	30,125	30,125	30,125	30,125	418,500
Payroll (Including Taxes)	7	-	210,000	-	-	320,000	-	210,000	-	320,000	-	210,000	-	-	320,000	1,590,000
KERP	8	-	-	-	-	-	-	-	-	-	-	-	-	-	125,000	125,000
Consultants	9	14,000	-	17,500	-	56,500	-	17,500	-	-	56,500	-	17,500	-	56,500	236,000
Employee Benefits	10	-	-	17,600	-	-	-	-	-	-	-	-	17,600	-	-	35,200
WCB	11	-	-	-	-	9,000	-	-	-	-	9,000	-	-	-	9,000	27,000
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	65,000	878,029
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	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	290,000
GST/PST Paid	19	15,089	12,438	23,237	8,869	17,619	12,869	15,119	16,987	15,119	8,869	19,119	16,987	15,119	8,869	206,307
GST/PST Remittance (Refund)	20	-	-	-	-	-	126,786	-	-	-	365,699	-	-	-	272,987	765,471
Debt Service																-
Floor Plan Payments to/(from) BMO	21	169,754	254,631	542,513	155,004	310,008	542,513	542,513	155,004	310,008	542,513	542,513	155,004	310,008	542,513	5,074,500
BMO Floor Plan Interest	22	-	-	125,000	-	-	-	-	115,000	-	-	-	105,000	-	-	345,000
Interim Financing Facility Interest	23	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Disbursements		521,380	747,082	1,550,968	350,006	1,145,269	1,090,824	1,273,788	589,586	1,027,269	1,346,237	1,305,288	614,686	707,269	1,698,525	13,968,177
Net Cash Inflow/(Outflow)		(156,371)	(194,106)	(354,648)	55,055	(423,909)	105,496	(77,468)	(184,525)	(305,909)	(149,917)	(108,968)	(209,625)	14,091	(502,205)	(2,493,007)
Cumulative Net Cash Flow		(156,371)	(350,477)	(705,125)	(650,070)	(1,073,978)	(968,483)	(1,045,951)	(1,230,476)	(1,536,384)	(1,686,301)	(1,795,269)	(2,004,894)	(1,990,803)	(2,493,007)	(2,493,007)
Opening Cash Balance		-	3,629	23	5,375	60,430	6,522	112,017	34,549	24	4,116	4,199	5,231	5,606	19,697	-
Interim Financing Facility Funding	23	160,000	190,500	360,000	-	370,000	-	-	150,000	310,000	150,000	110,000	210,000	-	485,000	2,495,500
Net Cash Inflow/(Outflow)		(156,371)	(194,106)	(354,648)	55,055	(423,909)	105,496	(77,468)	(184,525)	(305,909)	(149,917)	(108,968)	(209,625)	14,091	(502,205)	(2,493,007)
Closing Cash Balance		3,629	23	5,375	60,430	6,522	112,017	34,549	24	4,116	4,199	5,231	5,606	19,697	2,493	2,493
Cumulative Interim Financing Drawn	23	160,000	350,500	710,500	710,500	1,080,500	1,080,500	1,080,500	1,230,500	1,540,500	1,690,500	1,800,500	2,010,500	2,010,500	2,495,500	2,495,500



Coast Automotive Group Inc., Coast North Vancouver Auto Sales Inc. ("North Van"), Coast Auto Drayton Inc. ("Drayton Valley"), and 2461765 Alberta Ltd. (together, the "Debtors", or the "Company", or "Coast Automotive")  
Combined Cash Flow Forecast for the Period  
July 16th, 2025 to October 19, 2025  
(\$ CAD)

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#### Notes to the Unaudited 14-Week Cash Flow Forecast of the Applicants

In preparing this cash flow forecast (the "14-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 14-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 14-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 14-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 14-Week Cash Flow Forecast includes the receipts and disbursements of all of the Debtors during the 14-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 14-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 210000
- 8 Key employee retention program to incentivize eligible employees to remain through the CCAA process, with \$15,000 of contingencies built in.
- 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 Interim Lender professional fees.
- 18 Contingency (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 interim financing from Interim Lender, up to a maximum of \$2,500,000. Interests are accrued and settled outside of the 14-Week Cash Flow Forecast period pursuant to the terms of the Interim Financing Term Sheet.

**Appendix “C”**

**PROPOSED SALES AGENT ENGAGEMENT LETTER**



July 16, 2025

CONFIDENTIAL

BDO Canada Limited  
20 Wellington Street East  
Suite 500  
Toronto, Ontario  
M5E 1C5

Attention: Clark Lonergan

Dear Mr. Lonergan:

Dealer Solutions North American, Inc. ("DSMA") understands that Coast Automotive Group Inc., Coast Auto Drayton Inc., Coast North Vancouver Auto Sales Inc., and 2461765 Alberta Ltd. (collectively the "Company"), are seeking to pursue a Sale and Investment Solicitation Process for the Company for the marketing of the Company's business and assets, including its dealership operation and assets and its leased and owned real estate assets (the "Transaction") in the context of *Companies' Creditors Arrangement Act* ("CCAA") proceedings initiated by Bank of Montreal before the Court of King's Bench of Alberta ("Court"). BDO Canada Limited in its capacity as court-appointed monitor of the Company and not in its personal or corporate capacity (in such capacity, the "Monitor") wishes to engage DSMA for and on behalf of the Company as its exclusive financial advisor with respect to the Transaction and DSMA desires to assist the Monitor with respect to the Transaction on the following terms, including the Standard Terms and Conditions attached hereto as Appendix "A":

Capitalized terms used herein and not otherwise defined have the meanings given to them in the Standard Terms and Conditions and/or Sales and Investment Solicitation Process ("SISP").

1. Scope of Services

DSMA's scope of work will include, subject to any Court decision or approval, the following Services as outlined below:

Phase One:

- a. review the objectives and constraints of the Company, Monitor and Transaction stakeholders in conducting the engagement to determine a specific and detailed strategy for executing the Transaction that best meets the objectives;

- b. assist the Monitor to identify, obtain, assemble, and organize in a data room all of the necessary information (the "Information") required to complete the Transaction;
- c. help establish and maintain a list of prospective buyers or investors ("Transaction Sources");
- d. develop and distribution of a process summary ("Teaser Letter") to describe the Transaction and support discussions with the prospective purchasers; and
- e. such other Services deemed reasonably necessary and beneficial by the Monitor in administration of the SISP.

Phase Two:

- a. use commercially reasonable efforts to market the Transaction and introduce the Monitor to potential Transaction Sources;
- b. coordinate and manage the distribution of Information to prospective Transaction Sources, with the Monitor's prior approval, to obtain confirmation of their interest in pursuing a Transaction on terms consistent with the Transaction objectives;
- c. help evaluate and qualify all interested Transaction Sources;
- d. solicit initial non-binding expressions of interest ("EOIs") from prospective Transaction Sources that demonstrate their interest in the Transaction and outline the basic terms of a proposal and in accordance with the Sales and Investment Solicitation Process approved by the Court;
- e. assist with presentations, schedule and attend appointments with qualified Transaction Sources as requested by the Monitor;
- f. assist managing the online data room and facilitate the due diligence process as required by the Transaction Source(s);
- g. distribute the template Definitive Transaction Agreements to potential Transaction Sources;
- h. notify each bidder who submitted an EOI in writing as to whether its EOI was selected to continue in the SISP (the "Selected EOIs") in accordance with the SISP;
- i. assess, with the Monitor and Interim Finance Lender, the Binding Bids received to determine Qualified Bids;
- j. notify each bidder who submitted Binding Bid in writing as to whether its Binding Bid constitutes a Qualified Bid in accordance with the SISP;

- k. provide assistance and advice as requested by the Monitor and Transaction stakeholders with the evaluation and negotiation of formal offers and the Closing of the Transaction;
- l. provide assistance and advice as requested by the Monitor with any purchase prices adjustments and any other closing requirements associated with the Definitive Transaction Agreements;
- m. provide assistance as requested by the Monitor in connection with any application for approval of a Transaction;
- n. such other Services deemed reasonably necessary and beneficial by the Monitor in administration of the SISP; and
- o. adhere to the Estimated Timelines and Needs as set out in its Proposal submitted July 16, 2025 subject to any required changes thereto as agreed upon in writing, all parties acting reasonably.

For abundant clarity, the terms of any Transaction shall be as negotiated between the Monitor, Transaction stakeholders and the Transaction Source, with DSMA's assistance, but DSMA cannot guarantee a successful conclusion to the negotiations with any such Transaction Sources. During the term of this Agreement, the Company, Monitor and Transaction stakeholders shall refer to DSMA as Transaction Sources all Transaction inquiries received by it prior to or during the term hereof and use its reasonable efforts to assist DSMA in undertaking and completing the Transaction.

## 2. Professional Fees

In consideration of the foregoing:

- a. *Hourly Fees*: For the Services, DSMA shall be paid the hourly rates set out below. Hourly Fees will be based on the time invested at DSMA's standard hourly rates. For as long as DSMA continues to provide services pursuant to this Agreement, DSMA will bill a monthly work fee of \$10,000 plus applicable sale tax, to be deducted from the total fees outstanding. The following are DSMA standard hourly rates:

Staff	Hourly rate (CAD\$)
1. Partner	\$995
2. Legal Counsel	\$825
3. Automotive Associate	\$825
4. Transaction Manager	\$625
5. Deal Advisory/CPA	\$475

b. *Disbursements and Expenses*: In addition to any fees payable by the Company to DSMA hereunder, the Company shall, whether or not a Transaction is consummated, reimburse DSMA for its travel and other reasonable out-of-pocket expenses (including any database usage costs and all fees, disbursements and other charges incurred by DSMA with the Monitor's consent) incurred in connection with any actual or proposed Transaction, or otherwise arising out of DSMA's activities under or contemplated by, this engagement. These expenses shall not exceed an aggregate total of \$10,000 unless approved by the Monitor in writing. Travel time is not to be booked to the mandate.

c. *Taxes*: DSMA will apply all applicable provincial and federal taxes to all fees.

DSMA estimates that total fees will range between \$250,000 and \$350,000 plus applicable taxes to complete this mandate. DSMA requires a minimum fee of (a) \$250,000 irrespective of the ultimate outcome of the SISP (the "Minimum Fee"). For greater certainty, the Hourly Fees and work fee per (a) above shall be credited as against the Minimum Fee, and not in addition thereto. Prior to closing of any Transaction, DSMA shall submit its final invoice for any amount due and owing at closing.

The Monitor will pay or cause to be paid directly to DSMA, out of the Transaction closing proceeds, at closing the unpaid cash sums provided for in Paragraphs (a) through (c) above and agrees to notify the successful bidder of this provision. The Company hereby expressly agrees that in the event any dispute or disagreement arises with respect to the payment to DSMA of the sums due at closing, that the Monitor shall immediately place all disputed sums in an interest-bearing account pending resolution of the dispute pursuant to this Agreement and shall not under any circumstances deliver such disputed sums to the Company and/or Transaction stakeholders. The Monitor further agrees that any sums due pursuant to Paragraphs (a) through (c) above which are not in dispute shall be paid upon closing to DSMA as provided for under the terms of this Agreement.

In the event that this Agreement is terminated prior to a Transaction closing, DSMA shall be entitled to the entire cash sum due and payable to it from the closing proceeds of such Transaction, as provided for in Paragraphs (a) and (b) above, inclusive of the Minimum Fee (provided that the Hourly Fees and work fee shall be credited as against the Minimum Fee).

### 3. Engagement Team

This engagement will be under the direction of John Raymond who will maintain overall responsibility on behalf of DSMA and lead the day-to-day execution of the engagement. The team will include other professionals, as DSMA's deems necessary, to complete the engagement.

#### 4. Exclusivity

To allow DSMA to properly coordinate the Transaction process, the Company agrees that DSMA shall act as the sole and exclusive financial advisor in connection with the Transaction. The Monitor agrees that neither the Monitor nor other advisors will initiate any discussions with Transaction Sources without first notifying DSMA. In the event that the Monitor is solicited by a third party, the Monitor agrees to promptly inform DSMA so that DSMA can effectively render the Services provided for in this agreement.

#### 5. Monitor's Capacity

DSMA 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 Agreement whatsoever which is being entered into for and on behalf of the Company, whether in its personal or corporate capacity or otherwise.

#### 6. Standard Terms and Conditions

By signing this Agreement, you acknowledge that you have read and understood the Standard Terms and Conditions attached hereto as Appendix "A" and agree to be bound by those terms in respect of the Services described above, including without limitation, the limitations of liability contained therein that limit our professional liability. If the above engagement and Agreement relating thereto are acceptable, please execute the acceptance and acknowledgment of this Agreement as hereinafter provided.

Very truly yours,  
Dealer Solutions North America Inc.

By: *Etienne Demueles*  
Name: Etienne Demueles  
Title: Director of Finance - Partner

ACCEPTANCE AND ACKNOWLEDGMENT:

For and on behalf of the Company, the Monitor hereby accepts the above engagement and agrees to the terms and provisions set forth above with respect to such engagement.

BDO Canada Limited  
Solely In its capacity as Monitor of  
Coast Automotive Group Inc.,  
Coast Auto Drayton Inc.,  
Coast North Vancouver Auto Sales Inc.,  
and 2461765 Alberta Ltd. and not in its corporate or personal capacity.

By: \_\_\_\_\_  
Name: Clark Lonergan  
Title: Senior Vice President

Date: \_\_\_\_\_



## Appendix A - Standard Terms and Conditions

1. Overview and Interpretation
  - 1.1 To the extent that any of the provisions of the accompanying letter conflict with these Standard Terms and Conditions, these Standard Terms and Conditions shall prevail. This Agreement may not be changed, modified, or waived in whole or part except by an instrument in writing signed by both parties.
  - 1.2 In this Agreement, the following words and expressions have the meanings set out below:
    - This Agreement - these Standard Terms and Conditions, the letter to which they are attached, and any supporting schedules or other appendices to the letter
    - Services - the services provided or to be provided under this Agreement
    - We, us, our, DSMA - refer to Dealer Solutions North America Inc., a corporation organized under the federal laws of Canada
    - You, your - the party or parties contracting with DSMA under this Agreement, including the party's or parties' management and those charged with corporate governance.
    - Confidential Information - all non-public confidential or proprietary information of relating to you or your individual personnel
    - Working Papers - documents or advice, prepared by us or for us, in connection with our Services, excluding Deliverables
    - Deliverables - the output of our Services, including the Teaser Letter, but excluding our Working Papers
    - Client Information - information provided to us by you or on your behalf
- Other capitalized terms used herein and not defined shall have the meaning given to them in the accompanying letter.
2. Entire Agreement and Survival
  - 2.1 This Agreement sets forth the entire agreement between the parties with respect to the Services, superseding all prior agreements, negotiations, or understandings, whether oral or written, with respect to Services. It is understood that this Agreement will not be superseded by any contract with us for other specific services that are not of the same scope as the Services contemplated in this Agreement, unless the other contract explicitly references this Agreement and an intent to supersede it.
  - 2.2 The provisions of this Agreement that give either of us rights or obligations beyond its termination shall continue indefinitely following the termination of this Agreement. Any clause that is meant to continue to apply after termination of this Agreement will do so.
3. Our Relationship With You
  - 3.1 We will use reasonable efforts to complete, within any agreed-upon time frame, the performance of our Services.
  - 3.2 We will perform our Services in accordance with applicable professional standards.
  - 3.3 We will provide Services to you as an independent contractor and not as your employee, agent, partner, or joint venture. Neither you nor we have any right, power, or authority to bind the other.
4. Your Responsibilities
  - 4.1 You shall be responsible for your personnel's compliance with your obligations under this Agreement. We will not be responsible for any

delays or other consequences arising from you not fulfilling your obligations.

4.2 You are responsible for all decisions relating to our Services, the use or implementation of the output of our Services and for determining whether the Services are appropriate for your purposes.

4.3 You shall promptly provide (or cause others to provide) to us, the information, resources and assistance (including access to records, systems, premises and people) that we reasonably require to perform our Services.

4.4 To the best of your knowledge, all Client Information will be accurate and complete in all material respects. The provision of Client Information to us will not infringe any copyright or other third-party rights.

4.5 We will rely on Client Information made available to us and, unless we expressly agree otherwise, will have no responsibility to evaluate or verify it.

#### 5. Working Papers and Deliverables

5.1 Ownership - Any Working Papers prepared by us, or for us, in connection with the Services belong solely to us. Upon our receipt of full payment of all amounts owing under the Agreement, you will own all right, title and interest to the Deliverables, save and except for any DSMA intellectual property incorporated therein, which remains the sole and exclusive property of DSMA.

5.2 Oral advice and draft deliverables - You should not rely upon any draft deliverables or oral advice provided by us. Should you wish to rely upon something we have said to you, please let us know and, if possible, we will provide the information that you require in writing.

5.3 Updating Deliverables - We shall not be required to update any final Deliverables for circumstances of which we become aware, or events occurring, after its delivery.

#### 6. Reliance by Third Parties

6.1 Our Services will not be planned or conducted in contemplation of or for the purpose of reliance by any party other than you.

#### 7. Independence

7.1 Professional and certain regulatory standards may require us to be independent, in both fact and appearance, with respect to our clients in the performance of certain services. If required, we will communicate to you any relationships between DSMA (including its related entities) and you that, in our professional judgment, may reasonably be thought to bear on our independence.

#### 8. Privacy and Consents

8.1 You agree we will have access to all personal information in your custody that we require to complete our engagement. We may collect, use, transfer, store, or process such information disclosed by you of a personal nature (personal information). Our Services are provided on the understanding that:

- (a) you have obtained any consents for collection, use and disclosure to us of personal information required under all applicable privacy legislation; and
- (b) we will hold all personal information in compliance with our Privacy Statement.

#### 9. Confidentiality

9.1 We agree to use Confidential Information provided by you only in relation to the Services in connection with which the information is provided and we will not disclose the information, except where required by law, regulation, or professional obligation. All Confidential Information, including any Client Information, will be retained by DSMA in accordance with applicable laws and regulations and our standard document retention policies. You may, at any time, request a return of any Client Information provided to us hereunder; provided

that we may retain such copies of any Client Information that we deem necessary or appropriate for record-keeping purposes, and any such retained Client Information will remain subject to our confidentiality obligations.

- 9.2 Neither of us may use or reference the other's name, logos, or trademarks publicly without the other's prior written consent, although we may publicly identify you as a client in connection with specific Services or generally.

## 10. Electronic Communications

- 10.1 Both parties recognize and accept the security risks associated with email communications, including but not limited to the lack of security, unreliability of delivery and possible loss of confidentiality and privilege. Unless you request in writing that we do not communicate by internet email, you assume all responsibility and liability in respect of risk associated with its use.
- 10.2 By signing this Agreement, you provide DSMA with express consent to communicate with you and your employees, as applicable, electronically, including sending DSMA newsletters, publications, announcements, invitations and other news and alerts that may be of interest to you. You and your employees may withdraw such consent at any time by contacting DSMA.

## 11. Termination

- 11.1 This Agreement applies to the Services whenever performed (including before the date of this Agreement).
- 11.2 This Agreement shall terminate upon the completion of the Services. You or we may terminate this Agreement at any time upon 10 days' prior written notice of such termination to the other party. In addition, we may terminate this Agreement, or any particular Services, immediately upon written notice to you if we reasonably determine that we can no longer provide the

Services in accordance with applicable law or professional obligations.

- 11.3 We will not be liable for any loss, cost, or expense arising from such termination. You agree to pay us for all Services performed up to the date of termination, including Services performed, work-in-progress, and expenses incurred by us up to and including the effective date of the termination of this Agreement. Payment is due upon receipt of our invoice for these amounts.

## 12. Limitation of Liability

- 12.1 In any dispute, action, claim, demand for losses or damages arising out of the Services performed by DSMA pursuant to this Agreement, DSMA shall only be liable for its proportionate share of the total liability based on degree of fault as determined by a court of competent jurisdiction or by an independent arbitrator as a result of the dispute resolution procedures, notwithstanding the provisions of any statute or rule of common law which create, or purport to create, joint and several liability.
- 12.2 Our liability shall be restricted to damages of a direct and compensatory nature and shall not include indirect, consequential, aggravated, or punitive damages, or damages for loss of profits or expected tax savings, whether or not the likelihood of such loss or damage was contemplated.
- 12.3 No exclusion or limitation on the liability of other responsible persons imposed or agreed at any time shall affect any assessment of our proportionate liability hereunder, nor shall settlement of or difficulty enforcing any claim, or the death, dissolution or insolvency of any such other responsible persons or their ceasing to be liable for the loss or damage or any portion thereof, affect any such assessment.
- 12.4 You agree claims or actions relating to the delivery of the Services shall be brought against us alone, and not against any individual. Where our

individuals are described as partners, they are acting as one of our members.

13. Limitation Period

13.1 You shall make any claim relating to the Services or otherwise under this Agreement no later than two years after you became aware or ought reasonably to have become aware of the facts giving rise to any such claim.

13.2 You shall in no event make any claim relating to the Services or otherwise under this Agreement later than four years after the completion of the Services under this Agreement.

13.3 To the extent permitted by law, the parties to this Agreement agree that the limitation periods established in this Agreement replace any limitation periods under any limitations act and/or any other applicable legislation and any limitation periods under any limitations act and/or any other applicable legislation shall not alter the limitation periods specified in this Agreement.

14. Force Majeure

14.1 We will not be liable for any delays or failures in performance or breach of contract due to events or circumstances beyond our reasonable control, including acts of God, war, acts by governments and regulators, acts of terrorism, accident, fire, flood or storm or civil disturbance.

15. Governing Laws

15.1 The terms of our engagement shall remain operative until amended, terminated, or superseded in writing. They shall be interpreted according to the laws of the province or territory in which DSMA's principal Canadian office performing the engagement is located, without regard to such province/territory's rules on conflicts of law. The Court shall have exclusive jurisdiction in relation to any claim, dispute, or difference concerning the Services and any matter arising from it.

16. Dispute Resolution

16.1 Both parties agree that they will first attempt to settle any dispute arising out of or relating to this Agreement or the Services provided hereunder through good faith negotiations.

16.2 In the event that the parties are unable to settle or resolve their dispute through negotiation, the parties agree to submit such dispute to the exclusive jurisdiction of the Court.

17. Assignment

17.1 No party may assign, transfer, or delegate any of the rights or obligations hereunder without the written consent of the other party or parties. DSMA may engage independent contractors to assist us in performing the Services in this Agreement with your consent.

18. Severability

18.1 If a court or regulator with proper jurisdiction determines that a provision of this Agreement is invalid, then the provision will be interpreted in a way that is valid under applicable law or regulation. If any provision is invalid, the rest of this Agreement will remain effective.

## **Appendix “D”**

### **PROPOSED SALE AND INVESTMENT SOLICITATION PROCESS**

## SALE AND INVESTMENT SOLICITATION PROCESS

### INTRODUCTION

1. On July 16, 2025, the Bank of Montreal, 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**”), were granted an initial order (as amended and restated on July 25, 2025, and as may be further amended or amended and restated from time to time, the “**Initial Order**”) pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**” and the “**CCAA Proceedings**”) by the Court of King’s Bench of Alberta (the “**Court**”). The Initial Order, among other things:
  - (a) appointed BDO Canada Limited as the monitor of the Respondents (in such capacity and not in its personal or corporate capacity, the “**Monitor**”) and expanded the powers of the Monitor;
  - (b) authorized the Monitor, on behalf of the Company, to enter into an interim financing term sheet with the Bank of Montreal (the “**Interim Lender**”); and
  - (c) authorized the Monitor to pursue all avenues of sale or investment of the Respondents’ assets or business, in whole or in part, subject to prior approval of the Court of any material sale.
2. On July 25, 2025, the Court granted an order (the “**Sale Process Approval Order**”) which, among other things:
  - (a) approved a sale and investment solicitation process (“**SISP**”) for the marketing and sale of the equity in the Company and/or the Company’s business and assets, including its two (2) dealerships and related assets (the “**Dealership Asset(s)**”) and its owned and leased real estate assets (collectively with the Dealership Assets, the “**Property**”) for the purposes of soliciting (i) offers to acquire all or substantially all of the business and Property of the Company, and (ii) offers of investment in the business of the Company;
  - (b) approved the engagement of Dealer Solutions North America Inc. as sales agent (the “**Sales Agent**”) to assist the Monitor with carrying out the SISP; and
  - (c) authorized the Monitor, with the assistance of the Sales Agent, to conduct the SISP.
3. The SISP herein sets out the manner in which: (a) binding offers for executable Transactions (defined below) involving the business and/or all, substantially all or any portion of the Property of the Company will be solicited from interested parties (the “**Opportunity**”); (b) any such offers received will be addressed; (c) any Successful Bid (as defined below) will be selected; and (d) Court approval of any Successful Bid will be sought.
4. The SISP will be conducted by the Sales Agent and the Monitor in the manner set forth herein and in accordance with the Sale Process Approval Order. In the event that there is a disagreement as to the interpretation or application of the SISP, the Court will have exclusive jurisdiction to hear and resolve such dispute.

## OPPORTUNITY

5. The Opportunity may include one or more of a restructuring, recapitalization or other form of reorganization of the business and affairs of the Company as a going concern or a sale of all, substantially all or one or more components of the Company's Property as a going concern or otherwise.
6. The Sales Agent, with the oversight of the Monitor, intends to provide all qualified interested parties with an opportunity to participate in the SISP.
7. The Company's management and/or any of the Company's equity holders shall not be privy to any of the bid information submitted pursuant to the SISP including the evaluation and selection of offers. The Monitor may request, at any time, written confirmation from the Company's management and any of the Company's equity holders as to (a) whether or not they intend to participate in the SISP and (b) disclosure of any interest or involvement any such party may have in or with any party participating in the SISP.

## “AS IS, WHERE IS BASIS”

8. Any transaction involving all or any portion of the Property (each a **“Transaction”**) will be completed with Court approval on an “as is, where is” basis and without surviving representations, warranties, covenants or indemnities of any kind, nature or description by the Company, Sales Agent, the Monitor, or any of their respective agents, estates, advisors, professionals or otherwise, except to the extent expressly set forth in the relevant Definitive Transaction Agreement (as defined herein).

## TIMELINE

9. The SISP shall commence immediately following the issuance of the Sale Process Approval Order. The table below sets out subsequent key deadlines in the SISP that interested parties should note (terms within the table are defined in subsequent paragraphs):

<u>Milestone</u>	<u>Deadline</u>
Go to market	Tuesday, August 5, 2025
Expression of Interest Date (EOI Deadline)	Friday, September 5, 2025 (12:00 PM MT)
EOI Selection Date	Tuesday, September 9, 2025
Binding Bid Deadline	Friday, September 26, 2025 (12:00 PM MT)
Selection of Qualified Bids	Tuesday September 30, 2025
Selection of Successful Bidder(s) and Execution of Definitive Transaction Agreement(s)	October 3, 2025

Hearing of the Sale Approval Motion	Subject to Court availability, week of October 13, 2025
Closing the Transaction (Outside Date)	No later than Wednesday, November 12, 2025

10. As set out at paragraph 38 below, the various deadlines herein may be extended by and at the discretion of the Monitor, in consultation with the Sales Agent and the Interim Lender.

#### **Solicitation of Interest: Notice of the SISP**

11. As soon as reasonably practicable, but in any event by no later than **Monday, August 4, 2025**
- (a) The Sales Agent, with approval of the Monitor, will prepare a list of potentially interested parties, including (i) parties that have approached the Company, Monitor or the Sales Agent indicating an interest in the Opportunity, and (ii) local and international strategic and financial parties that the Sales Agent in consultation with the Monitor, believes may be interested in purchasing all or part of the Property or investing in the Company pursuant to the SISP (collectively, the “**Known Potential Bidders**”); and
  - (b) the Sales Agent, with the approval of the Monitor, will prepare:
    - (i) a process summary (the “**Teaser Letter**”) describing the Opportunity, outlining the process under the SISP and inviting recipients of the Teaser Letter to express their interest pursuant to the SISP; and
    - (ii) a non-disclosure agreement in form and substance satisfactory to the Monitor which inures to the benefit of any purchaser of the business or Property of the Company, or any portion thereof (the “**NDA**”).
12. The Sales Agent will send the Teaser Letter and NDA to all Known Potential Bidders, and to any other party who requests a copy of the Teaser Letter and NDA or who is identified to the Company or the Sales Agent as a potential bidder as soon as reasonably practicable after such request or identification, as applicable.

#### **Potential Bidders and Due Diligence Materials**

13. Any party who wishes to participate in the SISP (“**Potential Bidder(s)**”) must provide to the Sales Agent an executed NDA and a letter (“**Interest Letter**”) setting forth (a) the identity of the Potential Bidder, (b) the contact information for such Potential Bidder, (c) full disclosure of the direct and indirect principals of the Potential Bidder, and (d) evidence of financial wherewithal to close a Transaction. Additionally, the Sales Agent, with the approval of the Monitor, may require that a Potential Bidder provide the Sales Agent with a statement of qualification (“**SoQ**”) which addresses the financial capabilities, operational capabilities and ownership details of a Potential Bidder.
14. The Sales Agent, with the approval of the Monitor, shall in its reasonable business judgment and subject to competitive and other business considerations, afford each Potential Bidder who has signed and delivered the NDA, Interest Letter and (if applicable) SoQ to the Sales Agent, such access to due diligence material and information relating to the Property as the Sales Agent and the Monitor deem appropriate.



15. Due diligence shall include access to a virtual data room (“**VDR**”) containing information about the Company, including its Property, and may also include management presentations, on-site inspections, and other matters which a Potential Bidder may reasonably request and which the Sales Agent, with the approval of the Monitor, may agree to provide. The Sales Agent will designate a representative to coordinate all reasonable requests for additional information and due diligence access from Potential Bidders and the manner in which such requests must be communicated.
16. Neither the Sales Agent, Company nor Monitor will be obligated to furnish any information relating to the Company or Property to any person other than to Potential Bidders. Furthermore, and for the avoidance of doubt, select due diligence materials may be withheld from certain Potential Bidders if the Monitor, in consultation with the Sales Agent, determines such information to represent proprietary or sensitive competitive information as it relates to such Potential Bidder or otherwise.
17. Neither the Sales Agent, the Monitor nor the Company is responsible for, and will bear no liability with respect to, any information provided and obtained by any party in connection with the sale of the Property and makes no representation or warranty with respect to the accuracy or completeness thereof. Potential Bidders must rely solely on their own independent review, investigation and/or inspection of all information and of the Property in connection with their participation in the SISP and any Transaction they enter into with respect to the Opportunity.

#### **Non-Binding Expressions of Interest**

18. To be considered for inclusion in the next round of the process, a Potential Bidder must deliver an Expression of Interest (“**EOI**”) so as to be received by the Monitor and Sales Agent at the address specified in Schedule “1” hereto (including by e-mail) not later than **12:00 PM (Mountain Time) on September 5, 2025**, or as may be modified in the bid process letter that may be circulated by the Sales Agent to Potential Bidders, with the approval of the Monitor. While EOI’s may be non-binding, at a minimum an EOI should describe in sufficient detail all material matters relating to the proposed Transaction and include clear statements with respect to the following:
  - (a) Indication of deal structure, including but not limited to, particulars setting out whether the Potential Bidder intends to: (i) make an investment in Coast Auto Group (subscribe for the issuance of shares or refinance Coast Auto Group, etc., being an “**Investment Proposal**”), (ii) acquire all, substantially all, or a portion of the Property (with an outright purchase of the shares of Coast Auto Group, being a “**Share Purchase Proposal**” and a purchase of select, all or substantially all of the assets of the Coast Auto Group, being an “**Asset Purchase Proposal**”, and collectively with a Share Purchase Proposal or Investment Proposal, a “**Proposal**”;
  - (b) Identity of the entity or entities seeking to enter into a Transaction, including the identity of any entity that controls such entity. Additionally, given the nature of this Company’s business, if the Proposal involves an acquisition of one or more Dealership Asset, then the EOI must state the individual/party that will be the dealer principal with Stellantis Canada Inc. (“**Stellantis**”).
  - (c) Cash purchase price (in Canadian dollars) that is to be paid in connection with the Transaction, including an explanation of the methods and key assumptions used to determine the purchase price (the “**Purchase Price**”);
  - (d) Proposed financing for the Transaction and, if the Transaction is to be financed by means other than internal funds, the expected sources of such financing, the expected timing for commitment of funds and the steps required to secure such commitment;
  - (e) Nature of additional diligence required before entering into a Binding Bid (defined below);

- (f) Assumptions and intentions with respect to retention of management and employees;
- (g) Any regulatory, shareholder, lender or other third-party approvals that would be required or potentially required and the estimated timetable required to conclude a Transaction and whether the EOI and/or submission of a Binding Bid is conditional on any other items;
- (h) The Property included or excluded from the Transaction;
- (i) The liabilities, if any, to be assumed as part of the Transaction;
- (j) Any conditions to closing or any other terms and conditions that would be required in order to complete the Transaction;
- (k) Contact information for those individuals who should be contacted with respect to the EOI; and
- (l) Disclosure of any other matters that may be helpful in the evaluation of the EOI and complete the Transaction on a timely basis.

### **Evaluation and Selection of EOIs**

- 19. An EOI will be evaluated based upon several factors including, without limitation: (i) the Purchase Price and the net value provided by such bid, (ii) the identity, circumstances and ability of the Potential Bidder to successfully complete such Proposal, (iii) factors affecting the speed, certainty and value of the Transaction, including, without limitation, the terms and conditions required to complete the Transaction, (iv) the assets included or excluded from the Proposal, (v) the liabilities that are to be assumed as part of the Proposal, (vi) any restructuring costs that would arise from the Proposal, and (vii) the likelihood and timing of consummating such Transaction, each as determined by the Monitor in consultation with the Sales Agent and the Interim Lender.
- 20. The Sales Agent shall notify each Potential Bidder who submitted an EOI in writing as to whether its EOI was selected to continue in the SISP (the “**Selected EOIs**”) by no later than **Tuesday September 9, 2025**, or at such later time as the Monitor deems appropriate, in consultation with the Sales Agent and the Interim Lender.

### **Binding Bid**

- 21. Potential Bidders with Selected EOIs that wish to make a formal Proposal (a “**Bidder**”) shall submit a binding bid (the “**Binding Bid**”) that complies with all of the following requirements of the Monitor and the Sales Agent at the Monitor's and Sales Agent's address specified in Schedule “1” hereto (including by e-mail), so as to be received by the Monitor and Sales Agent not later than **12:00 PM (Mountain Time) on Friday September 26, 2025** or as may be modified in the bid process letter that may be circulated by the Sales Agent to Potential Bidders, with the approval of the Monitor (the “**Binding Bid Deadline**”):
  - (a) the Binding Bid must be a binding offer in respect of:
    - (i) an Investment Proposal;
    - (ii) a Share Purchase Proposal; and/or
    - (iii) an Asset Purchase Proposal,and in each case, delivered in the form of a signed agreement based upon the relevant template, if any, included in the VDR with all exhibits and schedules thereto completed (a “**Definitive Transaction Agreement**”) and accompanied by (i) a blackline against the

relevant template, and (ii) a letter stating that the Binding Bid is irrevocable until the selection of the Successful Bidder (as defined below), or Backup Bidder (as defined below), as applicable provided that if such Bidder is selected as the Successful Bidder or the Backup Bidder, its offer shall remain irrevocable until the closing of the Transaction with the Successful Bidder.

- (b) the Binding Bid is accompanied by written evidence of a firm, irrevocable commitment for financing or other evidence of ability to consummate the proposed Transaction, that will allow the Monitor and the Sales Agent to make a determination as to the Bidder's financial and other capabilities to consummate the proposed Transaction;
- (c) the Binding Bid is not conditional on, (i) the outcome of unperformed due diligence by the Bidder, or (ii) obtaining financing, or (iii) the Company or the Binding Bidder receiving any approvals or amendments relating to the supply management, distribution and licence agreements required to operate any Dealership Asset (other than the dealer principal individual/party approval by Stellantis);
- (d) the Binding Bid fully discloses the identity of each entity that will be entering into the Transaction or the financing, or that is otherwise participating or benefiting from such Binding Bid (including the dealer principal individual/party with Stellantis);
- (e) for a Share Purchase Proposal or Asset Purchase Proposal, the Binding Bid includes:
  - (i) the Purchase Price in Canadian dollars (by asset type and Coast Auto Group entity) and a description of any non-cash consideration, including details of any liabilities to be assumed by the Bidder and key assumptions supporting the valuation;
  - (ii) a description of the Property that is expected to be subject to the Transaction and any of the Property expected to be excluded;
  - (iii) a specific indication of the financial capability of the Bidder and the manner in which the Transaction will be funded;
  - (iv) a description of the conditions and approvals required to close the Transaction;
  - (v) a description of those liabilities and obligations (including operating liabilities) which the Bidder intends to assume and the liabilities and obligations it does not intend to assume;
  - (vi) any other terms or conditions of the Proposal to the Transaction; and
  - (vii) a commitment by the Bidder to provide a non-refundable deposit in an amount equal to the greater of: 10% of the Purchase Price offered or \$250,000 per Dealership Asset, upon the Bidder being selected as the Successful Bidder, which deposit shall be dealt with in accordance with the relevant Definitive Transaction Agreement.
- (f) for an Investment Proposal, the Binding Bid includes:
  - (i) a description of how the Bidder proposes to structure the proposed investment, restructuring, recapitalization, refinancing, or reorganization, and a description of any non-cash consideration;
  - (ii) the aggregate amount of the equity and/or debt investment to be made in the business or the Company in Canadian dollars;
  - (iii) the underlying assumptions regarding the pro forma capital structure;

- (iv) a specific indication of the sources of capital for the Bidder and the structure and financing of the Transaction;
  - (v) a description of the conditions and approvals required to complete the closing of the Transaction;
  - (vi) a description of those liabilities and obligations (including operating liabilities) which the Bidder intends to assume and those liabilities and obligations it does not intend to assume;
  - (vii) any other terms or conditions of the Investment Proposal; and
  - (viii) a commitment by the Bidder to provide a non-refundable deposit in an amount equal to the greater of: 10% of the total new investment contemplated or \$250,000 per Dealership Asset, upon the Bidder being selected as the Successful Bidder, which deposit will be dealt with in accordance with the relevant Definitive Transaction Agreement.
- (g) the Binding Bid includes acknowledgements and representations of the Bidder that the Bidder:
- (i) has had an opportunity to conduct any and all due diligence regarding the Property, and the Company prior to making its offer;
  - (ii) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Property in making its Binding Bid; and
  - (iii) did not rely upon any written or oral statements, representations, warranties, or guarantees whatsoever, whether expressed, implied, statutory, or otherwise, regarding the Company, or the Property, or accuracy or completeness of any information provided in connection therewith;
- (h) the Binding Bid is received by the Binding Bid Deadline; and
- (i) the Binding Bid contemplates closing the Transaction set out therein no later than **Wednesday, November 15, 2025**, subject to obtaining Court approval.
22. Following the Binding Bid Deadline, the Sales Agent, the Monitor and the Interim Lender will assess the Binding Bids received. The Sales Agent, with the approval of the Monitor, will, based on the factors set out at paragraph 28 below, designate the most competitive Binding Bids that comply with the foregoing requirements to be “**Qualified Bids**”. Only Bidders whose bids have been designated as Qualified Bids (“**Qualified Bidder(s)**”) are eligible to become the Successful Bidder(s).
23. The Sales Agent shall notify each Bidder in writing as to whether its Binding Bid constitutes a Qualified Bid by no later than **Tuesday September 30, 2025**, or at such later time as the Monitor deems appropriate.
24. The Monitor, in consultation with the Sales Agent and the Interim Lender, may waive strict compliance with any one or more of the requirements specified above and deem such non-compliant Binding Bid to be a Qualified Bid.
25. In the event that the Monitor, in consultation with the Sales Agent, is not satisfied with the number or terms of the Qualified Bids, the Monitor may, in consultation with the Sales Agent and Interim Lender, extend the Binding Bid Deadline or otherwise amend the SISP as provided for herein.

26. The Monitor may, in consultation with the Sales Agent, aggregate separate and non-overlapping Bids from unaffiliated Bidders to create one Qualified Bid.

#### **Evaluation of Competing Bids**

27. A Qualified Bid will be evaluated based upon several factors including, without limitation: (i) the Purchase Price and the net value provided by such bid, (ii) the identity, circumstances and ability of the Bidder to successfully complete such Transaction, (iii) the proposed Definitive Transaction Agreement and any accompanying or related transaction documents, (iv) factors affecting the speed, certainty and value of the Transaction, (v) the assets included or excluded from the Transaction, (vi) the Liabilities that are to be assumed as part of the Transaction, (vii) any restructuring costs that would arise from such Transaction, and (viii) the likelihood and timing of consummating such Transaction, each as determined by the Sales Agent, the Monitor and the Interim Lender.

#### **Finalization of Definitive Transaction Agreement(s)**

28. Each Qualified Bidder shall complete and execute all agreements, contracts, instruments or other documents including the Definitive Transaction Agreement by **Friday October 3, 2025**, unless extended by the Monitor, in consultation with and approval from the Interim Lender, subject to the milestones or deadlines set forth in paragraph 10.

#### **Selection of Successful Bid**

29. The Monitor, in consultation with the Sales Agent and the Interim Lender, will, by **Friday October 3, 2025**:
- (a) review each Qualified Bid, the finalized Definitive Transaction Agreement and accompanying transaction documents with consideration of the following:
    - (i) the amount of consideration being offered, and, if applicable, the proposed form, composition, and allocation of same;
    - (ii) the value of any assumption of liabilities or waiver of liabilities;
    - (iii) the likelihood of Stellantis accepting the purchaser and identified individual/party as the dealer principal;
    - (iv) the likelihood of the Bidder's ability to close a Transaction by **November 15, 2025** or earlier (including factors such as the Transaction structure and execution risk, including conditions to, timing of, and certainty of closing; termination provisions; availability of financing and financial wherewithal to meet all commitments and required governmental or other approvals); the likelihood of the Court's approval of the Successful Bid, if required; the net benefit to the Company; and
    - (v) any other factors the Monitor may reasonably deem relevant;
  - (b) identify and select the highest or otherwise best bid received (the "**Successful Bid**", and the Bidder making such bid, the "**Successful Bidder**"), and notify or inform the Successful Bidder that its bid or Qualified Bid is the Successful Bid; and
  - (c) if the Monitor, in consultation with the Sales Agent and the Interim Lender, determines it to be appropriate to do so, the Monitor may identify a particular bid other than the Successful Bid as a backup bid (the "**Backup Bid**", and the bidder making such bid the

**“Backup Bidder”**), and notify or inform the Backup Bidder that its bid or Qualified Bid is the Backup Bid.

### **Sale Approval Motion Hearing**

30. A Court date will be scheduled to hear a motion to approve any Transaction with the Successful Bidder (the **“Sale Approval Motion”**). At the Sale Approval Motion, the Monitor or the Company shall seek, among other things, approval from the Court to consummate the Successful Bid. All Qualified Bids other than the Successful Bid and Backup Bid, if any, shall be deemed to be rejected by the Monitor on and as of the date of approval of the Successful Bid by the Court (with such Backup Bid to be held in abeyance in the event that the Transaction contemplated in the Successful Bid fails to close on or before November 15, 2025, for whatever reason).

### **Confidentiality and Access to Information**

31. All discussions regarding a Proposal or bid in the SISP should be directed through the Sales Agent. Under no circumstances should the management or employees of the Company be contacted directly without the prior consent of the Sales Agent. Any such unauthorized contact or communication could result in exclusion of the interested party from the SISP.
32. Participants and prospective participants in the SISP shall not be permitted to receive any information that is not made generally available to all participants relating to the number or identity of Potential Bidders, Bidders, Qualified Bids, the details of any bids submitted or the details of any confidential discussions or correspondence between the Company, the Sales Agent and such other Bidders or Potential Bidders in connection with the SISP, except to the extent the Monitor, in consultation with the Sales Agent, and consent of the applicable participants, are seeking to combine separate bids from Potential Bidders or Bidders.
33. Following the Binding Bid Deadline, copies of all Binding Bids shall be shared by the Sales Agent and the Monitor with the Interim Lender for its exclusive review and the Monitor is entitled to consult with the Interim Lender throughout the SISP, provided that the Interim Lender is not entitled to participate in the SISP as a Bidder.

### **Supervision of the SISP**

34. The Sales Agent shall conduct the SISP, with the oversight of the Monitor in the manner set out in this SISP procedure and is entitled to receive all information in relation to the SISP.
35. This SISP does not and will not be interpreted to create any contractual or other legal relationship between the Company or the Sales Agent or the Monitor and any Potential Bidder, any Bidder, Qualified Bidder or any other party, other than as specifically set forth in a definitive agreement that may be entered into with the Company and/or Monitor.
36. Without limiting the preceding paragraph, the Sales Agent and Monitor shall not have any liability whatsoever to any person or party, including without limitation any Potential Bidder, Bidder, Qualified Bidder, the Successful Bidder, the Company, or any other creditor or other stakeholder of the Company, for any act or omission related to the process contemplated by this SISP, except to the extent such act or omission is the result of gross negligence or wilful misconduct of the Sales Agent or Monitor. By submitting a bid or otherwise participating in the SISP, each Potential Bidder, Bidder, Qualified Bidder and Successful Bidder shall be deemed to have agreed that it has no claim

against the Sales Agent and Monitor for any reason whatsoever, except to the extent that such claim is the result of gross negligence or wilful misconduct of the Sales Agent or Monitor.

37. Participants in the SISP are responsible for all costs, expenses and liabilities incurred by them in connection with the submission of any Bid, due diligence activities, and any further negotiations or other actions whether or not they lead to the consummation of a Transaction.
38. Notwithstanding the process and deadlines outlined above with respect to the SISP, the Monitor may at any time in consultation with the Sales Agent and the Interim Lender: (i) pause, terminate, amend or modify the SISP; (ii) remove any portion of the business and the Property from the SISP; (iii) bring a motion to the Court to seek approval of a sale of, or investment in, all or part of the Property or the business whether or not such sale or investment is in accordance with the terms or timelines set out in the SISP; and (iv) establish further or other procedures for the SISP, provided that (a) notwithstanding any other provision of the SISP, the deadline to close any Transaction in respect of the Property or the business (the “**Outside Date**”) may not be extended later than November 15, 2025 without the consent of the Interim Lender; and (b) the service list in the CCAA Proceedings shall be advised of any substantive modification to the procedures set forth herein and a copy thereof shall be posted on the Monitor’s website.

## **Schedule “1”**

### **Address of the Monitor and Sales Agent**

#### **To the Monitor:**

BDO Canada Limited  
20 Wellington Street East  
Suite 500  
Toronto, Ontario  
M5E 1C5

Attention: Clark Lonergan or Heron Yin

Email: [clonergan@bdo.ca](mailto:clonergan@bdo.ca)

Email: [hyin@bdo.ca](mailto:hyin@bdo.ca)

#### **To the Sales Agent:**

Dealer Solutions North America Inc.  
305 Renfrew Drive, #202  
Markham, Ontario  
L3R 9S7

Attention: John Raymond or Etienne Demeules

Email: [john.raymond@dsma.com](mailto:john.raymond@dsma.com)

Email: [etienne.demeules@dsma.com](mailto:etienne.demeules@dsma.com)



**Confidential Appendix “A”**  
**CONFIDENTIAL KERP APPENDIX**